C.P. Lotus Corporation
卜 蜂 蓮 花 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00121)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

UNAUDITED CONSOLIDATED RESULTS

The board of Directors (the "Board") of C.P. Lotus Corporation (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2017 with comparative figures in 2016, as follows:

Consolidated Statement of Profit or Loss

		Unaudited Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**4,982,918**	5,320,000
Cost of sales		**(4,113,022)**	(4,426,901)
Gross profit		**869,896**	893,099
Other revenue	*4*	**305,608**	276,726
Other net loss	*5*	**(29,680)**	(38,847)
Distribution and store operating costs		**(837,306)**	(976,578)
Administrative expenses		**(147,537)**	(174,114)
Profit /(loss) from operations		**160,981**	(19,714)
Finance costs	*6*	**(49,520)**	(37,172)
Profit/(loss) before taxation	*7*	**111,461**	(56,886)
Income tax	*8*	**(6,571)**	(6,988)
Profit/(loss) for the period		**104,890**	(63,874)

Consolidated Statement of Profit or Loss (Continued)

		Unaudited Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Attributable to:			
Equity shareholders of the Company		**104,890**	(63,869)
Non-controlling interests		**-**	(5)
		104,890	(63,874)
Earnings /(loss) per share	*10*		
- Basic (RMB cent)		**0.47**	(0.29)
- Diluted (RMB cent)		**0.47**	(0.29)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit/(loss) for the period	**104,890**	(63,874)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC")	**4,290**	1,811
Total comprehensive income for the period	**109,180**	(62,063)
Attributable to:		
Equity shareholders of the Company	**109,180**	(62,058)
Non-controlling interests	**-**	(5)
Total comprehensive income for the period	**109,180**	(62,063)

Consolidated Statement of Financial Position

	Note	**Unaudited 30 June 2017 *RMB'000***	Audited 31 December 2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,543,995**	1,560,671
Interests in leasehold land held for own use under operating leases		**125,917**	129,064
		1,669,912	1,689,735
Intangible assets		**141,506**	145,568
Goodwill		**2,654,252**	2,654,252
Prepaid lease payments for premises		**11,112**	10,851
Other long-term prepayments		**4,827**	9,461
Deferred tax assets		**35,647**	35,647
		4,517,256	4,545,514
Current assets			
Prepaid lease payments for premises		**5,385**	5,388
Inventories		**868,564**	1,240,544
Trade and other receivables	*11*	**770,415**	830,302
Pledged bank deposits		**44,563**	59,545
Cash and cash equivalents		**132,575**	204,920
		1,821,502	2,340,699
Current liabilities			
Trade and other payables	*12*	**3,259,683**	3,885,544
Bank loans and overdrafts	*13*	**251,743**	222,900
Obligations under finance leases		**12,182**	11,345
Current taxation		**4,255**	17,823
Provisions		**15,261**	28,069
		3,543,124	4,165,681
Net current liabilities		**(1,721,622)**	(1,824,982)
Total assets less current liabilities		**2,795,634**	2,720,532
Non-current liabilities			
Loans from controlling shareholder	*14*	**946,600**	971,877
Other loans		**45,062**	46,446
Obligations under finance leases		**136,144**	142,439
Deferred tax liabilities		**35,720**	36,842
		1,163,526	1,197,604
NET ASSETS		**1,632,108**	1,522,928
CAPITAL AND RESERVES			
Share capital		**405,726**	405,726
Reserves		**1,226,382**	1,117,202
TOTAL EQUITY		**1,632,108**	1,522,928

Notes to Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company and approved for issue by the Board of Directors on 11 August 2017.

The interim financial statements does not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the 2016 annual financial statements.

The interim financial statements have been prepared in accordance with the same accounting policies in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

As at 30 June 2017, the Group had net current liabilities of approximately RMB1,721.6 million. In view of the significant net current liabilities, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

As a results of the strategic turnaround plan developed by the Board in 2016, the Group recorded a profit of RMB104.9 million and net cash generated from operating activities of approximately RMB25.8 million for the six months ended 30 June 2017. The Group had borrowed loans from its controlling shareholder amounting to approximately USD139.8 million (equivalent to RMB946.6 million), with maturities in December 2018.

Based on the Group’s business plan and cash flow forecast and unused bank facilities on hand, the directors believe the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. In preparing the cash flow forecast, the directors expect that the Group’s ultimate holding company will consider providing support to the Group to the extent necessary.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3. REVENUE AND SEGMENT INFORMATION

The principal activity of the Group is the operation of hypermarket stores in the PRC. Revenue represents the net amounts received and receivable for goods sold by the Group to external customers, less returns, discounts and value added taxes.

