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CHINNEY KIN WING HOLDINGS LIMITED
建業建榮控股有限公司*

(Incorporated in Bermuda with limited liability)
 (Stock Code: 1556)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the “Board”) of Chinney Kin Wing Holdings Limited (the “Company”) is pleased to announce the consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2017 and the consolidated statement of financial position of the Group as at 31 December 2017 together with comparative figures in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	3	1,190,441	1,386,125
Cost of construction		<u>(900,793)</u>	<u>(1,023,652)</u>
Gross profit		289,648	362,473
Other income and gains	4	1,833	1,447
Administrative expenses		<u>(194,253)</u>	<u>(241,999)</u>
PROFIT BEFORE TAX	5	97,228	121,921
Income tax expense	6	<u>(15,622)</u>	<u>(19,893)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>81,606</u>	<u>102,028</u>
Profit and total comprehensive income attributable to: Equity holders of the Company		<u>81,606</u>	<u>102,028</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted		<u>HK 5.44 cents</u>	<u>HK 6.80 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2017 HK\$'000	31 December 2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		<u>320,777</u>	<u>336,946</u>
CURRENT ASSETS			
Gross amount due from contract customers		58,157	62,296
Trade receivables	9	112,123	83,852
Retention monies receivable		168,686	187,912
Prepayments, deposits and other receivables		17,526	23,829
Due from a fellow subsidiary		1,790	1,790
Due from a related company	10	37,282	-
Tax recoverable		2,587	18,567
Pledged time deposits		3,598	7,502
Cash and cash equivalents		<u>291,676</u>	<u>312,133</u>
Total current assets		<u>693,425</u>	<u>697,881</u>
CURRENT LIABILITIES			
Gross amount due to contract customers		364,843	407,723
Trade payables	11	97,328	88,463
Retention monies payable		22,661	28,489
Other payables and accruals		47,407	53,850
Tax payable		<u>8,956</u>	<u>1,357</u>
Total current liabilities		<u>541,195</u>	<u>579,882</u>
NET CURRENT ASSETS		<u>152,230</u>	<u>117,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>473,007</u>	<u>454,945</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>48,687</u>	<u>52,231</u>
Net assets		<u>424,320</u>	<u>402,714</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		150,000	150,000
Reserves		<u>274,320</u>	<u>252,714</u>
Total equity		<u>424,320</u>	<u>402,714</u>

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda on 29 May 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in foundation construction, and drilling and site investigation works for both public and private sectors in Hong Kong and overseas.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have had no impact on the disclosure of the changes in liabilities arising from financing activities of the Group.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.
- (c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their services and has two reportable operating segments as follows:

- Foundation construction and ancillary services (the “Foundation Division”); and
- Drilling and site investigation (the “Drilling Division”)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted operating profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income as well as unallocated corporate gains and expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2017

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,019,725	170,716	1,190,441
Intersegment sales	-	41,412	41,412
Other revenue			
- Rental income from leasing of machinery	636	-	636
- Others	1,045	-	1,045
	<u>1,021,406</u>	<u>212,128</u>	<u>1,233,534</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(41,412)
Other revenue			<u>(1,681)</u>
Revenue			<u><u>1,190,441</u></u>
Segment results	77,762	23,695	101,457
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(5,141)
Interest income			<u>912</u>
Profit before tax			<u><u>97,228</u></u>
Segment assets	832,635	180,364	1,012,999
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,203</u>
Total assets			<u><u>1,014,202</u></u>
Segment liabilities	446,612	139,053	585,665
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,217</u>
Total liabilities			<u><u>589,882</u></u>
Other segment information:			
Depreciation	63,623	279	63,902
Capital expenditure*	<u>57,009</u>	<u>7,644</u>	<u>64,653</u>

* Capital expenditure represents additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2016

