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## **LAM SOON (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

The Board of Directors (the “Board”) of Lam Soon (Hong Kong) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2017.

#### **OVERVIEW**

The Group continued its momentum from FY16/17, achieving steady revenue and volume growth in the first half of FY17/18 against the corresponding period last year (the “last year”). During the past six months, the Group moved to strengthen its fundamentals as it successfully executed its major strategic initiatives of improving product mix, branding positioning, cost control, and distribution. As a result, it has been able to reduce its sensitivity to volatile commodity prices and increasing input costs while delivering sustained profitable growth.

Construction of the new Yixing flour factory in Jiangsu Province will commence in the second half of the financial year and upon its completion at the end of FY18/19, the Group will be better positioned to accommodate its rapid core brands’ expansion in East China and meet the increasing consumers’ and customers’ demand for higher quality / premium products.

#### **FINANCIAL RESULTS**

The Group’s interim net profit attributable to shareholders increased 12% from HK\$165.9 million in FY16/17 to HK\$186.2 million this year. This was fueled by growth in both Food and Detergent segments, delivering a 10% year-on-year revenue growth (from HK\$2,555 million to HK\$2,808 million) on the back of a 3% volume expansion. Gross profit margin decreased slightly from 22.0% to 21.6% as the Group faced strong headwinds in wheat cost for our flour business and material cost escalations in our Detergent business. However, the Group’s diligent cost management with more efficient trade and marketing spend in the period resulted in a marginally higher net profit margin of 6.6% (+0.1 percentage point) versus last year. The Group’s cash balance of HK\$1.126 billion as at 31 December 2017 represented an increase of HK\$303 million versus six months ago.

Revenue growth outpaced volume increase as product / brand mix across the business segments skewed favourably towards the premium higher margin products / brands, supported by improved distribution.

## **DIVIDENDS**

The Board has declared an interim dividend of HK\$0.13 per share totaling approximately HK\$32 million for the six months ended 31 December 2017 (six months ended 31 December 2016: HK\$0.12 per share totaling approximately HK\$29 million), which will be payable on Wednesday, 21 March 2018 to the shareholders whose names appear in the register of members of the Company on Tuesday, 13 March 2018.

## **BUSINESS REVIEW**

### **Food Segment**

This segment's revenue and operating profit grew 10% and 9% to HK\$2,461 million and HK\$225 million, respectively compared to last year.

The Group's edible oil business continued to gain momentum in its mainstay Guangdong Province, fueled by its increased brand investment in our Knife brand, better sales force management, market / channel development and new products. Its solid first half performance is also attributable to the favourable raw material prices in peanut and corn oil and increased sales mix of its flagship Knife brand products. In addition, growth can also be traced to its e-Commerce business, which continued to gain traction and helped to expedite expansion beyond its traditional stronghold of South China. In Hong Kong, the new packaging line in Tai Po is on track to commence production by the end of this financial year to support its Hong Kong and Macau markets. The Group will stay innovative through continued effort in research and development in order to provide its customers and consumers safe, healthy, high quality, and differentiating products.

The Group's flour business made progress in the specialty premium segment, yielding higher revenue and volume growth. This helped to counter the rising wheat and material costs. While we continue to focus on our core institutional business, we will increase investment in building our e-Commerce consumer business. Moving forward, building our technical capabilities will be of paramount importance as we strive to transform from being an ingredient supplier to a solution provider / partner to our increasingly demanding institutional customers. In addition, we intend to diversify our product portfolio into other baking ingredients such as specialty fats so as to tap into the inherent synergies in our sales infrastructure and customer base. Continued effort will be placed in gaining wider and deeper penetration beyond the first and second-tier cities and into the third and fourth-tier developing cities to capture the growing affluence in these areas and their demand for higher quality products.

### **Detergent Segment**

This segment registered 11% revenue and 6% volume growth against last year. However, operating profit margin decreased by 0.4 percentage points to 7.8% due to significant material cost increases offsetting operational gains made. Further, the increasing prominence of e-Commerce channel within the industry diluted our profitability in the short term as increased resources and investments were made by the Group to build this business. The increased focus on this channel will, in the medium term, help catapult our AXE and Labour brands beyond their traditional stronghold of South China.

