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**ORIENTAL EXPLORER HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 430)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**INTERIM RESULTS**

The board of directors (the “Board”) of Oriental Explorer Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019, together with the comparative figures as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>44,744</b>	(26,173)
Cost of sales		<u>(593)</u>	<u>(512)</u>
Gross profit/(loss)		<b>44,151</b>	(26,685)
Other income and gains	3	<b>95</b>	78
Operating and administrative expenses		<b>(4,080)</b>	(3,899)
Finance costs	5	<b>(1,608)</b>	(1,250)
<b>PROFIT/(LOSS) BEFORE TAX</b>	4	<b>38,558</b>	(31,756)
Income tax expense	6	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>38,558</u></b>	<b><u>(31,756)</u></b>
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b><u>38,558</u></b>	<b><u>(31,756)</u></b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<b><u>HK1.43cents</u></b>	<b><u>HK(1.18)cents</u></b>

Details of interim dividend are disclosed in note 7.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>38,558</b>	<b>(31,756)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>38,558</b>	<b>(31,756)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	33	42
Prepaid land lease payments	371	375
Investment properties	267,310	267,310
Investment in an associate	2,067	2,067
Club debenture	670	670
Equity Investments at fair value through other comprehensive income	<u>692,212</u>	<u>692,212</u>
<b>Total non-current assets</b>	<u><b>962,663</b></u>	<u>962,676</u>
<b>CURRENT ASSETS</b>		
Trade receivables	9 69	–
Prepayments, deposits and other receivables	403	947
Equity investments at fair value through profit or loss	641,184	607,523
Pledged deposits	125	–
Cash and cash equivalents	<u>101,600</u>	<u>202,263</u>
<b>Total current assets</b>	<u><b>743,381</b></u>	<u>810,733</u>
<b>TOTAL ASSETS</b>	<u><b>1,706,044</b></u>	<u>1,773,409</u>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	6,421	6,737
Other borrowings	270,383	375,990
Tax payable	<u>3,818</u>	<u>3,818</u>
<b>Total current liabilities</b>	<u><b>280,622</b></u>	<u>386,545</u>
<b>NET CURRENT ASSETS</b>	<u><b>462,759</b></u>	<u>424,188</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>1,425,422</b></u>	<u>1,386,864</u>

	<b>As at 30 June 2019 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31 December 2018 <i>HK\$'000</i> (Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>3,419</u>	<u>3,419</u>
Total non-current liabilities	<u>3,419</u>	<u>3,419</u>
<b>Net assets</b>	<u><b>1,422,003</b></u>	<u>1,383,445</u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Issued capital	<b>27,000</b>	27,000
Reserves	<u><b>1,395,003</b></u>	<u>1,356,445</u>
<b>Total equity</b>	<u><b>1,422,003</b></u>	<u>1,383,445</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Attributable to owners of the Company

	Issued capital <i>HK\$'000</i> <i>(Unaudited)</i>	Share premium account <i>HK\$'000</i> <i>(Unaudited)</i>	Capital redemption reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Available- for-sale investment revaluation/ fair value reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Exchange fluctuation reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Retained profits <i>HK\$'000</i> <i>(Unaudited)</i>	Total equity <i>HK\$'000</i> <i>(Unaudited)</i>
At 31 December 2017	27,000	498,761	546	11,324	(593)	416,015	953,053
Effect of adoption of HKFRS 9	-	-	-	462,176	-	10,007	472,183
At 1 January 2018 (restated)	27,000	498,761	546	473,500	(593)	426,022	1,425,236
Loss for the period	-	-	-	-	-	(31,756)	(31,756)
Other comprehensive income for the period	-	-	-	-	-	-	-
At 30 June 2018	<u>27,000</u>	<u>498,761</u>	<u>546</u>	<u>473,500</u>	<u>(593)</u>	<u>394,266</u>	<u>1,393,480</u>
At 1 January 2019	<b>27,000</b>	<b>498,761</b>	<b>546</b>	<b>523,499</b>	<b>(598)</b>	<b>334,237</b>	<b>1,383,445</b>
Profit for the period	-	-	-	-	-	<b>38,558</b>	<b>38,558</b>
Other comprehensive income for the period	-	-	-	-	-	-	-
At 30 June 2019	<u><b>27,000</b></u>	<u><b>498,761</b></u>	<u><b>546</b></u>	<u><b>523,499</b></u>	<u><b>(598)</b></u>	<u><b>372,795</b></u>	<u><b>1,422,003</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2018 except as noted below.