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,261,748	124,377	1,386,125
Intersegment sales	-	130,282	130,282
Other revenue			
- Rental income from leasing of machinery	334	-	334
- Others	991	-	991
	<u>1,263,073</u>	<u>254,659</u>	<u>1,517,732</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(130,282)
Other revenue			<u>(1,325)</u>
Revenue			<u><u>1,386,125</u></u>
Segment results	127,495	6,094	133,589
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(12,026)
Interest income			<u>358</u>
Profit before tax			<u><u>121,921</u></u>
Segment assets	884,130	120,136	1,004,266
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>30,561</u>
Total assets			<u><u>1,034,827</u></u>
Segment liabilities	507,899	118,425	626,324
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>5,789</u>
Total liabilities			<u><u>632,113</u></u>
Other segment information:			
Depreciation	71,288	290	71,578
Capital expenditure*	<u>46,252</u>	<u>619</u>	<u>46,871</u>

* Capital expenditure represents additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	1,169,590	1,386,125
Macau and Singapore	20,851	-
	<u>1,190,441</u>	<u>1,386,125</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	<u>320,777</u>	<u>336,946</u>

The non-current asset information above is based on the locations of assets.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's revenue, is set out below:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A	*	369,895
Customer B	*	252,344

* Less than 10%

4. OTHER INCOME AND GAINS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank interest income	912	358
Rental income from leasing of machinery	636	334
Exchange gains, net	285	633
Others	-	122
	<u>1,833</u>	<u>1,447</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of construction	900,793	1,023,652
Depreciation	66,527	72,101
Less: Amount capitalised in cost of construction	<u>(2,625)</u>	<u>(523)</u>
	<u>63,902</u>	<u>71,578</u>
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	263,650	291,113
Pension scheme contributions	<u>10,242</u>	<u>9,475</u>
	273,892	300,588
Less: Amount capitalised in cost of construction	<u>(197,648)</u>	<u>(202,905)</u>
	<u>76,244</u>	<u>97,683</u>
Auditor's remuneration	1,256	1,200
Minimum lease payments under operating leases	8,232	3,456
Loss on disposal of items of property, plant and equipment	764	4,960
Foreign exchange differences, net	<u>(285)</u>	<u>(633)</u>

6. INCOME TAX

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	18,322	6,520
Over provision in prior years	(100)	(80)
Current – Elsewhere		
Charge for the year	944	-
Over provision in prior years	-	(14)
Deferred	<u>(3,544)</u>	<u>13,467</u>
Total tax charge for the year	<u>15,622</u>	<u>19,893</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$81,606,000 (2016: HK\$102,028,000) and the weighted average number of ordinary shares of 1,500,000,000 (2016: 1,500,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

8. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Proposed final dividend of HK3.0 cents (2016: HK 4.0 cents) per ordinary share	<u>45,000</u>	<u>60,000</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	<u>112,123</u>	<u>83,852</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing. At 31 December 2017, the Group has certain concentration risk that may arise from the exposure to the five largest customers which accounted for 77% (2016: 82%) of the Group's total receivables. At 31 December 2017, the Group has certain concentration risk that may arise from the exposure to the largest customer which accounted for 21% (2016: 41%) of the Group's total receivables.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current to 30 days	81,489	50,429
31 to 60 days	13,640	32,135
61 to 90 days	3,232	1,065
Over 90 days	<u>13,762</u>	<u>223</u>
	<u>112,123</u>	<u>83,852</u>

10. DUE FROM A RELATED COMPANY

The amount due from a related company represented construction contracting income certified from Gold Famous Development Limited (“Gold Famous”). Gold Famous is an indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited (“Hon Kwok”) of which Dr. James Sai-Wing Wong, a controlling shareholder of the Company, is also a director of and has a beneficial interest in. Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan and Mr. James Sing-Wai Wong are common directors of the Company and Hon Kwok.

The amount due from a related company was unsecured, interest-free and repayable within 30 days.

11. TRADE PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<u>97,328</u>	<u>88,463</u>

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current to 30 days	89,790	82,823
31 to 60 days	4,920	3,419
61 to 90 days	253	56
Over 90 days	<u>2,365</u>	<u>2,165</u>
	<u>97,328</u>	<u>88,463</u>

The trade payables are non-interest bearing and normally settled on 30-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

During the year under review, the Group completed 17 and 53 projects with contract sum of approximately HK\$1,487 million and HK\$ 167 million in the foundation construction and ancillary services (the “Foundation Division”) and drilling and site investigation (the “Drilling Division”) respectively.

As at 31 December 2017, the Group had 14 and 25 projects in progress with contract sum of approximately HK\$1,877 million and HK\$ 274 million in the Foundation Division and Drilling Division respectively.

