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## **LUNG KEE (BERMUDA) HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 255)**

Website: <http://www.irasia.com/listco/hk/lkm>

### **FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2016**

#### **RESULTS**

The directors of Lung Kee (Bermuda) Holdings Limited (the “Company”) (the “Directors”) have pleasure in submitting the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December, 2016, together with comparative figures for the year ended 31st December, 2015 as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31st December, 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Revenue	2	<b>2,213,126</b>	2,279,124
Other income	3	<b>31,495</b>	54,931
Increase in fair value of investment properties		<b>2,000</b>	8,000
Changes in inventories of finished goods and work in progress		<b>53</b>	(9,542)
Raw materials and consumables used		<b>(772,613)</b>	(899,946)
Employee benefits expenses		<b>(555,669)</b>	(577,152)
Depreciation of property, plant and equipment		<b>(199,892)</b>	(226,367)
Other expenses		<b>(438,626)</b>	(457,857)
Interest on bank borrowings		<b>(5)</b>	(1,565)
Profit before taxation		<b>279,869</b>	169,626
Income tax expense	4	<b>(87,314)</b>	(42,605)
Profit for the year		<b>192,555</b>	127,021

	<b>2016</b>	2015
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other comprehensive expense:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Reclassification adjustment of translation reserve upon deregistration of a subsidiary	<b>(9,866)</b>	—
Exchange difference arising on translation of foreign operations	<b>(99,118)</b>	(125,527)
	<u><b>(108,984)</b></u>	<u>(125,527)</u>
Other comprehensive expense for the year	<b>(108,984)</b>	(125,527)
Total comprehensive income for the year	<b>83,571</b>	1,494
Profit for the year attributable to:		
Owners of the Company	<b>191,731</b>	125,632
Non-controlling interests	<b>824</b>	1,389
	<u><b>192,555</b></u>	<u>127,021</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	<b>82,442</b>	709
Non-controlling interests	<b>1,129</b>	785
	<u><b>83,571</b></u>	<u>1,494</u>
	<b>HK cents</b>	HK cents
Basic earnings per share	<b>6</b> <u><b>30.35</b></u>	<u>19.89</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31st December, 2016*

	<i>Notes</i>	<b>At 31st December, 2016 HK\$'000</b>	At 31st December, 2015 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
Non-current assets			
Investment properties		<b>179,500</b>	177,500
Property, plant and equipment		<b>884,164</b>	1,016,442
Prepaid lease payments			
— non-current portion		<b>72,495</b>	86,014
Deposits paid for acquisition of property, plant and equipment		<b>36,753</b>	52,217
Deferred tax assets		<b>29,933</b>	41,406
		<b><u>1,202,845</u></b>	<u>1,373,579</u>
Current assets			
Inventories	7	<b>397,783</b>	468,512
Trade, bills and other receivables	8	<b>370,192</b>	429,956
Prepaid lease payments			
— current portion		<b>1,796</b>	2,139
Bank balances and cash		<b>745,111</b>	505,127
		<b><u>1,514,882</u></b>	<u>1,405,734</u>
Non-current asset classified as held for sale		<b><u>15,665</u></b>	<u>—</u>
		<b><u>1,530,547</u></b>	<u>1,405,734</u>
Current liabilities			
Trade, bills and other payables	9	<b>366,482</b>	328,259
Taxation payable		<b>14,309</b>	7,883
Dividend payable		<b>162</b>	145
Unsecured bank borrowings			
— due within one year		<b>—</b>	1,879
		<b><u>380,953</u></b>	<u>338,166</u>
Net current assets		<b><u>1,149,594</u></b>	<u>1,067,568</u>
Total assets less current liabilities		<b><u>2,352,439</u></b>	<u>2,441,147</u>

	<i>Note</i>	<b>At 31st December, 2016 HK\$'000</b>	At 31st December, 2015 HK\$'000
Non-current liabilities			
Deferred tax liabilities		<b>23,811</b>	48,190
Other payables	9	<b>106,507</b>	96,488
		<b>130,318</b>	144,678
Net assets		<b>2,222,121</b>	2,296,469
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>63,168</b>	63,168
Reserves		<b>2,143,590</b>	2,219,067
Equity attributable to owners of the Company		<b>2,206,758</b>	2,282,235
Non-controlling interests		<b>15,363</b>	14,234
Total equity		<b>2,222,121</b>	2,296,469

Notes:

## 1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) during the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Clarifications <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2017

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Company.

