



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)
(Stock Code: 88)

2017-2018 INTERIM REPORT

大昌集團有限公司

(於百慕達註冊成立之有限公司)
(股份代號：88)

2017-2018 年度中期報告



Corporate Information

Board of Directors

David Pun CHAN *Chairman and Managing Director*

Ivy Sau Ching CHAN

* Joseph Wing Siu CHEUNG

* Karl Chi Leung KWOK

* Man Sing KWONG

William Wai Lim LAM

Wing Sau LI

* *Independent non-executive directors*

Audit Committee

Karl Chi Leung KWOK *Committee Chairman*

Ivy Sau Ching CHAN

Joseph Wing Siu CHEUNG

Man Sing KWONG

Remuneration Committee

Karl Chi Leung KWOK *Committee Chairman*

Ivy Sau Ching CHAN

Man Sing KWONG

Nomination Committee

David Pun CHAN *Committee Chairman*

Karl Chi Leung KWOK

Man Sing KWONG

Company Secretary

Kit Yan LUK

Bankers

Bank of Communications Co., Ltd.

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Office

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08,

Bermuda

Head Office

20th Floor, The Hong Kong

Club Building,

3A Chater Road, Central,

Hong Kong

Telephone: (852) 2532 2688

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Website: www.taicheung.com

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08,

Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor

Services Limited

Shops 1712-16,

17th Floor, Hopewell Centre,

183 Queen's Road East,

Wanchai,

Hong Kong



I am pleased to report the unaudited results of the Group for the six months ended 30th September 2017.

Consolidated Income Statement

For the six months ended 30th September 2017

		(Unaudited) Six Months Ended	
	Note	30/9/2017 HK\$Million	30/9/2016 HK\$Million
Revenue	2	211.4	76.4
Cost of sales		(174.6)	(70.1)
Gross profit		36.8	6.3
Other income		16.5	11.7
Administrative expenses		(31.5)	(27.1)
Gain on disposal of associates	3	20.4	–
Operating profit/(loss)	4	42.2	(9.1)
Share of results of associates, net of tax		63.5	62.9
Profit before income tax		105.7	53.8
Income tax expense	5	(2.8)	(0.6)
Profit attributable to equity holders of the Company		102.9	53.2
Dividends			
Interim, proposed, of HK 12 cents (2016: HK 11 cents) per ordinary share		74.1	67.9
Earnings per share (Basic and Diluted)	6	16.7¢	8.6¢

**Consolidated Statement of Comprehensive Income**

For the six months ended 30th September 2017

	(Unaudited)	
	Six Months Ended	
	30/9/2017	30/9/2016
	<i>HK\$Million</i>	<i>HK\$Million</i>
Profit for the period	102.9	53.2
Other comprehensive income:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Change in fair value on available-for-sale financial assets	(7.7)	(8.9)
Exchange differences	0.6	–
Total comprehensive income for the period and attributable to equity holders of the Company	95.8	44.3

**Consolidated Balance Sheet**

As at 30th September 2017

		(Unaudited) 30/9/2017 <i>HK\$Million</i>	(Audited) 31/3/2017 <i>HK\$Million</i>
Non-current assets			
Property, plant and equipment		11.7	11.8
Associates		100.9	118.9
Amount due from an associate		–	24.6
Available-for-sale financial assets		66.0	71.6
Deferred income tax assets		40.0	40.0
Mortgage loans receivable		0.3	0.4
		218.9	267.3
Current assets			
Properties for sale		1,541.4	1,704.8
Properties under development		2,440.7	2,275.5
Debtors and other receivables	7	133.4	552.6
Amount due from an associate		24.6	0.7
Bank balances and cash		3,066.0	2,669.4
		7,206.1	7,203.0
Current liabilities			
Creditors and other payables	8	142.2	157.3
Borrowings	9	–	189.1
Current income tax liabilities		81.3	64.4
		223.5	410.8
Net current assets		6,982.6	6,792.2
Total assets less current liabilities		7,201.5	7,059.5
Non-current liabilities			
Borrowings	9	192.3	–
Deferred income tax liabilities		99.6	116.0
		291.9	116.0
Net assets		6,909.6	6,943.5
Equity			
Share capital		61.7	61.7
Retained profits		6,385.2	6,356.4
Other reserves		388.6	395.7
Proposed dividend		74.1	129.7
Total equity		6,909.6	6,943.5

