WINSHINE
瀛晟科學

WINSHINE SCIENCE COMPANY LIMITED
瀛 晟 科 學 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 209)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the "Board") of Winshine Science Company Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	4	**589,933**	236,174
Cost of sales		**(502,364)**	(220,750)
Gross profit		**87,569**	15,424
Other income, gains and losses	5	**(7,027)**	23,871
Selling and distribution costs		**(9,441)**	(5,063)
Administrative expenses		**(101,277)**	(75,763)
Research and development expenses		**(6,389)**	(20,690)
Changes in fair value of trading securities		**(7,016)**	(150,802)
Other operating expenses		**(12,436)**	(4,208)
Finance costs	7	**(11,808)**	(6,993)
Loss before taxation	6	**(67,825)**	(224,224)
Income tax expense	8	**(9,908)**	(3,072)
Loss for the year		**(77,733)**	(227,296)
Loss per share			
Basic and diluted	10	**(HK2.25 cents)**	(HK8.92 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(77,733)**	(227,296)
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Revaluation surplus (deficit) deficit on leasehold buildings	**10,310**	(1,440)
Deferred tax charge arising from revaluation surplus on leasehold buildings	**(420)**	(287)
	9,890	(1,727)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**23,047**	(14,089)
Other comprehensive income (loss) for the year, net of tax	**32,937**	(15,816)
Total comprehensive loss for the year	**(44,796)**	(243,112)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**123,283**	110,530
Prepaid land premiums		**3,873**	4,246
Investment properties		**101,926**	37,631
Deposit paid for construction of properties		**65,438**	61,151
Deposit paid for purchase of property, plant and equipment		**–**	12,500
		294,520	226,058
Current assets			
Trading securities		**27,579**	34,595
Inventories		**83,987**	41,566
Prepaid land premiums		**143**	152
Trade receivables	11	**114,700**	29,311
Loan receivables		**16,159**	48,403
Prepayments, deposits and other receivables		**62,767**	51,393
Pledged bank deposits		**21,474**	2,570
Cash and cash equivalents		**131,523**	78,497
		458,332	286,487
Current liabilities			
Trade and bills payables	12	**171,375**	51,187
Other payables and accruals		**44,908**	28,256
Borrowings		**184,662**	119,569
Tax payables		**9,679**	4,882
		410,624	203,894
Net current assets		**47,708**	82,593
Total assets less current liabilities		**342,228**	308,651

	2017	2016
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings	**–**	45,000
Deferred tax liabilities	**9,060**	8,087
	9,060	53,087
Net assets	**333,168**	255,564
Equity		
Share capital	**366,186**	298,186
Deficit	**(33,018)**	(42,622)
Total equity	**333,168**	255,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The Company's shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are manufacturing and trading of toys, securities investments and medical and health.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and amendments to HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENT TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014 – 2016 cycle

Except as described below, 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 the consolidated financial statements.

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flow from those financial assets were or future cash flows will be included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other business; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

4. REVENUE AND SEGMENT REPORTING

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**589,933**	236,174

The Group is organised and its businesses are managed by divisions, which are a mixture of both business lines and geographical location. However, based on the information that is reported internally to the executive directors of the Company, being the chief operating decision maker of the Group, for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of toys: this segment derives its revenue from manufacturing and trading of toys.

3. Medical and health: this segment is under development stage in which research and development expenses for the medical and health technology development have been incurred.

In accordance with HKFRS 8, segment information disclosed in the consolidated financial statements has been prepared in a manner consistent with the information used by the chief operating decision maker for the purposes of assessing segment performance and allocating resources among segments. In this regard, the chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than loan receivables, certain property, plant and equipment, investment properties, certain prepayments and certain cash and cash equivalents, which are grouped as unallocated corporate assets.

All liabilities are allocated to reportable segments other than certain accruals, which are grouped as unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated corporate income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) Segment results, assets and liabilities