Looking ahead, the Group will place more efforts in new product development and diversification of our Detergent product portfolio beyond our core dish wash detergent products.

## **OUTLOOK**

As economic growth in Mainland China has stabilized, we remain confident that our long-term commitment to offering healthy, safe and quality products and building reputable brands will cater to consumers' increasing needs and demands. This will position us well to achieve long-term sustainable profitable growth.

We are cognizant that as global economic conditions improve with consequential impact on commodity prices, raw material cost escalations in our businesses will put pressures on margins. The Group will strengthen its efforts to grow its premium and differentiated products through product development and innovation and cost efficiency.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

At 31 December 2017, the Group had a cash balance of HK\$1,126 million (30 June 2017: HK\$823 million). This was mainly attributable to the net cash generated from operating activities. About 73% of the balance was denominated in Renminbi ("RMB"), 16% in Hong Kong dollars ("HK\$") and 11% in United States dollars.

Banking facilities available to Group companies and not yet drawn as at 31 December 2017 amounted to HK\$730 million (30 June 2017: HK\$722 million).

The Group centralises all the financing and treasury activities at the corporate level. There are internal controls over the application of financial and hedging instruments which can only be employed to manage and mitigate the commodities price risk and currency risk for trade purposes.

As at 31 December 2017, the inventory turnover days improved from 65 days at the end of last financial year to 51 days. The trade receivable turnover days remained at a stable level of 22 days (30 June 2017: 24 days).

In view of the strong liquidity and financial position, management believes the Group will have sufficient resources to fund its daily operations and capital expenditure commitments.

### **Foreign Currency Exposure**

The Group has operations in Mainland China, Hong Kong and Macau. Local costs and revenue are primarily denominated in RMB, HK\$, and Macau Pataca.

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group monitors its exposure by considering factors including, but not limited to, exchange rate movement of the relevant foreign currencies as well as the Group's cash flow requirements to ensure that its foreign exchange exposure is kept at an acceptable level.

### **Capital Expenditure**

During the period, the Group invested a total sum of HK\$35 million (2016: HK\$17 million) on acquisition of plant equipment and construction of new production lines.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 31 December 2017 (Unaudited)*

	<i>Note</i>	<u>2017</u> <i>HK\$'000</i>	<u>2016</u> <i>HK\$'000</i>
<b>Revenue</b>	3	<b>2,808,108</b>	2,555,485
Cost of sales		<b>(2,201,651)</b>	(1,992,191)
<b>Gross profit</b>		<b>606,457</b>	563,294
Other income		<b>16,797</b>	11,284
Selling and distribution expenses		<b>(305,885)</b>	(281,246)
Administrative expenses		<b>(87,293)</b>	(93,062)
<b>Operating profit</b>		<b>230,076</b>	200,270
Finance costs	4	-	(48)
<b>Profit before taxation</b>	4	<b>230,076</b>	200,222
Taxation	5	<b>(43,891)</b>	(34,307)
<b>Profit for the period</b>		<b>186,185</b>	165,915
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>186,185</b>	165,915
Non-controlling interests		-	-
<b>Profit for the period</b>		<b>186,185</b>	165,915
<b>Earnings per share</b>		<i>HK\$</i>	<i>HK\$</i>
Basic	7(a)	<b>0.79</b>	0.70
Diluted	7(b)	<b>0.78</b>	0.68