## 2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and marketing of mould bases and related products. Revenue represents the invoiced value of goods sold to external customers during the year, after allowances for returns and trade discounts.

The Group only has one operating segment, based on information reported to the chief operating decision maker (the Company's board of directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the consolidated financial statements as a whole.

The segment revenue and segment result of the Group represents revenue and profit after taxation set out in the consolidated statement of profit or loss and other comprehensive income respectively.

### Entity-wide disclosures

As at 31st December, 2016 and 2015, substantially all of the Group's non-current assets are located in the places of domicile of the relevant group entities, namely the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue based on location of customers:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The PRC (excluding Hong Kong)	<b>1,905,401</b>	1,973,675
Hong Kong	<b>3,130</b>	4,863
Others	<b>304,595</b>	300,586
	<b><u>2,213,126</u></b>	<u>2,279,124</u>

The Group has a very wide customer base covering Europe, America and Asia. No single customer contributed more than 10% of the Group's revenue for each of the years ended 31st December, 2016 and 2015.

### 3. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income	7,422	12,453
Rental income, net of direct outgoings of approximately HK\$513,000 (2015: HK\$473,000)	5,495	4,556
Sundry income	2,790	3,383
Gain on disposal of property, plant and equipment and prepaid lease payments	5,922	28,364
Exchange gain on deregistration of a subsidiary	9,866	—
Compensation for termination of agreement	—	6,175
	<u>31,495</u>	<u>54,931</u>

### 4. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The charge (credit) comprises:		
Hong Kong Profits Tax		
- current year	934	447
- (over) underprovision in prior years	(30)	108
	<u>904</u>	<u>555</u>
Taxation in jurisdictions outside Hong Kong		
- current year	76,588	52,088
- overprovision in prior years	(1,326)	(106)
- transfer from deferred taxation	23,650	—
	<u>98,912</u>	<u>51,982</u>
Deferred taxation		
- current year	11,148	(9,932)
- transfer to current income tax	(23,650)	—
	<u>(12,502)</u>	<u>(9,932)</u>
	<u>87,314</u>	<u>42,605</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries

is 25% for both years.

Taxation arising in jurisdictions outside Hong Kong and the PRC is calculated based on the applicable rates in those jurisdictions.

## 5. DIVIDENDS

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2016 Interim – HK7 cents (2015: 2015 interim dividend of HK7 cents) per share	<b>44,217</b>	44,217
2016 Interim special – HK5 cents (2015: nil) per share	<b>31,584</b>	—
2015 Final – HK8 cents (2015: 2014 final dividend of HK7 cents) per share	<b>50,534</b>	44,217
2015 Final special – HK5 cents (2015: nil) per share	<b>31,584</b>	—
	<b>157,919</b>	88,434

The board of directors have determined that a final dividend of HK12 cents (2015: HK8 cents) per share amounting to approximately HK\$75,801,000 (2015: HK\$50,534,000) and a final special dividend of HK12 cents (2015: HK5 cents) per share amounting to approximately HK\$75,801,000 (2015: HK\$31,584,000) should be paid to the shareholders of the Company whose names appear in the register of members on 24th May, 2017.

## 6. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	<b>191,731</b>	125,632
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>631,677,303</b>	631,677,303

No diluted earnings per share are presented for both years as there were no potential ordinary shares in issue.

## 7. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	340,213	410,995
Work in progress	37,111	39,032
Finished goods	20,459	18,485
	<u>397,783</u>	<u>468,512</u>

The cost of inventories recognised as an expense by the Group during the year amounted to approximately HK\$1,612,359,000 (2015: HK\$1,825,074,000).

## 8. TRADE, BILLS AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	331,273	360,312
Bills receivables	22,859	33,112
Less: allowance for doubtful debts	<u>(26,009)</u>	<u>(27,585)</u>
	328,123	365,839
Other receivables	1,684	6,083
VAT receivables	—	14,377
Deposits and prepayments	<u>40,385</u>	<u>43,657</u>
Total trade, bills and other receivables	<u>370,192</u>	<u>429,956</u>

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 60 days	261,530	265,990
61 to 90 days	56,869	73,273
Over 90 days	<u>9,724</u>	<u>26,576</u>
	<u>328,123</u>	<u>365,839</u>