For the year ended 31 December 2017 and 2016

	Securities investments		Manufacturing and trading of toys		Medical and health		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue								
Revenue from external customers	**–**	–	**589,933**	236,174	**–**	–	**589,933**	236,174
Reportable segment (loss) profit before taxation	**(5,922)**	(151,424)	**15,490**	(22,217)	**(12,973)**	(20,690)	**(3,405)**	(194,331)
Unallocated corporate income							**7,281**	17,090
Unallocated corporate expenses							**(71,701)**	(46,983)
Loss before taxation							**(67,825)**	(224,224)
Other segment information (included in the measure of segment profit or loss or regularly provided to chief operating decision maker)								
Depreciation of property, plant and equipment	**–**	–	**(7,985)**	(8,382)	**–**	–	**(7,985)**	(8,382)
Amortisation of prepaid land premiums	**–**	–	**(146)**	(151)	**–**	–	**(146)**	(151)
Impairment loss of trade receivables	**–**	–	**–**	(2,609)	**–**	–	**–**	(2,609)
Write down of inventories, net	**–**	–	**(11,146)**	(9,072)	**–**	–	**(11,146)**	(9,072)
Loss on disposal of property, plant and equipment, net	**–**	–	**(16)**	(78)	**–**	–	**(16)**	(78)
Gain on disposal of prepaid land premium	**–**	–	**3,625**	–	**–**	–	**3,625**	–
Changes in fair value of trading securities	**(7,016)**	(150,802)	**–**	–	**–**	–	**(7,016)**	(150,802)
Bank interest income	**–**	–	**38**	310	**–**	–	**38**	310
Interest expense	**–**	–	**(9,081)**	(6,992)	**–**	–	**(9,081)**	(6,992)
Research and development expenses	**–**	–	**–**	–	**(6,389)**	(20,690)	**(6,389)**	(20,690)
Addition to non-current assets								
Property, plant and equipment	**–**	–	**8,463**	2,823	**–**	–	**8,463**	2,823

(b) Reconciliation of reportable segment, assets and liabilities

As at 31 December 2017

	Securities investments *HK$'000*	**Manufacturing and trading of toys** *HK$'000*	**Medical and health** *HK$'000*	**Total** *HK$'000*
Reportable segment assets	**27,579**	**391,049**	**–**	**418,628**
Unallocated corporate assets				**334,224**
Total assets				**752,852**
Reportable segment liabilities	**–**	**(360,108)**	**–**	**(360,108)**
Unallocated corporate liabilities				**(59,576)**
Total liabilities				**(419,684)**

As at 31 December 2016

	Securities investments *HK$'000*	Manufacturing and trading of toys *HK$'000*	Medical and health *HK$'000*	Total *HK$'000*
Reportable segment assets	34,635	203,974	–	238,609
Unallocated corporate assets				273,936
Total assets				512,545
Reportable segment liabilities	–	(198,154)	–	(198,154)
Unallocated corporate liabilities				(58,827)
Total liabilities				(256,981)

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue and (ii) the Group's non-current assets include property, plant and equipment, prepaid land premiums, investment properties and deposit paid for purchase of property, plant and equipment and deposit paid for construction of properties. The geographical location of customers refers to the customers' place of domicile. The geographical locations of property, plant and equipment, prepaid land premiums, investment properties and deposit paid for purchase of property, plant and equipment and deposit paid for construction of properties are based on the physical location of the asset under consideration.

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**20,437**	19,862	**1,625**	2,109
The People's Republic of China ("PRC")	**–**	–	**292,895**	223,949
United States and Canada	**506,519**	157,418	**–**	–
Japan and Europe	**62,977**	58,894	**–**	–
	589,933	236,174	**294,520**	226,058

(d) **Information about major customers**

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue from manufacturing and trading of toys		
Customer A	**446,921**	58,389
Customer B	**N/A***	48,630
Customer C	**N/A***	29,632
Customer D	**N/A***	24,091

* The revenue contributed by the customers is smaller than 10% of the total revenue of the Group.

5. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**63**	310
Loan interest and late charge	**2,873**	7,670
Changes in fair value of investment properties	**2,146**	3,953
Mould income	**2,907**	1,118
Net foreign exchange (loss) gain	**(10,920)**	11,693
Gain on disposal of prepaid land premium	**3,625**	–
Rental income	**2,237**	1,399
Impairment loss in trade receivables	**–**	(2,609)
Impairment loss on deposit paid for purchase of property, plant and equipment	**(12,500)**	–
Loss on disposal of property, plant and equipment, net	**(16)**	(78)
Sundry income	**2,558**	415
	(7,027)	23,871

6. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging (crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**149,823**	121,195
Other employee benefits	**3,202**	2,895
Contributions to defined contribution retirement plans	**12,101**	12,478
	165,126	136,568
Sub-contracting labour cost	**51,288**	–
Auditors' remuneration	**2,000**	1,780
Cost of inventories	**483,543**	204,974
Depreciation of property, plant and equipment	**9,086**	9,166
Amortisation of prepaid land premiums	**146**	151
Write down of inventories, net (included in cost of sales)	**11,146**	9,072
Operating lease charges in respect of land and buildings	**5,853**	4,307
Rental income	**(2,237)**	(1,399)

Other operating expenses

Included in other operating expenses is an amount of HK$10,016,000 (2016: HK$4,208,000) which represented professional fees incurred for consulting and due diligence services for various potential investment projects.