Revenue

Set out below is the breakdown of revenue of the Group during the current and previous year:

	2017 <i>HK\$'000</i>	2016 <i>HK'000</i>
Foundation Division	1,019,725	1,261,748
Drilling Division	170,716	124,377
	<u>1,190,441</u>	<u>1,386,125</u>

The Group’s revenue for the year under review was HK\$1,190.44 million (2016: HK\$1,386.13 million), representing a decrease of 14.12% from the previous year. The decrease of revenue in the reporting year was primarily due to the continuing weakness of the foundation market and keen competition among the market players which in turn resulted in reducing the contract value of individual projects. The reduced number of foundation contracts from both the public and private sectors of the construction market had a further negative impact on our revenue in 2017.

Gross profit and gross profit margin

The Group’s total gross profit was HK\$289.65 million (2016: HK\$362.47 million), representing a decrease of 20.09% from the previous year which was mainly due to the decrease of the Group’s total revenue in 2017. Weak foundation market and fierce competition had also led to our gross profit margin decreased from 26.15% in previous year to 24.33% in the reporting year, representing a decrease of 6.96%.

Administrative expenses

The Group’s administrative expenses decreased to HK\$194.25 million during the year under review from HK\$242.00 million for the year ended 31 December 2016, representing a decrease of 19.73%. It was mainly due to the Group’s continuing implementation of stringent cost control on overhead costs.

Net profit

The Group’s net profit for the year under review was HK\$81.61 million (2016: HK\$102.03 million), representing a decrease of 20.02% over the previous year. The decrease in net profit was directly due to the decrease of gross profit but the extent of the decrease was partly set-off by decreases in administrative expenses.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2017, the Group had unpledged cash and bank balances of HK\$291.68 million as compared with HK\$312.13 million as at 31 December 2016. The difference was mainly due to the net cash inflow from operating activities after the payment of 2016 final dividend of HK\$60.00 million as well as a cash payment of HK\$64.65 million for investments in plant and machinery.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the board of directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of assets

As at 31 December 2017, time deposits of HK\$3.60 million (2016: HK\$6.50 million) were pledged to banks to secure the performance bonds issued in favour of the Group's clients on contracting works. In addition, as at 31 December 2016, a time deposit of HK\$1.00 million was pledged to a bank to secure general banking facilities extended to the Group and such deposit was released as at 31 December 2017.

Capital commitments

As at 31 December 2017, the Group had no capital commitments (2016: HK\$30.74 million) contracted for the acquisition of plant and machinery.

Contingent liabilities

As at 31 December 2017, the Group provided corporate guarantees and indemnities to certain banks for an aggregate amount of HK\$261.70 million (2016: HK\$227.19 million) for the issue of performance bonds in its ordinary course of business. Certain of these performance bonds were also secured by time deposits amounting to HK\$3.60 million (2016: HK\$6.50 million).

Employees and remuneration policies

As at 31 December 2017, the Group employed 479 staff members in Hong Kong. We are proud of the professional foundation contracting team formed by these colleagues. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

As stated in our 2016 annual report, the remaining balance of the unutilised portion of the net proceeds from our initial public offering amounted to HK\$9.77 million. The amount was properly utilised in the reporting year in accordance with the proposed applications for acquisition of additional machinery in the amount of HK\$9.00 million and also for enhancement of design capability and modifications of plant and machinery in the amount of HK\$0.77 million. As at 31 December 2017, the Company had no remaining unutilised net proceeds from the initial public offering.

OUTLOOK AND FUTURE PLANS

A weak foundation industry and keen competition among the market players persisted through 2017 and our financial results undoubtedly were affected on the negative side. Reduced number of foundation contracts available from both the public and private sector of the construction industry further intensified the price competition for the new tenders. As one of the major market players in the industry, the Group has had to adjust our tendering strategies by lowering the bidding prices for new contracts in order to maintain our competitiveness. The elimination process among the market players in the foundation industry is under processing and the Group believes that with the listing platform and a healthy financial position, the Group can withstand pressure from the current market environment and looks forward the rebound of the foundation industry.

