

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liabilities whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



理文造紙有限公司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2314)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

FINANCIAL HIGHLIGHTS

- Revenue decreased by 3.8% to HK\$8.37 billion as compared to the last corresponding period.
- Net profit increased by 27.7% to HK\$1.43 billion as compared to the last corresponding period.
- Earnings per share was HK31.36 cents.
- Declared interim dividend of HK11.0 cents per share.

* For identification purposes only

INTERIM RESULTS

The board of directors of Lee & Man Paper Manufacturing Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Notes</i>	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	3	8,368,758	8,695,428
Cost of sales		(6,424,371)	(6,901,649)
Gross profit		1,944,387	1,793,779
Other income		300,820	122,422
Net gain from fair value changes of derivative financial instruments		9,507	25,332
Distribution and selling expenses		(113,790)	(165,689)
General and administrative expenses		(408,203)	(416,674)
Finance costs	4	(87,417)	(71,097)
Profit before tax		1,645,304	1,288,073
Income tax expense	5	(214,874)	(167,974)
Profit for the period	6	1,430,430	1,120,099
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(857,523)	(528,340)
Total comprehensive income for the period		572,907	591,759
Dividends:	7		
– Dividend paid		432,950	348,750
– Interim dividend declared		501,226	391,527
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8	31.36	24.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	24,283,311	23,351,149
Prepaid lease payments		707,278	721,498
Deposits paid for acquisition of property, plant and equipment and land use rights		257,175	388,860
Interest in a joint venture		–	–
Loan to a joint venture		95,953	95,953
		<hr/> 25,343,717 <hr/>	<hr/> 24,557,460 <hr/>
CURRENT ASSETS			
Inventories	10	2,838,014	3,092,018
Prepaid lease payments		14,850	17,486
Trade and other receivables	11	4,828,301	4,869,211
Amounts due from related companies		23,627	19,879
Tax recoverable		–	72,430
Derivative financial instruments		38	1,532
Margin deposits		7,188	10,391
Bank balances and cash		1,424,301	2,958,656
		<hr/> 9,136,319 <hr/>	<hr/> 11,041,603 <hr/>
CURRENT LIABILITIES			
Trade and other payables	12	2,853,931	3,042,968
Amounts due to related companies		5,434	3,852
Derivative financial instruments		3,656	14,824
Tax payable		111,804	136,881
Bank borrowings		4,312,208	5,250,362
		<hr/> 7,287,033 <hr/>	<hr/> 8,448,887 <hr/>
NET CURRENT ASSETS		<hr/> 1,849,286 <hr/>	<hr/> 2,592,716 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 27,193,003 <hr/>	<hr/> 27,150,176 <hr/>

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
NON-CURRENT LIABILITIES		
Bank borrowings	8,947,585	9,012,017
Deferred tax liabilities	962,148	901,972
	<u>9,909,733</u>	<u>9,913,989</u>
	<u>17,283,270</u>	<u>17,236,187</u>
CAPITAL AND RESERVES		
Share capital	113,915	114,475
Reserves	17,169,355	17,121,712
	<u>17,283,270</u>	<u>17,236,187</u>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segment:

Six months ended 30 June 2016

	Packaging paper <i>HK\$’000</i>	Pulp <i>HK\$’000</i>	Tissue paper <i>HK\$’000</i>	Segment total <i>HK\$’000</i>	Eliminations <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
REVENUE						
External sales	7,825,479	131,145	412,134	8,368,758	–	8,368,758
Inter-segment sales	–	142,284	–	142,284	(142,284)	–
	<u>7,825,479</u>	<u>273,429</u>	<u>412,134</u>	<u>8,511,042</u>	<u>(142,284)</u>	<u>8,368,758</u>
SEGMENT PROFIT	<u>1,640,021</u>	<u>10,782</u>	<u>52,204</u>	<u>1,703,007</u>	<u>–</u>	<u>1,703,007</u>
Net gain from fair value changes of derivative financial instruments						9,507
Unallocated income						48,728
Unallocated expenses						(28,521)
Finance costs						(87,417)
Profit before tax						<u>1,645,304</u>