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on borrowings	**11,808**	6,993

8. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong – current income tax		
– underprovision in prior years	**6,012**	–
The PRC – current income tax		
– charge for the year	**3,131**	2,377
– underprovision in prior years	**212**	356
	9,355	2,733
Deferred tax charge	**553**	339
Income tax expense	**9,908**	3,072

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.

Enterprise Income Tax ("EIT") in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2016: 25%).

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% is applied to the Group as there is a double tax treaty between the PRC and Hong Kong and the relevant Hong Kong companies should be qualified for the preferential tax rate based on the prescribed conditions.

The Group is therefore liable to withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

9. DIVIDENDS

No dividend was paid or proposed by the directors for both years nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(77,733)**	(227,296)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**3,456,933**	2,547,350

The computation of diluted loss per share for the years ended 31 December 2017 and 2016 does not assume the exercise of share options (2016: warrants issued or share options) granted by the Company as the exercise price of those options (2016: warrants and options) were higher than the average market price.

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**114,700**	29,311

Ageing analysis

The following is an analysis of the trade receivables by age, presented based on the invoice date which is approximate to the revenue recognition date and net of allowance:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**77,526**	15,813
31 to 90 days	**37,134**	13,028
Over 90 days	**40**	470
	114,700	29,311

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

12. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at 31 December 2017 is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**96,591**	19,701
31 to 90 days	**53,991**	18,356
Over 90 days	**20,793**	13,130
	171,375	51,187

Note: The trade and bills payables are expected to be settled within one year.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 December 2017 (2016: nil).

BUSINESS REVIEW

In 2017, the Group recorded substantial increase in its revenue by more than 150% to HK$589.9 million (2016: HK$236.2 million), mainly due to the robust performance of its toys division. Gross profit also increased to HK$87.6 million (2016: HK$15.4 million) as a result of improved cost efficiency and better economies of scale. The securities investments division recorded a loss of HK$5.9 million in 2017 (2016: HK$151.4 million), representing a drop of 96.1% year-on-year. For the year of 2017, the Group reduced its net loss by 65.8% to HK$77.7 million (2016: HK$227.3 million).

Toys Division

For the year ended 31 December 2017, revenue of the toys division increased by 150% to HK$589.9 million as a result of a popular product series developed and marketed by one of its major customers. As production volume increased, the division enjoyed better economies of scale and achieved gross profit of HK$87.6 million (2016: 15.4 million). A gain of HK$3.6 million was also recorded from disposal of a piece of land reclaimed by the local government for development. Due to RMB appreciation, the division incurred an exchange loss of approximately HK$11.7 million. The division also made additional tax provision upon proposed settlement of the additional profit tax case with Hong Kong Inland Revenue Department after the year end. As a result, the toys division turned around the loss operation in 2016 and reported segment profit before taxation of HK$15.5 million for 2017 (2016: loss of HK$22.2 million).

Securities Investments Division

Amid a robust global capital market, the Hong Kong stock market outperformed most of the major stock markets both in Asian and Western markets. The Hang Seng Index reported an increase of 36% in 2017 and average daily turnover also reached higher by a year-on-year increase of 32%. The Group adopted a conservative strategy in managing its investment portfolio during the year. As a result, the securities investments division substantially reduced its segment loss to HK$5.9 million, representing a decrease of loss of 96% from that of 2016. As at 31 December 2017, the Group securities portfolio was valued at HK$27.6 million (2016: HK$34.6 million). The Group did not receive any dividend income during the year (2016: nil).

Medical and Health Division

During the year, the Group participated in a medical research project by investing in Success Impact Corporation ("Success Impact). The project was mainly about the preclinical research studies of genetically engineered bacteria for targeted cancer therapy ("Project GEB"). During the year, a total of approximately HK$6.4 million research and development expenses were recorded in the Project GEB. In 2016, the Company incurred a total of HK$20.7 million in research and development on studies relating to the peptide secretion technology. In September 2017, an international application of a patent relevant to the Project GEB invention was filed to one of the Patent Cooperation Treaty offices.