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

All revenue from external customers are generated in the PRC and all significant operating assets of the Group are located in the PRC. Accordingly, the Group has a single operating and reportable segment – operation of hypermarket stores in the PRC.

4. OTHER REVENUE

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Leasing of store premises	**258,446**	230,109
Other promotion and service income	**37,755**	38,029
Interest income	**1,758**	1,691
Government grants (note)	**7,649**	6,897
	305,608	276,726

Note: Government grants represent subsidies received from local authorities.

5. OTHER NET LOSS

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Net foreign exchange gain/(loss)	**30,654**	(25,243)
Loss on the forward foreign exchange contracts (note 12)	**(58,691)**	(9,953)
Net loss from store project cancellations	**-**	(1,680)
Net loss on disposal of property, plant and equipment	**(1,643)**	(1,971)
	(29,680)	(38,847)

6. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest on borrowings:		
- Bank loans	**4,913**	27,282
- Other loans	**32,101**	472
Finance charges on obligations under finance leases	**7,485**	7,984
Interest on issuance of bank accepted bills	**-**	46
Total interest expense on financial liabilities not at fair value through profit or loss	**44,499**	35,784
Loan arrangement and guarantee fees	**5,021**	1,388
	49,520	37,172

7. PROFIT /(LOSS) BEFORE TAXATION

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

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Depreciation	**93,082**	95,058
Amortisation		
- land lease premium	**3,147**	3,147
- intangible assets	**4,062**	5,419
Operating lease charges		
- property rentals	**239,881**	253,638
Cost of inventories	**4,113,022**	4,426,901

8. INCOME TAX

	Unaudited Six months ended 30 June **2017** ***RMB'000***	 2016 *RMB'000*
Current tax - PRC		
Provision for the period	**7,693**	8,420
Deferred tax		
Origination and reversal of temporary differences	**(1,122)**	(1,432)
	6,571	6,988

Income tax is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries did not generate any assessable profits in Hong Kong during the period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the Corporate Income Tax Law ("CIT law") of the PRC, subsidiaries of the Group established in the PRC are subject to PRC income tax at 25% (2016: 25%) on their assessable profits as determined in accordance with the CIT law.

Further, under the CIT law, 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign invested enterprise's profit earned after 1 January 2008. As at 30 June 2017, the PRC subsidiaries of the Group had accumulated losses and therefore no deferred tax liabilities were recognised in this regard.

9. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the period (six months ended 30 June 2016: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a)Basic earnings / (loss) per share

The calculation of the basic earnings/(loss) per share is based on the following data:

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit/(loss) for the period attributable to shareholders equity of the Company	**104,890**	(63,869)

The weighted average number of shares is calculated based on the following data:

Number of ordinary shares in issue at 1 January	**11,019,072,390**	11,019,072,390
Number of Series A convertible preference shares in issue	**1,518,807,075**	1,518,807,075
Number of Series B convertible preference shares in issue	**3,897,110,334**	3,897,110,334
Number of Series C convertible preference shares in issue	**3,671,509,764**	3,671,509,764
Number of Series D convertible preference shares in issue	**2,211,382,609**	2,211,382,609
	22,317,882,172	22,317,882,172

The holders of the convertible preference shares are entitled to receive the same dividends as the holders of ordinary shares.

(b)Diluted earnings / (loss) per share

The diluted earnings/(loss) per share for the six months ended 30 June 2017 and 2016 is the same as the basic earnings / (loss) per share as there were no dilutive potential ordinary or convertible preference shares outstanding during the period.

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Trade receivables	**72,685**	86,498
Other receivables	**295,848**	315,359
Amounts due from related companies	**401,882**	387,206
Derivative financial instruments	**-**	41,239
	770,415	830,302

Sales to retail customers are mainly made by cash or credit cards. Credit terms of 30 to 90 days are offered to related companies and corporate customers with ongoing relationship.

At the end of the reporting period, the ageing analysis of trade receivables due from third parties and related companies, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Within 30 days	**121,931**	174,641
31 to 60 days	**61,274**	54,597
61 to 90 days (note)	**66,191**	50,928
Over 90 days (note)	**130,820**	110,948
	380,216	391,114

Note : Subsequent to the end of the reporting period, RMB150,542,000 trade receivables due from related companies had been received, of which RMB22,588,000 was included in 61 to 90 days category and RMB127,954,000 was included in over 90 days category in the above ageing analysis.