## 9. TRADE, BILLS AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	93,792	86,017
Bills payables	12,631	21,644
Advance receipt from customers	33,918	42,651
VAT payables	15,235	—
Provision of employee economic compensation	158,200	144,456
Payables for salaries and bonuses	65,040	55,818
Deposits and accruals	32,919	33,701
Deposit received in respect of disposal of a prepaid lease payment and property, plant and equipment	33,348	—
Other payables	27,906	40,460
	<hr/>	<hr/>
Total	472,989	424,747
Less: Amount due within one year shown under current liabilities	(366,482)	(328,259)
	<hr/>	<hr/>
Amount due after one year	106,507	96,488
	<hr/>	<hr/>

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 60 days	83,420	71,096
61 to 90 days	14,625	23,545
Over 90 days	8,378	13,020
	<hr/>	<hr/>
	106,423	107,661
	<hr/>	<hr/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the year ended 31st December, 2016, the Group continued to focus on the manufacturing and marketing of mould bases and related products.

The Group's revenue in the year ended 31st December, 2016 was approximately HK\$2,213 million (2015: approximately HK\$2,279 million). Profit attributable to owners of the Company in the year ended 31st December, 2016 was approximately HK\$192 million (2015: approximately HK\$126 million). Basic earnings per share in the year ended 31st December, 2016 was HK30.35 cents (2015: HK19.89 cents).

During the reviewed year of 2016, besides the market performance of the United States showed a more promising sign, no significant sign of recovery was witnessed in the external economy. Nevertheless, the gross profit margin of the Group's products increased due to the sustained improvement in its cost control and production efficiency of the business. Furthermore, the performance of the plant in Hangzhou city, Zhejiang Province, China had been improved compared with the same period in the previous year. In addition, other income was recorded resulting from the reclassification adjustment of translation reserve upon deregistration of a subsidiary in China. All these factors contributed to the substantial growth in the net profit of the Group compared with last year. In this connection, the Group had announced a positive profit alert in the beginning of this year.

In the period under review, the Group's machining business performance was encouraging. Owing to the continued amelioration in production technique and product quality in its plants in China, it not only enhanced its productivity per capita, but also strengthened the aggregate competitiveness of the Group. Due to the insufficient machining capacity resulted from the shortage of manpower, some of the Group's clients inclined to place orders for quality mould products with high machining contents to the Group as substitution, thus directly increased the machining revenue of the Group and ultimately lifted up the profit margin of products.

The Group monitored its operation costs with favorable result. Though the raw material price and various costs fluctuated, the Group succeeded in restraining it at a reasonable level. The labor cost continued to rise but it was still managed, floating at a restricted range during the reviewed period. Moreover, the Group kept acquiring automated production equipment to replace the low efficient ones and outsourcing some of the non-core production process. These measures reduced operation cost effectively and further enhanced the gross profit.

Turning to the plant in Hangzhou city, Zhejiang Province, China, its production skills and operation progressed toward maturity gradually. Furthermore, sales promotion in the Eastern, Central and Northern regions of China had advanced steadily and the number of customers increased, bringing positive results to the Group. Consequently, its aggregate performance had been significantly improved compared with the same period in the last year.

Mould steel supply had experienced a transitional period in China, the price of the low to medium range local mould steel restored to its normal price from its lowest point during the review period. Fortunately, the Group had managed to regulate its order volume and inventory level so as to balance its raw material cost to a reasonable level. For the imported steel, the price fluctuated mildly and was relatively stable.

In conclusion, as compared with the same period in last year, the Group had registered a substantial growth in its annual profit and achieved a favorable result and stable development in its aggregate business.

### **Liquidity and Capital Resources**

As at 31st December, 2016, the Group had bank balances of approximately HK\$745 million and did not have any borrowings.

The bank balances were placed in short term deposits with major banks in Hong Kong and the PRC.

### **Employees and Remuneration Policies**

As at 31st December, 2016, the Group employed a total of approximately 4,600 employees, including approximately 4,300 employees in its PRC production sites and approximately 300 employees in Hong Kong and other countries. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to employees with reference to the individual's performance.

### **PROSPECTS**

The outlook of the global operating environment remains clouded by uncertainties. The United States economy progresses in a positive direction, however, with the new U.S. President assumed office, its foreign policy will be further tightened and protectionism gains power. To promote domestic employment opportunity, the United States will impose tariff on imported goods in order to discourage import trade. In this regard, business for those manufacturing sector with export oriented to the United State will be deeply affected. Moreover, as elections will soon take place in many Euro Zone countries, it is expected that the newly elected politicians will introduce changes on their foreign and domestic policy. Meanwhile, Britain will also initiate procedural step towards Brexit. All these factors cast instability on the global political and economic environment. Simultaneously, the occurrence of localized war, the threat of terror attack by Middle East countries and refugee issues still remain unsolved. As a result, the global business operating environment turns to be more unpredictable and unclear.