Genetically engineered bacteria for targeted cancer therapy

Targeted tumor therapy is highly desired as it attacks tumors but leaves normal tissues intact. However, targeted therapy mediated by abiotic drugs has represented a difficult task due to insufficient tumor specificity and/or poor diffusion into tumor tissues. Some anaerobic bacteria preferentially colonize solid tumors and might be employed for targeted tumor therapy. A barrier of using these bacteria is their non-negligible infection of normal tissues despite their selective colonization in solid tumors. The Project GEB therefore aims to solve this problem by rationally designing and genetically engineering bacteria as a new type of antitumor drugs that specifically target solid tumors and effectively eradicate tumors with little side effects. So far the project team have created a novel tumor-targeting genetic DNA circuit that confers bacteria the ability to sense tumor-specific signals and accordingly selectively colonize solid tumors while sparing normal tissues.

Further efforts and more research studies will be made towards improving the tumor specificity of the bacteria and their antitumor efficacy by equipping the bacteria with more antitumor "weapons" and elucidating the underlying antitumor mechanisms.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2017, the Group had current assets of HK$458,332,000 (2016: HK$286,487,000) comprising cash and cash equivalents of HK$131,523,000 (2016: HK$78,497,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$410,624,000 (2016: HK$203,894,000), remained at an acceptable ratio of 1.12 (2016: 1.41). The Group's borrowings as at 31 December 2017 were denominated in Hong Kong dollars and Renminbi in the proportion of 85% and 15% (2016: 84% and 16%) respectively. All borrowings totaling HK$184,662,000 (2016: HK$119,569,000, except for HK$45,000,000 which would mature after one year but within two years) would mature within one year, out of which all bore fixed interest rate and none bore floating interest rate.

The equity attributable to owners of the Company increased by 30% to HK$333,168,000 (2016: HK$255,564,000) mainly as a result of equity fund raising activities offset by the loss incurred by the Group during the year. The Group financed its operations through a combination of debt financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included borrowings, trade and bills payables and other payables and accruals less pledged bank deposits and cash and cash equivalents. The gearing ratio of the Group as at 31 December 2017 was 43% (2016: 39%).

Despite the loss incurred by the Group, the financial position of the Group remains healthy with sufficient cash to support the Group's ongoing business operations.

PROSPECTS

On 28 December 2017, the Company announced that it entered into sale and purchase agreement to conditionally sell the entire share capital of Bright Triumph Development Ltd. ("Bright Triumph") at a consideration of HK$142 million. The principal assets of Bright Triumph, held through its indirect subsidiary Yi Nuo Technology (Suzhou) Company Ltd. included a piece of land and buildings thereon at Jiangsu Suzhou. As the transaction constitutes a major transaction under the Listing Rules, it is subject to reporting, announcement, circular and shareholders' approval requirement. As more time is required for preparing and finalizing the financial information, the Company announced on 28 February 2018 that the despatch date of the circular will be further postponed to a date on or before 30 March 2018. It is expected that the disposal can provide the Group more funding and flexibility to develop the existing business and to look for other new opportunities.

Looking ahead to 2018, the toys division is expected to continue to perform satisfactorily. Although it will also face with challenges such as strong RMB, rising raw material costs and labor shortage in the Pearl Delta Region, the division will strive to minimize the negative impacts by bringing in more automation into its production process. On the other hand, the Group will continue to invest in the research studies of the medical project according to the joint venture agreement.

CORPORATE GOVERNANCE

During the year ended 31 December 2017, the Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules except for the following deviation with reason as explained.

Pursuant to Code A.6.7, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One Non-executive Director and two Independent Non-executive Directors of the Company were unable to attend the special general meeting of the Company held on 13 February 2017 due to other prior business engagements. One Executive Director and one Independent Non-executive Director of the Company were unable to attend the annual general meeting of the Company held on 1 June 2017 due to other prior business engagements. However, there were at least one Executive Director and one Independent Non-executive Director presented at each meeting to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

AUDIT COMMITTEE

The annual results for the year ended 31 December 2017 have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board
Xing Wei
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises two Executive Directors, being Mr. Xing Wei (Chairman) and Mr. Wei Guo; one Non-executive Director, namely Mr. Lin Shaopeng; and three Independent Non-executive Directors, namely Mr. Li Fang, Mr. Lau Shun Pong Johnson and Mr. Lai Ming Wai.

* *For identification purposes only*