At 31 December 2016, the Group had a USD non-delivered forward exchange contract with a notional amount of USD139,770,000 (the "Foreign Exchange Contract"). The Forward Exchange Contract was recognised in the balance sheet as at 31 December 2016 under trade and other receivables as "derivative financial instruments" at its net fair value of RMB41,239,000. The Forward Exchange Contract had maturity of less than one year after the end of the reporting period, and the amount was expected to be recovered within one year. However, due to the appreciation of the RMB during the period under review, this Foreign Exchange Contract is recognised in the balance sheet as at 30 June 2017 under trade and other payables (see Note 12 below).

12. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Notes payable	**103,593**	128,369
Trade creditors	**1,945,045**	2,374,897
Advanced receipts from customers	**352,741**	458,165
Other creditors and accrued charges	**684,844**	783,694
Amounts due to related companies	**155,718**	140,419
Derivative financial instruments	**17,742**	-
	3,259,683	3,885,544

Included in the Group's trade and other payables are trade creditors and notes payable of RMB2,048,638,000 (2016: RMB2,503,266,000) with the following ageing analysis, based on the invoice date as at the end of reporting period:

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Uninvoiced purchases	**531,484**	1,008,634
Within 30 days	**1,096,232**	1,149,138
31 to 60 days	**92,362**	98,280
61 to 90 days	**91,295**	52,861
More than 90 days	**237,265**	194,353
	2,048,638	2,503,266

At 30 June 2017, the Forward Exchange Contract is recognised in trade and other payables as "derivative financial instruments" at its net fair value of RMB17,742,000. The Forward Exchange Contract has maturity of less than one year after the end of the reporting period, and the amount is expected to be payable within one year.

13. BANK LOANS AND OVERDRAFTS

At 30 June 2017, the bank loans and overdrafts were repayable as follows:

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Within 1 year	**251,743**	222,900

At 30 June 2017, the Group's bank loans and overdrafts are unsecured and secured/guaranteed as follows:

	Unaudited 30 June 2017 *RMB'000*	Audited 31 December 2016 *RMB'000*
Unsecured bank loans	**233,743**	204,900
Unsecured overdrafts	**18,000**	18,000
	251,743	222,900

As at 30 June 2017, the Group had drawn down fixed and floating rate bank loans and overdrafts of RMB233,743,000 and RMB18,000,000, respectively, bearing interest at six to twelve-month People's Bank of China Rate ("PBOC" Rate) multiplied by 1.03 to 1.25, being 4.0% to 5.22% per annum.

14. LOANS FROM CONTROLLING SHAREHOLDER

At 30 June 2017, the Group had borrowed floating rate loans of USD139,770,000 (equivalent to RMB946,600,000) (2016: USD139,770,000 (equivalent to RMB971,877,000)) from its controlling shareholder, C.P. Holding (BVI) Investment Company Limited ("CPH"), bearing interest at three-month London Interbank Offered Rate ("LIBOR") plus 4.50% to 5.65% per annum. The loans from the controlling shareholder are unsecured and repayable in December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW
C.P. Lotus Corporation (the "Company") and its subsidiaries (together the "Group") recorded a net profit attributable to equity shareholders of the Company for the six months ended 30 June 2017 of RMB104.9 million (2016: loss of RMB63.9 million).

Revenue decreased by RMB337.1 million compared to the corresponding period in 2016, or 6.3%, to RMB4,982.9 million. The decrease was mainly due to the decline in same store sales which recorded a negative growth of 9.1%, which was cushioned to some extent by the revenue generated from the two new stores opened in the second half of 2016 and two new stores and one Lotus Center opened in the first half of 2017. All merchandise categories recorded reduction in sales. Sales from apparel, electronics, hardline and personal care reduced by approximately RMB189.7 million or 9.8%, while sales in fresh food decreased by 2.2%.

Gross profit margin was 17.5% of sales (2016: 16.8%), a reduction of RMB23.2 million or 2.6%. Gross profit margin is comprised of front and back margin. Front margin is sales minus direct cost of sales; back margin represents income from suppliers such as discounts and allowances. Front margin amount increased by RMB8.2 million partly as a result of better shrinkage management while back margin amount dropped RMB31.4 million with significant reduction in volume rebate as a result of lower sales.