The China economy keeps relatively stable and shows a sign of mild recovery. Its Gross Domestic Product (GDP) growth still maintains at 6.5%, a notable driving force for economic growth. In seeking for long term economic growth, the China Government put forward measures such as "removal of productivity" to eliminate overcapacity and further ameliorate its aggregate economic structure. In the meantime, the development of automobile parts and components market continues to boom. It is anticipated that new vehicle models integrated with new technology and environmental concept will be launched to the market consecutively, which in turn will boost up demand of high quality mould products manufactured by the Group. It also helps the Group to promote its medium to high end in depth machining products to market. Following the rising of living standard of local Chinese, it is expected that the demand for innovated products and latest designed high-tech electronic products, intelligent mobile phone and intelligent household products will be increased continuously. It will bring new market opportunity to the Group and stimulate the sales growth of its mould products. At the same time, the mindset of new generation parents has changed and they realize that traditional toys can aid

them in educating their children. In addition, China has abandoned the “one child” policy and encourages more birth, this will help the toy industry to revive its business from low ebb. In response to these, the Group will strengthen its sales team and direct sales channel so as to actively explore market and devise appropriate sales strategy targeted at the needs of different industries with a view to generate more revenue.

In line with the long-term development goal, the Group will keep pace with time to put forward improvement measures in enhancing production skills and product quality of its production plants in Heyuan, Guangdong Province and in Hangzhou city, Zhejiang Province. It aims at reinforcing the production scale and machining ability of the Group in order to fulfill the requirements of both China domestic market and overseas markets. By virtue of the slow down of increase rate in labor cost and the labor mobility, labor supply becomes more stable, enabling the Group to carry out manpower training in production skills in order to uplift its product quality and further fortify its competitive advantage.

The Group foresees that interest rate will be in upward trend. However, fluctuation of interest rate has only relatively light effect on the operation of the Group as it has adequate cash flow with no loan on hand. It is also expected that Renminbi will tend to be stable and only fluctuate within a predictable range, thus it alleviates its exchange risk, enabling the Group to set its long term operating strategy. The Group continues to implement effective cost monitoring measures to reduce its operation cost and risks in order to achieve a sound business operation and enhance its effectiveness.

As the Chinese Government has adopted effective measures to eliminate low productivity, the Group expects that the price of local mould steel will be increased. The Group will closely observe the market trend and cautiously regulate its inventory level so as to manage its material cost fluctuating at a reasonable range. For the imported steel, its price will keep stable with adjustment within narrowed range.

Looking ahead, the Group adopts prudent and pragmatic approach to face future challenges and business opportunities. Moreover, the Group continues to ameliorate its operation strategy in order to generate a more fruitful result and bring stable returns to shareholders.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the consolidated financial statements.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2016 as set out in the Preliminary Announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte

Touche Tohmatsu on the preliminary announcement.

## **FINAL DIVIDEND AND FINAL SPECIAL DIVIDEND**

The Directors have resolved to recommend to shareholders at the annual general meeting of the Company to be held on 15th May, 2017 (the “AGM”) the payment of a final dividend of HK12 cents (2015: HK8 cents) per share and a final special dividend of HK12 cents (2015: HK5 cents) per share for the year ended 31st December, 2016 to shareholders whose names appear on the Register of Members on 24th May, 2017. Subject to the approval by the shareholders at the AGM, the proposed final dividend and final special dividend will be despatched to shareholders on or about 6th June, 2017.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 10th May, 2017 to 15th May, 2017, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the AGM, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 9th May, 2017.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 9th May, 2017 will be entitled for attending and voting at the AGM.

The register of members of the Company will also be closed from 23rd May, 2017 to 24th May, 2017, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend and final special dividend, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 22nd May, 2017.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 22nd May, 2017 will be entitled for the proposed final dividend and final special dividend.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the year ended 31st December, 2016.

## **CORPORATE GOVERNANCE**

During the year ended 31st December, 2016, the Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board  
**Siu Tit Lung**  
Chairman

Hong Kong, 24th March, 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Wai Lung Shing, Mr. Ting Chung Ho, Mr. Siu Yuk Tung, Ivan and Mr. Siu Yu Hang, Leo; and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.*