**Consolidated Statement of Changes in Equity**

For the six months ended 30th September 2017

	(Unaudited)	
	Six Months Ended	
	30/9/2017	30/9/2016
	HK\$Million	HK\$Million
Total equity at 1st April	6,943.5	6,945.5
Profit for the period	102.9	53.2
Other comprehensive income:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Change in fair value on available-for-sale financial assets	(7.7)	(8.9)
Exchange differences	0.6	-
Total comprehensive income for the period	95.8	44.3
Transaction with equity holders:		
Dividends	(129.7)	(117.3)
Total equity at 30th September	6,909.6	6,872.5

**Condensed Consolidated Statement of Cash Flows**

For the six months ended 30th September 2017

	(Unaudited)	
	Six Months Ended	
	30/9/2017	30/9/2016
	HK\$Million	HK\$Million
Cash flows from operating activities		
Cash generated from/(used in) operations	414.5	(57.6)
Interest paid	(4.7)	–
Hong Kong profits tax paid	(2.3)	(0.4)
Net cash from/(used in) operating activities	407.5	(58.0)
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.4)	(0.9)
Interest received	12.7	7.8
Dividends received from associates	60.0	60.2
Additions to available-for-sale financial assets	(2.1)	–
Investment income/distributions from available-for-sale financial assets	3.6	3.8
Decrease in mortgage loans receivable	0.1	–
Proceed from disposal of associates	42.6	–
Net cash from investing activities	116.5	70.9
Cash flows from financing activities		
Drawdowns of borrowings	32.5	35.0
Repayments of borrowings	(30.2)	–
Dividends paid	(129.7)	(117.3)
Net cash used in financing activities	(127.4)	(82.3)
Net increase/(decrease) in bank balances and cash	396.6	(69.4)
Bank balances and cash at 1st April	2,669.4	2,754.9
Bank balances and cash at 30th September	3,066.0	2,685.5

Notes:
1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed financial statements should be read in conjunction with the 2017 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March 2017 except for the adoption of certain revised standards, improvements and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”) issued and are mandatory for accounting periods beginning on or after 1st April 2017. The Group has assessed the impact of the adoption of these revised standards, improvements and amendments, and concluded that there has been no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in property investment and development, investment holding and property management.

Segment information is presented on the same basis as that used by the Directors to assess the performance of each reporting segment.

**(a) Revenue and profit attributable to equity holders of the company
For the six months ended 30/9/2017**

	Property development and leasing HK\$Million	Property management HK\$Million	Hotel operation HK\$Million	Investment holding HK\$Million	Total HK\$Million
Revenue	204.9	6.5	-	-	211.4
Segment results	8.3	1.3	-	12.2	21.8
Gain on disposal of associates	20.4	-	-	-	20.4
Operating profit	28.7	1.3	-	12.2	42.2
Share of results of associates, net of tax	1.9	-	61.6	-	63.5
Profit before income tax					105.7
Income tax expense	(2.6)	(0.2)	-	-	(2.8)
Profit attributable to equity holders of the Company					102.9

**2. REVENUE AND SEGMENT INFORMATION (continued)****(a) Revenue and profit attributable to equity holders of the company (continued)**

For the six months ended 30/9/2016

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Total <i>HK\$Million</i>
Revenue	71.1	5.3	-	-	76.4
Segment results and operating (loss)/profit	(19.3)	2.3	-	7.9	(9.1)
Share of results of associates, net of tax	0.5	-	62.4	-	62.9
Profit before income tax					53.8
Income tax expense	(0.2)	(0.4)	-	-	(0.6)
Profit attributable to equity holders of the Company					53.2

**2. REVENUE AND SEGMENT INFORMATION (continued)****(b) Total assets and liabilities
As at 30/9/2017**

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Total <i>HK\$Million</i>
Segment assets	4,170.2	73.4	-	3,055.9	7,299.5
Associates	-	-	125.5	-	125.5
Total assets					7,425.0
Segment liabilities	433.7	73.4	-	8.3	515.4
Net assets					6,909.6