Other revenue and other net loss was RMB275.9 million or 5.5% of sales (2016: RMB237.9 million or 4.5% of sales). This comprised mainly lease income received from the leasing of store space. Lease income increased by RMB28.3 million to RMB258.4 million or 5.2% of sales as a result of contribution from two new stores opened in the second half of 2016 and two new stores and one Lotus Center opened in the first half of 2017. An exchange gain of RMB30.7 million was recorded against our US dollars ("USD") borrowing as a result of appreciation of Renminbi and a loss of RMB58.7 million from the USD non-deliverable forward ("NDF") contracts bought in 2016.

Distribution and store operating costs was RMB837.3 million or 16.8% of sales (2016: RMB976.6 million or 18.4% of sales). It comprised mainly store rental, personnel expenses, utilities and depreciation and amortisation representing 5.0%, 6.7%, 1.4% and 1.9% of sales respectively, and amounting to a total of RMB746.1 million. The significant reduction in expenses was attributable to reduction in staff number, improved productivity, termination of third party cleaning and security services in certain regions and better utility management. There was also a reduction in tax paid as a result of the VAT tax reform in May 2016.

Administrative expenses was RMB147.5 million or 3.0% of sales, compared to RMB174.1 million or 3.3% of sales in 2016. It mainly included personnel expenses of RMB111.4 million, depreciation and amortisation charge of RMB7.8 million, rental of RMB8.8 million and professional fee of RMB4.7 million.

Financial costs were RMB49.5 million or 1.0% of sales (2016: RMB37.2 million).

Income tax was RMB6.6 million (2016: RMB7.0 million).

Net profit attributable to the shareholders of the Company was RMB104.9 million (2016: loss of RMB63.9 million). The significant improvement was attributable to a combined reduction of RMB165.8 million in store distribution and operating costs and administrative expenses together with the increase in other revenue.

Capital expenditure was RMB78.8 million for the period under review, mainly in respect of payment for purchase of equipment and machinery for the new stores and store renovations.

Capital Structure
The Group finances its own working capital requirements through a combination of funds generated from operation, shareholder loan and bank and other borrowings.

Liquidity and finance resources
During the period under review, the Group's sources of funds were generated primarily from operating activities, loans from controlling shareholder and bank facilities. The decrease in net cash and cash equivalents was mainly due to CAPEX and loans interest payments exceeding the cash generated from operation.

	30 June 2017	31 December 2016
Cash and cash equivalents (RMB million)	**132.6**	204.9
Loans from controlling shareholder, bank loans, overdrafts and other loans (RMB million)	**1,243.4**	1,241.2
Current ratio (x)	**0.51**	0.56
Quick ratio (x)	**0.27**	0.26
Gearing ratio (x) (defined as loans from controlling shareholder, bank loans, overdrafts and other loans divided by total equity)	**0.76**	0.82

	Six months ended 30 June	
	2017	2016
Net cash outflow after effect of foreign exchange rate changes (RMB million)	**(72.3)**	(62.9)

During the period under review, bank loans and overdrafts bear fixed and floating interest at six to twelve-month PBOC Rate multiplied by 1.03 to 1.25, being 4.0% to 5.22% per annum. The loans from the Company's controlling shareholder bear interest at three-month LIBOR plus 4.50% to 5.65% per annum and other loan bore interest at three-month LIBOR plus 1.5% per annum.

Foreign currency exposure
The directors consider that as the Group's retail operations are all based in the PRC, the Group is not exposed to significant currency risks in its operations.

The Group is however exposed to foreign currency risk from shareholder and other loans which are denominated in currencies other than Renminbi. To manage the exposure to currency risk in respect of its USD borrowings, the Group entered into a number of USD NDF contracts on 20 July 2016, 21 July 2016 and 28 December 2016 which all expired on 21 July 2017. The Company entered into a new contract with a notional amount of USD139.8 million on 21 July 2017. The Group does not enter into derivative transactions for speculative purposes.

Employees, training and remuneration policy
The Group employed approximately 11,380 employees as at 30 June 2017, of which approximately 1,160 were head office staff and approximately 10,220 were stores and distribution centres employees. The Group remunerates its employees based on their performance and experience and prevailing market rate. Other employee benefits include insurance and medical cover, and subsidised training programs.

BUSINESS REVIEW

Store network
During the period under review, the Group opened two new stores, one in the city of Nanhai, Guangdong Province and one in Xian, Shaanxi Province; and we also opened one shopping mall, the Lotus Center, in Xian. The Group currently owns and operates a total of 63 retail stores including 62 hypermarkets and one supermarket with a total sales area of approximately 500,000 square meters; the Group also operates two shopping malls.