In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2019.

Amendments to HKFRS 9 HKFRS 16	<i>Prepayment Features with Negative Compensation Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23 <i>Annual Improvements 2015-2017 Cycle</i>	<i>Uncertainty over Income Tax Treatments Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23</i>

Except as described below, the adoption of the new amendments had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

### **HKFRS 16 Leases (“HKFRS 16”)**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any value remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financial cash flows by the Group.

Other than certain requirements which are applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of approximately HK\$600,000. All of these commitments relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss. The accounting for lessors will not significantly change. Hence, the directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the results and the net financial position of the Group.

The Group has not applied the following new or revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> No mandatory effective date yet determined but available for adoption

## 2. OPERATING SEGMENT INFORMATION

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Trading and investments		Total	
	For the six months ended 30 June					
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue:</b>						
Revenue from external customers	<u>2,497</u>	<u>2,374</u>	<u>42,247</u>	<u>(28,547)</u>	<u>44,744</u>	<u>(26,173)</u>
<b>Segment results</b>	<u>1,662</u>	<u>1,620</u>	<u>41,314</u>	<u>(29,276)</u>	<u>42,976</u>	<u>(27,656)</u>
<i>Reconciliation:</i>						
Unallocated corporate expenses					(2,905)	(2,928)
Interest income on bank deposits					90	49
Other gains					5	29
Finance costs					(1,608)	(1,250)
Profit/(loss) before tax					<u>38,558</u>	<u>(31,756)</u>

### Geographical information

Revenue from external customers are all generated from Hong Kong. No single external customer accounted for 10% or more of the total revenue for the periods ended 30 June 2019 and 2018.



### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Rental income from property letting	<b>2,497</b>	2,374
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	<b>33,751</b>	(35,034)
Dividend income from listed investments	<b>8,496</b>	6,487
	<b>44,744</b>	(26,173)
<u>Other income and gains</u>		
Interest income on bank deposits	<b>90</b>	49
Others	<b>5</b>	29
	<b>95</b>	78

#### 4. PROFIT/(LOSS) BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation	<b>9</b>	26
Amortization of prepaid land lease payments	<b>4</b>	4
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	<b>2,563</b>	2,678
Pension scheme contributions (defined contribution scheme)	<b>62</b>	69
Total staff costs	<b>2,625</b>	2,747

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on other loans	<b>1,608</b>	1,250

#### 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, in which the Group operates.

The share of tax attributable to an associate is included in "Share of profits of an associate" in the condensed consolidated statement of profit or loss.

#### 7. INTERIM DIVIDEND PER SHARE

The directors do not recommend the declaration of an interim dividend in respect of the six months ended 30 June 2019 (2018: Nil).

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$38,558,000 (2018: loss for the period of approximately HK\$31,756,000), and the weighted average number of ordinary shares of 2,700,000,000 (2018: 2,700,000,000) in issue during the period.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there is no potential dilutive ordinary shares in issue during the periods ended 30 June 2019 and 2018.

## 9. TRADE RECEIVABLES

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade receivables	<u>69</u>	<u>–</u>
	<u><u>69</u></u>	<u><u>–</u></u>

Trade receivables mainly consist of receivables from property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivables balances, except that the Group holds rental deposits from tenants for leasing of properties.

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within 1 month	<u>69</u>	<u>–</u>
	<u><u>69</u></u>	<u><u>–</u></u>

## **CHAIRMAN’S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS**

On behalf of the board of directors (the “Board”) of Oriental Explorer Holdings Limited (the “Company”), I am pleased to present the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019.

### **REVIEW OF OPERATION**

During the period under reporting, the Group recorded a profit of approximately HK\$39 million (2018: loss of HK\$32 million). This is mainly due to the profit brought by the fair value gains in equity investments (stocks) held by the Group.

The investments in equities held by the Group recorded a fair value gain of approximately HK\$34 million (2018: loss of HK\$35 million). The Group’s rental income in Hong Kong recorded a slight increase of approximately 5%. Equities investments recorded dividend income of approximately HK\$8 million (2018: HK\$6 million).

Taking into account the Company’s profitability, debt obligations and cash flows, capital required for future development, etc., the Board does not recommend the payment of interim dividend for the current year.

### **PROPERTY INVESTMENT**

The Group’s investment properties in Hong Kong mainly comprise of office, industrial and residential units. The Group’s investment property portfolio contributed stable rental revenue of approximately HK\$2 million for the six months ended 30 June 2019 (2018: HK\$2 million).