As at 31/3/2017

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Total <i>HK\$Million</i>
Segment assets	4,584.2	68.2	-	2,673.7	7,326.1
Associates	28.5	-	123.9	(8.2)	144.2
Total assets					7,470.3
Segment liabilities	449.6	67.8	-	9.4	526.8
Net assets					6,943.5

3. GAIN ON DISPOSAL OF ASSOCIATES

During the period, the Group disposed of its entire interest in Macfull Limited and Macfull Finance Limited to a major shareholder of the associates.

4. OPERATING PROFIT/(LOSS)

Six Months Ended
30/9/2017 30/9/2016
HK\$Million *HK\$Million*

Operating profit/(loss) is stated after
charging the following:

Cost of property sales	163.4	58.9
Depreciation	0.5	0.4

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates prevailing in the countries in which the Group operates.

	Six Months Ended	
	30/9/2017	30/9/2016
	<i>HK\$Million</i>	<i>HK\$Million</i>
Current income tax		
Hong Kong profits tax	19.2	6.5
Deferred income tax	(16.4)	(5.9)
	2.8	0.6

The Group's share of income tax expense attributable to associates for the six months ended 30th September 2017 of HK\$12.1 million (2016: HK\$12.4 million) is included in the consolidated income statement as share of results of associates.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$102.9 million (2016: HK\$53.2 million) and ordinary shares in issue of 617,531,425 (2016: 617,531,425). There were no potential dilutive ordinary shares outstanding during the period (2016: Nil).

7. DEBTORS AND OTHER RECEIVABLES

	30/9/2017	31/3/2017
	<i>HK\$Million</i>	<i>HK\$Million</i>
Trade debtors, aged 0–3 months	119.7	539.2
Other receivables, deposits and prepayments	13.7	13.4
	133.4	552.6

Debtors, other receivables, deposits and prepayments are mainly denominated in Hong Kong dollars.

Credit terms given to customers vary and generally range from 3 to 6 months.

As at 30th September 2017, trade debtors of HK\$119.7 million (31st March 2017: HK\$539.2 million) were fully performing.

As at 30th September 2017, no trade debtor was impaired (31st March 2017: Nil).

8. CREDITORS AND OTHER PAYABLES

	30/9/2017 <i>HK\$Million</i>	<i>31/3/2017</i> <i>HK\$Million</i>
Creditors, aged 0–3 months	18.2	30.1
Other payables, deposits and accruals	124.0	127.2
	142.2	157.3

Creditors, other payables, deposits and accruals are mainly denominated in Hong Kong dollars.

9. BORROWINGS

	30/9/2017 <i>HK\$Million</i>	<i>31/3/2017</i> <i>HK\$Million</i>
Non-current		
Bank loans		
– unsecured	24.2	–
– secured	168.1	–
	192.3	–
Current		
Bank loans		
– unsecured	–	28.8
– secured	–	160.3
	–	189.1
Total borrowings	192.3	189.1

The Group's borrowings are repayable between 1 to 2 years as at 30th September 2017 (31st March 2017: repayable within 1 year).

The Group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from the balance sheet date (31st March 2017: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$192.3 million (31st March 2017: HK\$189.1 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 4.8% (31st March 2017: 4.1%) per annum.

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(i) Financial instruments

The disclosure of fair value measurements of the financial instruments is based on the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30th September 2017 and 31st March 2017.

	30/9/2017 Level 3 <i>HK\$Million</i>	<i>31/3/2017</i> Level 3 <i>HK\$Million</i>
Assets		
Available-for-sale financial assets	66.0	71.6

If one or more of the significant inputs is not based on observable market data, the assets are included in level 3.

The Group has determined that the reported net assets value represents their fair values at the balance sheet date. These valuations fall within level 3 of the fair value measurement hierarchy.

There were no changes in valuation techniques during the period.