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

*For the six months ended 31 December 2017 (Unaudited)*

	<u>2017</u> <i>HK\$'000</i>	<u>2016</u> <i>HK\$'000</i>
<b>Profit for the period</b>	<b>186,185</b>	165,915
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Changes in fair value of available-for-sale financial assets	1	1
Exchange differences on translation of financial statements of foreign subsidiaries	<u>58,262</u>	<u>(58,355)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>58,263</u>	<u>(58,354)</u>
<b>Total comprehensive income for the period</b>	<u>244,448</u>	<u>107,561</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	244,448	107,561
Non-controlling interests	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>244,448</u>	<u>107,561</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Note</i>	At 31 December 2017 <u>(Unaudited)</u> <i>HK\$'000</i>	At 30 June 2017 <u>(Audited)</u> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		576,632	561,302
Leasehold land		76,063	74,260
Intangible assets		16,496	18,795
Interest in a joint venture		42,710	42,710
Deferred tax assets		23	21
Available-for-sale financial assets		186	185
Other non-current assets		3,487	-
		<u>715,597</u>	<u>697,273</u>
<b>Current assets</b>			
Inventories		613,354	648,900
Trade and other receivables	8	429,197	392,066
Cash and cash equivalents		1,125,824	822,877
		<u>2,168,375</u>	<u>1,863,843</u>
<b>Current liabilities</b>			
Trade and other payables	9	721,785	592,704
Amount due to a joint venture		42,976	42,976
Tax payables		25,869	19,091
Obligations under finance leases		249	250
		<u>790,879</u>	<u>655,021</u>
<b>Net current assets</b>		<u>1,377,496</u>	<u>1,208,822</u>
<b>Total assets less current liabilities</b>		<u>2,093,093</u>	<u>1,906,095</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		10,824	338
Obligations under finance leases		138	255
		<u>10,962</u>	<u>593</u>
<b>NET ASSETS</b>		<u>2,082,131</u>	<u>1,905,502</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2017*

	<b>At 31 December 2017 (Unaudited) <i>HK\$'000</i></b>	<b>At 30 June 2017 (Audited) <i>HK\$'000</i></b>
<b>Capital and reserves</b>		
Share capital	672,777	672,777
Reserves	<u>1,398,641</u>	<u>1,222,012</u>
Total equity attributable to equity shareholders of the Company	<b>2,071,418</b>	1,894,789
Non-controlling interests	<u>10,713</u>	<u>10,713</u>
<b>TOTAL EQUITY</b>	<b><u>2,082,131</u></b>	<b><u>1,905,502</u></b>

*Notes:*

**1. Basis of preparation**

The preliminary announcement of the Company's interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated financial statements included in this announcement has been prepared in accordance with the same accounting policies adopted in the 2016/17 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017/18 annual financial statements. Details of these changes in accounting policies are set out in note 2.

This announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016/17 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information in this announcement is unaudited. The financial information relating to the financial year ended 30 June 2017 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

**2. Changes in accounting policies**

The Group has adopted all new or revised HKFRSs, which term collectively includes HKASs and Interpretations, issued by the HKICPA that are mandatory for application for the current accounting period of the Group. The adoption of the new standards, amendments to standards and interpretations that are relevant to the Group had no material impact on the results and financial position of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



*Notes:*

**3. Revenue and segment reporting**

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, the Group has two reportable segments, as described below. Businesses in each reporting segment have similar operating and currency risks, class of customer for products, distribution channels and safety regulation. The following summary describes the operations in each segment:

Food: the manufacture and sale of a broad range of food products including flour and edible oil.

Detergent: the manufacture and sale of household and institutional cleaning products.

**(a) Information about profit or loss, assets and liabilities**

The Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

The measure used for reporting segment profit is "profit from operations". To arrive at "profit from operations", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below.

	Six months ended 31 December					
	2017 (Unaudited)			2016 (Unaudited)		
	Food	Detergent	Segment	Food	Detergent	Segment
	HK\$'000	HK\$'000	Total	HK\$'000	HK\$'000	Total
			HK\$'000			HK\$'000
Revenue from external customers	<u>2,460,603</u>	<u>346,897</u>	<u>2,807,500</u>	<u>2,241,938</u>	<u>312,401</u>	<u>2,554,339</u>
Reportable segment profit from operations	<u>224,513</u>	<u>27,159</u>	<u>251,672</u>	<u>206,528</u>	<u>25,557</u>	<u>232,085</u>
	At 31 December 2017 (Unaudited)			At 30 June 2017 (Audited)		
	Food	Detergent	Segment	Food	Detergent	Segment
	HK\$'000	HK\$'000	Total	HK\$'000	HK\$'000	Total
			HK\$'000			HK\$'000
Reportable segment assets	<u>2,305,937</u>	<u>248,645</u>	<u>2,554,582</u>	<u>1,971,273</u>	<u>197,912</u>	<u>2,169,185</u>
Reportable segment liabilities	<u>656,846</u>	<u>154,514</u>	<u>811,360</u>	<u>550,889</u>	<u>117,248</u>	<u>668,137</u>