### **FINANCIAL INVESTMENTS**

During the period under reporting, equity investment (stocks) held by the Group recorded net fair value gains.

As of 30 June 2019, the Group held approximately HK\$641 million (as of 31 December 2018: HK\$608 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Group in long-term for investment purpose and receiving dividend income.

The Group’s equity investments recorded a net fair value gain of approximately HK\$34 million (2018: loss of HK\$35 million) when marking the investment portfolios to market valuation as of 30 June 2019, along with dividend income of approximately HK\$8 million (2018: HK\$6 million).

The equity investments held by the Group as at 30 June 2019 were as follows:

Stock Company Code Name	Number of shares held as at 30 June 2019 '000	Percentage of shareholding as at 30 June 2019 %	Fair value	Dividends	Fair value/
			gain/(loss) for the six months ended 30 June 2019 HK\$'000 (Unaudited)	income for the six months ended 30 June 2019 HK\$'000 (Unaudited)	carrying amount as at 30 June 2019 HK\$'000 (Unaudited)
2800 Tracker Fund of Hong Kong	8,120	0.27	24,766	1,218	236,292
5 HSBC Holdings plc	3,040	0.01	–	5,010	197,016
2828 Hang Seng China Enterprises Index ETF	1,332	0.50	10,789	–	147,186
3988 Bank of China Limited	9,800	0.01	(784)	2,066	32,340
857 PetroChina Co. Ltd.	2,378	0.01	(1,355)	–	10,248
941 China Mobile Ltd.	100	0.00	(420)	139	7,115
2628 China Life Insurance Co. Ltd.	300	0.00	780	–	5,772
Other listed securities <sup>#</sup>			(25)	63	5,215
			33,751	8,496	641,184

<sup>#</sup> Other listed securities mainly represented the Group's investment in 11 companies whose shares are mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 30 June 2019.

As at 30 June 2019, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

Save as disclosed elsewhere under the section headed “Chairman’s Statement and Management Discussion and Analysis”, the Group had no other material acquisition and disposal of subsidiaries and associated companies during the period.

## **FOREIGN CURRENCY EXPOSURE**

The Group’s monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group’s performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 30 June 2019, the Group has not entered into any financial instrument for foreign currency hedging purpose.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK\$641 million (as of 31 December 2018: HK\$608 million) as of 30 June 2019. The Group’s cash and cash equivalents as of 30 June 2019 amounted to approximately HK\$102 million (as of 31 December 2018: HK\$202 million).

As of 30 June 2019, the Group had total other borrowings amounting to approximately HK\$270 million (as of 31 December 2018: HK\$376 million), which were secured by legal charges on the Group’s certain equity investments. The Group’s bank borrowings were mainly arranged on a floating rate basis. The other borrowings of the Group as at 30 June 2019 was repayable within 1 year or on demand.

Taking into account the total liquid assets of approximately HK\$743 million and total other borrowings of approximately HK\$270 million, the Group was debt-free as at 30 June 2019.

## **CONTINGENT LIABILITY**

As of 30 June 2019, the Group had no material contingent liability.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2019, the Group had approximately 10 employees in Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$3 million (2018: HK\$3 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

## **PROSPECT**

In light of a weakened market sentiment caused by uncertainties arising from the US-China trade conflicts, the global economy experienced a slowdown during the first half of 2019.

Looking forward to the second half of 2019, we anticipate that the business environment will become more challenging. Risk factors such as escalation of the US-China trade conflicts, uncertainties on the British hard Brexit, continued volatility in global stock markets and devaluation of Renminbi are likely to adversely impact the economic performance of Hong Kong and Mainland China. These factors may exert pressure on price of equity investments held by the Group. Besides, potential risks from Chinese economy may have a significant impact on the Hong Kong rental market.

While the volatile market conditions and uncertainties may create pressure for the Group, the US cutting its interest rate by 0.25% in late July 2019 may help to boost buyers' interest in the Hong Kong property market. We therefore remain conservatively optimistic on both the Hong Kong and Mainland China property market.

The Group will strive to diversify its income base and broaden its business portfolio by pursuing more new development opportunities while maintaining prudent risk management control.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2019.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2019.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the directors of the Company, the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2019, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subjected to re-election; and (ii) all directors appointed to fill a casual vacancy should be subjected to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.



## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2019.

## **BOARD OF DIRECTORS**

As of the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah.

By Order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 27 August 2019