	Six Months Ended	
	30/9/2017 <i>HK\$Million</i>	<i>30/9/2016</i> <i>HK\$Million</i>
At the beginning of the period	71.6	82.7
Additions	2.1	–
Change in fair value	(7.7)	(8.9)
At the end of the period	66.0	73.8

(ii) Debtors and other receivables and creditors and other payables

The nominal values less impairment provisions of debtors and other receivables and creditors and other payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



Interim Dividend

The Directors declared an interim dividend of HK 12 cents per share, representing an increase of 9% over HK 11 cents paid last year. The said interim dividend is payable on 4th January 2018.

Register of Members

The Register of Members will be closed from 18th December 2017 to 20th December 2017, both days inclusive. Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15th December 2017 in order that they may receive their dividend entitlement.

Management Discussion and Analysis

Interim Results

The Group's unaudited profit attributable to equity holders of the Company for the six months ended 30th September 2017 (the "Period") increased by 93% to HK\$102.9 million (2016: HK\$53.2 million). The substantial increase in profit was mainly due to improved property sales.

The Group has equity accounted for its interest in Sheraton-Hong Kong Hotel, which has adopted the cost model for its hotel land and buildings which are stated at cost less accumulated depreciation, in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the Group's hotel properties, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on the basis that the Group were to state these hotel properties at their open market valuations as at 31st March 2017.

	(Unaudited) 30/9/2017 HK\$Million	(Unaudited) 31/3/2017 HK\$Million
Non-current assets, including interests in associates	218.9	267.3
Add: Attributable revaluation surplus relating to hotel properties*	3,181.6	3,174.4
	3,400.5	3,441.7
Current assets	7,206.1	7,203.0
Current liabilities	(223.5)	(410.8)
Net current assets	6,982.6	6,792.2
Total assets less current liabilities	10,383.1	10,233.9
Non-current liabilities	(291.9)	(116.0)
Net assets as if the hotel properties were stated at open market value	10,091.2	10,117.9
Net assets per ordinary share as if the hotel properties were stated at open market value	HK\$16.34	HK\$16.38

* Based on open market valuations as at 31st March 2017.

Property Development

Occupation permit has been issued for our Repulse Bay project. Preparation work for obtaining certificate of compliance is in progress. This super luxurious residential development commands spectacular sea views over the Repulse Bay against a backdrop of mountain greenery. It consists of eight houses with clubhouse facilities, offering a relaxing lifestyle. With its outstanding exterior design, the luxury accommodation is set to become a new landmark in the vicinity. Sales are planned to be launched after full completion.

Conveniently located adjacent to Shek Mun MTR station in Sha Tin with views towards Shing Mun River, Metropole Square attracts buyers and tenants looking for premium office space in the district. With increase in office property prices in the core business areas, the decentralisation trend appears to have gained momentum. Sales remain robust on the back of solid demand.

Superstructure work of French Valley Airport Center, an industrial and commercial project in California, is progressing smoothly. The project is expected to be completed in phases from 2018 onwards.

**Hotel**

Sheraton-Hong Kong Hotel, in which the Group has 35% interest, enjoys a reputation as one of the most well-respected 5-star hotels in Hong Kong. As the challenging hotel business environment in Hong Kong showed signs of a turnaround, the hotel delivered encouraging performance during the Period. The whole hotel shopping mall, which has been leased by Sogo since 2014, continued to generate high steady rental income for the hotel. Visitor arrivals to Hong Kong has witnessed improvements since the fourth quarter of 2016. The potential revival of inbound tourism creates a favourable outlook for the local hotel industry.

Prospects

The Hong Kong economy is expected to see moderate growth in the year ahead, attributable to local solid fundamentals and the Mainland's sustainable economic growth. Despite the US interest rate hikes during the year, the Hong Kong dollar interest rates remained soft in part reflecting ample liquidity in the banking system. The measured pace of balance sheet reduction by US Federal Reserve would bring a moderate impact to the risk of significant capital outflows, favourable to continued relatively low interest rate in Hong Kong. All these factors should render support to the local property market.

Recent home prices climbed at a slower pace. Demand for property remains high notwithstanding Government measures to cool the property market. Luxury residential prices, with the scarcity of new supply particularly in prime locations, would remain stable. We are confident that our Repulse Bay project will achieve high return for our shareholders.