Over the years, the Group had implemented the “3P Enhancement Program”, namely Project management system, Production efficiency and Plant Modernisation. The Group is proud of the improved performance derived therefrom in terms of the project cost control and production effectiveness and the Group will continue to sharpen our competitive edges to cope with the existing challenging market. The overall result of the “3P Enhancement Program” is pleasing and had been reflected in our ability to maintain our gross profit margin even in a highly competitive market. Further, thanks to the continuing implementation of stringent cost controls, our administrative expenses were reduced to a certain extent and the Group’s results benefited accordingly. In addition, the Group will place adequate resources to further strengthen the Design and Build team. The flexibility and capability of a foundation design which can in turn fulfill the site environment and the client’s requirements is always a key success to winning new tenders.

Our Drilling Division, DrilTech, had performed well and recorded a historical high value in terms of revenue and profit from external customers in 2017 since its establishment. The site investigation contract in Singapore which commenced in early April 2017 had been satisfactorily completed in late August 2017, ahead of the original schedule. Adequate resources will be allocated to DrilTech to well equip its plant and machinery and recruitment of talented professionals for expanding the site investigation and down-the-hole business in Hong Kong and overseas when opportunities come. In addition to the current licenses of specialist contractors under the Works Bureau and Hong Kong Housing Authority, DrilTech will also consider applying for inclusion into the different category of specialist contractors in order to conduct a wider business scope in the public sector of the construction industry. The Group expects DrilTech will continue to perform well and improve further with increasing revenue and profit contribution to the Group in coming years.

The Group has also established a new division, Everest, specializing in site formation, pile cap and basement construction works which will be in line with the overall development of the Group in providing all round and professional foundation services to our customers. Everest has the relevant expertise of basement construction, especially construction sites at slopes, and can overcome the technical difficulties encountered by the foundation contractors.

Given the Group’s established reputation in the foundation industry, together with our talented and highly motivated staff led by a committed Execution Panel, we are confident that the Group’s business and our client base will continue to expand even under the existing challenging environment. In late 2017, our Group has been awarded the single largest foundation contracts since our establishment, and we are therefore conservatively optimistic as to the long term demands in the construction industry especially in view of the long term housing supply target of 460,000 housing units in Hong Kong from both the public and private sectors in the next decade.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2017 to the shareholders of the Company whose names appear on the Company's register of members on 11 June 2018. It is expected that the final dividend cheques will be despatched to the shareholders on or before 28 June 2018.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 1 June 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 29 May 2018 to 1 June 2018 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 28 May 2018.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 December 2017 is subject to the approval by the shareholders of the Company at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 8 June 2018 to 11 June 2018 (both days inclusive), during which period no share transfers will be registered. The last day for dealing in the Company's share cum entitlements to the proposed final dividend will be 5 June 2018. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 7 June 2018.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our customers, business partners and shareholders for their long-lasting support. I would also like to thank my fellow directors for their advice and guidance, Execution Panel for their management of operation departments and all colleagues for their hard work, loyalty and contribution which are very essential to the Group's success during the year under review.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the year, except code provision A.1.1. Board meetings of the Company were held twice during the year on a regular basis, which deviated from code provision A.1.1 which stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In view of the simplicity of the Group’s businesses, regular board meetings have not been held quarterly during the year. The interim and annual results together with all corporate transactions happened during the year have been reviewed and discussed amongst the directors at the full board meetings held in the year.

Details of the Company’s corporate governance policies and practices (including the above deviation from the code provisions) will be discussed in the Company’s 2017 annual report.

Audit Committee

The Audit Committee comprises all the three independent non-executive directors namely Mr. Siu-Chee Kong (Chairman of the Audit Committee), Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui.

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management and the external auditor the financial reporting matters of the Group for the year ended 31 December 2017.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor 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 HKICPA and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares during the year.

By Order of the Board
Herman Man-Hei Fung
Chairman

Hong Kong, 27 March 2018

At the date of this announcement, the Board comprises of nine directors, of which six are executive directors, namely Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan, Mr. James Sing-Wai Wong, Mr. Wing-Sang Yu, Mr. Philip Bing-Lun Lam and Mr. Hin-Kwong So; and three are independent non-executive directors, namely Mr. Siu-Chee Kong, Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui.

** For identification purpose only*