*Notes:*

**3. Revenue and segment reporting (continued)**

**(b) Reconciliations of reportable segment revenue and profit or loss**

	Six months ended 31 December	
	2017	2016
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	2,807,500	2,554,339
Service and rental income	608	1,146
	<u>2,808,108</u>	<u>2,555,485</u>
<b>Profit</b>		
Reportable segment profit from operations	251,672	232,085
Finance costs	-	(48)
Unallocated exchange gains/(losses)	856	(149)
Unallocated head office and corporate expenses	(22,452)	(31,666)
	<u>230,076</u>	<u>200,222</u>

**4. Profit before taxation**

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 31 December	
	2017	2016
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Finance costs</b>		
Interest on bank loans	-	48
	<u>-</u>	<u>48</u>
<b>Staff costs</b>		
Salaries, wages and other benefits	166,938	152,204
Share-based payment (forfeiture)/expenses	(5,944)	1,070
Contribution to defined contribution retirement plans	13,322	11,534
	<u>174,316</u>	<u>164,808</u>

*Notes:*

**4. Profit before taxation** *(continued)*

Profit before taxation is arrived at after charging/(crediting): *(continued)*

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b><u>(Unaudited)</u></b> <b><i>HK\$'000</i></b>	<b><u>(Unaudited)</u></b> <b><i>HK\$'000</i></b>
<b>Other items</b>		
Interest income	(11,376)	(6,303)
Depreciation and amortisation	30,710	32,529
Net exchange losses/(gains)	951	(2)
Impairment losses recognised for trade receivables	-	657
Impairment losses recognised for property, plant and equipment	1,606	-
Net (gains)/losses on disposal of property, plant and equipment	(228)	106
Write-down of inventories	1,778	4,219
Net realised and unrealised losses/(gains) on derivative financial instruments <i>(Note)</i>	582	(379)
	<u>                    </u>	<u>                    </u>

Note: The Group entered into various foreign exchange forward contracts to manage its foreign currency risk exposures during the period.

**5. Taxation**

Taxation in the consolidated statement of profit or loss represents:

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b><u>(Unaudited)</u></b> <b><i>HK\$'000</i></b>	<b><u>(Unaudited)</u></b> <b><i>HK\$'000</i></b>
Current tax – Hong Kong Profits Tax	3,392	1,122
Current tax – Outside Hong Kong	30,015	24,577
Deferred taxation	10,484	8,608
	<u>                    </u>	<u>                    </u>
	<u>43,891</u>	<u>34,307</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated effective tax rate of 16.5% (2016: 16.5%) to the respective estimated assessable profits of companies within the Group operating in Hong Kong for the six months ended 31 December 2017. Taxation for subsidiaries operating in Mainland China and Macau is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the respective regions.

*Notes:*

**5. Taxation (continued)**

All entities engaged in the primary processing of agricultural products in Mainland China are exempted from PRC corporate income tax (“CIT”). As a result, the profits from flour mill operations are exempted from CIT for the six months ended 31 December 2017 and 2016.

Other subsidiaries operating in Mainland China are subject to CIT tax rates of 25% (2016: 25%).

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

**6. Dividends**

**(a) Dividends payable to equity shareholders of the Company (excluding the amount paid to shares held by the Group under the ESOP reserve) attributable to the interim period**

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend declared and paid after the interim period of HK\$0.13 (2016: HK\$0.12) per ordinary share	30,678	28,382

The interim dividend has not been recognised as a liability at the end of the reporting period.

**(b) Dividends payable to equity shareholders of the Company (excluding the amount paid to shares held by the Group under the ESOP reserve) attributable to the previous financial year, approved and paid during the interim period**

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$0.23 (2016: HK\$0.18) per ordinary share	54,149	42,607

*Notes:*

**7. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$186,185,000 (2016: HK\$165,915,000) and the weighted average number of 235,854,000 (2016: 237,963,000) ordinary shares in issue during the interim period.