The Group has a strong balance sheet with ample cash on hand. As the Government has increased land supply under its Land Sale Programme, we will continue to pursue opportunities to replenish our land bank with development potential.

Liquidity and Financial Resources

At 30th September 2017, the Group's cash net of borrowings was HK\$2,873.7 million as compared with HK\$2,480.3 million at 31st March 2017. The Group's borrowings were payable between one to two years. All the Group's borrowings were denominated in United States dollars. The US dollar loans are directly tied in with the business of the Group's US operations, and therefore these loans are substantially hedged by assets in the same currency.

Committed bank borrowing facilities available to the Group at 30th September 2017 bear interest at floating rates generally and are subject to periodic review. The gearing ratio was 2.8% at 30th September 2017, compared to 2.7% at 31st March 2017.

Certain properties under development of the Group with carrying values of HK\$345.4 million (31st March 2017: HK\$302.0 million) have been pledged to banks as security for facilities granted to the extent of HK\$316.1 million (31st March 2017: HK\$222.5 million) against which HK\$168.1 million (31st March 2017: HK\$160.3 million) has been utilised at the balance sheet date.

Employees and Emolument Policy

The Group, excluding associates, employs a total of 203 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$32.7 million for the Period. The Group understands that employees are valuable assets. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme. The Group also provides education subsidies to eligible employees.

The emolument policy for the general staff of the Group is set up by the management of the Group on the basis of their merits, qualifications and competence.

The emolument of the Directors and senior management of the Company are reviewed by the Remuneration Committee, having regard to individual duties and market practices.

Directors' Interests

At 30th September 2017, the interests of the Directors and Chief Executive in the shares of the Company as recorded in the register maintained under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name	Number of Shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
David Pun Chan	118,786,971	-	*61,335,074	-	180,122,045
Ivy Sau Ching Chan	20,132,706	-	-	-	20,132,706
Karl Chi Leung Kwok	282,462	-	-	-	282,462
Wing Sau Li	73,000	-	-	-	73,000

*Note: Such shares were held through a corporation which is wholly owned by Mr. David Pun Chan.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, no directors, chief executive or their associates had any interest or short position in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

During the Period under review, the Company did not grant to the Directors or Chief Executive any right to subscribe for shares of the Company.

Substantial Shareholders

At 30th September 2017, the register of substantial shareholders maintained under section 336 of the SFO showed that the Company has been notified of the following interest, being 5% or more of the Company's issued voting shares. This interest is in addition to those disclosed above in respect of the Directors and Chief Executive:

Name	Number of Shares
*Chan Poon Wai Kuen	96,185,380

**Note:* Madam Chan Poon Wai Kuen is the mother of Mr. David Pun Chan, a director of the Company.

The interest disclosed above represents a long position in the shares of the Company.

Save as disclosed above, the Company has not been notified by any other person (other than a director of the Company disclosed above) who has an interest or short position in the shares of the Company which are required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

Purchase, Sale or Redemption of Shares

The Company did not redeem any of its shares during the Period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the Period.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control, risk management and financial reporting matters including the review of these unaudited interim consolidated financial statements.

Compliance with the Corporate Governance Code

During the Period, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange except in relation to the followings:

- (1) Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not have a separate Chairman and Chief Executive Officer and Mr. David Pun Chan currently holds both positions. The Board considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies to grasp business opportunities efficiently and promptly. Such arrangement, which has been adopted by many local and international corporations, enables the Company to meet the rapidly changing business environment which needs quicker decision making to achieve business efficiency.

- (2) Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Bye-laws.

- (3) Under the second part of code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Every Director of the Company, including those appointed for a specific term (save for any chairman or managing director under the Company's Private Act which was enacted in Bermuda in 1990), shall be subject to retirement by rotation at least once every three years. Pursuant to section 4(g) of the Private Act of the Company, any chairman or any managing director of the Company shall not be subject to retirement by rotation under the Bye-laws.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules of the Stock Exchange. All Directors have confirmed, following enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the Period.

Finally, I would like to thank all staff for their loyal support and hard work.

By Order of the Board

David Pun Chan

Chairman

Hong Kong, 28th November 2017