Optimisation of merchandise and enhanced relationship with suppliers
During the period under review, the Group continued its efforts to enhance the merchandize mix and offerings. The Group continued to expand its direct sourcing capabilities and more direct purchase of vegetables and fruit were made. Direct sourcing not only lowers the prices but also allows the Group better control of the quality of products. As consumers' disposal income and their demand for high quality imported food continued to rise, the Group continued to bring in a wider range of imported products such as wine, beverages, snacks, health supplements, kitchenware and other groceries. In addition, our house brand team continued to work closely with the merchandise and marketing team to develop competitively priced house brand products in order to increase margin and further enhance brand awareness.

The Group continued to re-allocate sales space among different categories. More space was allocated to mother and baby care section as a wider range of merchandise was brought in to satisfy the growing demand in response to the relaxation of China's one-child policy, while sales space for electronics and apparel was reduced.

We continued to work closely with our suppliers. Annual vendor conference was held in May 2017, which celebrated our 20th Anniversary, to show our appreciation to all the suppliers who had supported us in the past years and to discuss products and industry trends going forward, and our vendor service team continued to provide high quality service to our vendors.

Improvement of operation and system efficiency
We continued to make use of systems and tools to improve operating efficiency. In addition to the new invoice-tracking feature added, we continued to look at ways to further enhance the reporting capability of our vendor platform system.

We carried out a comprehensive review of the working conditions of our equipment in the stores, focusing on the replacement of high energy consumption, high maintenance aging equipment and facilities to save energy and improve operational efficiency. We also installed time- or voice- controlled lights to reduce energy consumption.

During the period under review, the Group completed the enhancement of the upgraded E-contract system enabling the data on the e-contract to be shared with the VMS system. This helped remove the need for duplicate entry and eliminate human error in data-input and improve efficiency.

The Group continued to review work process and procedures both at store and head office level in order to minimize redundancy and get rid of unproductive practices.

Strengthening of customer satisfaction and enhancement of brand awareness
During the period under review, the Group held three "50% off Thanks Giving" events with a number of carefully selected products sold at a 50% discount and certain other products also sold at a hefty discount, so that customers were able to enjoy very competitive prices at these events. We continued to raise awareness of women's welfare through our widely recognized "Spring Pink" theme. We continued to conduct focus group surveys to assess customer opinions and satisfaction levels to ensure that our staff remain focused on delivering excellent customer service.

People development
During the period under review, the Group continued the evaluation of the organization structure in order to improve overall productivity and lower the operating cost including giving employees multi-posts with multiple skills and simplifying process and procedures. By simplifying the reporting hierarchy and optimisation of roles and functions, we were able to reduce the total head count by approximately 15% compared to the same period last year despite having more stores.

We continued to organize training seminars to our employees including orientation trainings for new employees, training on our code of ethics, training for job planning, job skills and case studies of previous non-compliances and training specifically designed for the merchandise team to improve their negotiation skills. In order to better motivate employees to achieve our sales and profitability targets in 2017, corresponding incentive mechanisms were developed for the stores, procurement and head office support departments.

Legal and regulatory compliance
The Group strives to comply in all material aspects with the relevant laws and regulations which are regarded as having a significant impact on the Group, and has not come across incidence of material breach or non-compliance during the period under review.

PROSPECT

The performance in the first six months was very encouraging and was the tangible result of the strategic turnaround plan developed by the Board at the end of last year. We will continue to implement the measures and initiatives outlined in the strategic turnaround plan including optimizing the staffing level at both head office and store level and delivering greater productivity and efficiency to further lower the operation cost. On the business side, we will continue to expand our retail network and explore the development of different formats to serve different customers with different needs.

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Umroong Sanphasitvong
Director

Hong Kong, 11 August 2017

As at the date of this announcement, the Board comprises nine executive directors, namely Mr. Soopakij Chearavanont, Mr. Li Wen Hai, Mr. Narong Chearavanont, Mr. Chan Yiu-Cheong, Ed, Mr. Michael Ross, Mr. Yang Xiaoping, Mr. Meth Jiaravanont, Mr. Suphachai Chearavanont and Mr. Umroong Sanphasitvong, and five independent non-executive directors, namely Mr. Viroj Sangsnit, Mr. Songkitti Jaggabatara, Mr. Itthaporn Subhawong, Mr. Prasobsook Boondech and Mr. Cheng Yuk Wo.