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of period	<b>243,354</b>	243,354
Effect of shares purchased in prior years	<b>(7,164)</b>	(4,994)
Effect of shares purchased during the period	<b>(435)</b>	(397)
Effect of share options exercised during the period	<b>99</b>	-
	<hr/>	<hr/>
Weighted average number of ordinary shares at end of period	<b>235,854</b>	237,963
	<hr/>	<hr/>

**(b) Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$186,185,000 (2016: HK\$165,915,000) and the weighted average number of ordinary shares of 238,174,000 (2016: 242,980,000) after adjusting the effect of deemed issue of shares under the Company's share option schemes, calculated as follows:

	<b>Six months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares at end of period	<b>235,854</b>	237,963
Effect of deemed issue of shares under the Company's share option schemes	<b>2,320</b>	5,017
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at end of period	<b>238,174</b>	242,980
	<hr/>	<hr/>

*Notes:*

**8. Trade and other receivables**

As of the end of the reporting period, the aging analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	<b>At 31 December 2017 (Unaudited) HK\$'000</b>	<b>At 30 June 2017 (Audited) HK\$'000</b>
Within 3 months	<b>361,552</b>	322,595
3 to 6 months	<b>12,555</b>	12,028
Over 6 months	<b>671</b>	1,743
Total trade receivables	<b>374,778</b>	336,366
Other receivables, deposits and prepayments	<b>51,501</b>	52,892
Current portion of leasehold land	<b>2,918</b>	2,808
	<b>429,197</b>	392,066

Credits are offered to customers following financial assessments and established payment records where applicable. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. Customers considered to be with credit risk are traded on a cash basis. General credit terms are payment within 30 to 60 days following the sales took place. Regular review and follow up actions are carried out on overdue amounts to minimise the Group's exposure to credit risk. Collaterals over properties are obtained from certain customers.

*Notes:*

**9. Trade and other payables**

As of the end of the reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At 31 December 2017 (Unaudited) <i>HK\$'000</i></b>	<b>At 30 June 2017 (Audited) <i>HK\$'000</i></b>
Within 3 months	<b>411,035</b>	319,964
3 to 6 months	<b>1,541</b>	454
Over 6 months	<b>1,374</b>	-
Total trade payables	<b>413,950</b>	320,418
Deposits received	<b>33,239</b>	24,474
Other payables and accruals	<b>274,282</b>	247,661
Derivative financial instruments:		
- Foreign exchange forward contracts	<b>314</b>	151
	<b>721,785</b>	592,704

## **REVIEW BY BOARD AUDIT AND RISK MANAGEMENT COMMITTEE**

The unaudited interim results for the six months ended 31 December 2017 have been reviewed by the Board Audit and Risk Management Committee of the Company. The information in these interim results does not constitute statutory accounts.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

The Board has adopted a Code of Corporate Governance Practices (the “CGP Code”), which is based on the Corporate Governance Code set out in Appendix 14 (the “HKEx Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the period, the Company has complied with the HKEx Code, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the articles of association of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx Code.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the period, a wholly-owned subsidiary of the Company, as the trustee for a trust set up for the purpose of acquiring shares of the Company to satisfy the exercise of options which may be granted pursuant to the Executive Share Option Scheme adopted on 23 April 2013, purchased 1,099,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$11,866,000.

Save as disclosed above, during the period, the Company did not redeem any of its listed shares. Neither did the Company nor any of its subsidiaries purchase or sell any of the Company’s listed shares.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 12 March 2018 to Tuesday, 13 March 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars and Transfer Office — Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 March 2018.

By Order of the Board  
**CHENG Man Ying**  
*Company Secretary*

Hong Kong, 21 February 2018



As at the date of this announcement, the Board of the Company comprises:

*Chairman:*

Mr. KWEK Leng Hai

*Group Managing Director:*

Mr. Joseph LEUNG

*Independent Non-Executive Directors:*

Mr. LO Kai Yiu, Anthony

Mr. AU Chee Ming

Mr. HUANG Lester Garson, J.P.

*Non-Executive Directors:*

Mr. TANG Hong Cheong

Dr. WHANG Sun Tze

Mr. TAN Lim Heng

Mr. TSANG Cho Tai