Six months ended 30 June 2015

	Packaging Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Tissue paper <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	8,264,004	346,022	85,402	8,695,428	–	8,695,428
Inter-segment sales	–	82,908	–	82,908	(82,908)	–
	<u>8,264,004</u>	<u>428,930</u>	<u>85,402</u>	<u>8,778,336</u>	<u>(82,908)</u>	<u>8,695,428</u>
SEGMENT PROFIT	<u>1,338,151</u>	<u>36,777</u>	<u>15,716</u>	<u>1,390,644</u>	<u>–</u>	<u>1,390,644</u>
Net gain from fair value changes of derivative financial instruments						25,332
Unallocated income						5,108
Unallocated expenses						(61,914)
Finance costs						<u>(71,097)</u>
Profit before tax						<u>1,288,073</u>

4. FINANCE COSTS

	Six months ended 30 June	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank borrowings	159,199	151,630
Less: amounts capitalised to property, plant and equipment	<u>(71,782)</u>	<u>(80,533)</u>
	<u>87,417</u>	<u>71,097</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Income tax recognised in profit or loss:		
Current tax		
– The PRC Enterprise Income Tax (“EIT”)	153,287	102,245
Under(over)provision in previous year		
– The PRC EIT	1,411	(206)
Deferred tax		
– Charge to profit or loss	<u>60,176</u>	<u>65,935</u>
	<u>214,874</u>	<u>167,974</u>

The Group’s profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rate prevailing in the relevant jurisdictions.

PRC

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% except that five (2015: five) of these subsidiaries are entitled to preferential rate of 15% for the Group's financial year ending 31 December 2016.

Hong Kong

During the year ended 31 March 2010, the Hong Kong Inland Revenue Department ("IRD") commenced a field audit on the Hong Kong tax affairs of certain subsidiaries of the Company, mainly on their source of profits. Since then the IRD has issued protective profits tax assessments against these subsidiaries in the aggregate amount of HK\$374,385,000 for the years of assessment from 2003/2004 to 2008/2009 (i.e. the six financial years ended 31 March 2009). The Group lodged objections with the IRD and the IRD agreed to holdover the tax claimed on the basis that the tax reserve certificates at certain amounts were purchased. As at 31 December 2015, tax reserve certificates of HK\$72,430,000 have been purchased by the Group.

It was the opinion of the directors that those subsidiaries had not conducted any sales or manufacturing activities in Hong Kong and no Hong Kong Profits Tax should therefore be payable. However, having considered the different opinion of the IRD on such controversial issue, and in order to avoid a further protracted exchange of correspondences, which may not be the best interest from the commercial perspective, the directors decided to take a compromised settlement approach to resolve the case.

Against this background and following a series of subsequent negotiations with the IRD, a compromised settlement was reached with the IRD in December 2015 at a sum of HK\$74,600,000 as a full and final settlement of the whole case for the year of assessment 2003/04 to 2014/2015. This sum payable has been charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

After offsetting the tax reserve certificates of HK\$72,430,000 previously purchased, an additional amount of HK\$2,170,000 was paid in January 2016.

Macau

The Macau subsidiaries incorporated under Decree-Law no.58/99/M are exempted from Macau complementary tax (Macau income tax) as long as they comply with the relevant regulations and do not sell their products to a Macau resident.

Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a maximum rate of 22%. No provision for Vietnam Corporate Income Tax has been made for both periods as the Vietnam subsidiaries incurred losses for both periods.

Other

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

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Directors' emoluments	18,800	18,797
Staff salaries and other benefits, excluding those of directors	429,552	381,878
Contributions to retirement benefit schemes, excluding those of directors	23,768	30,800
Total employee benefit expense	472,120	431,475
Cost of inventories recognised as expense	6,424,371	6,901,649
Amortisation of prepaid lease payments	6,874	6,404
Depreciation of property, plant and equipment	464,596	411,447
Total depreciation and amortisation	471,470	417,851
Loss on disposal of property, plant and equipment	21,441	668
Net exchange loss	–	55,744
Operating lease rentals in respect of land and buildings	5,850	4,747
and after crediting (in other income):		
Income from supply of steam and electricity	34,054	34,148
Income from wharf cargo handling	27,453	31,704
Interest income from banks	12,159	5,108
Net exchange gain	36,569	–
Value added tax and other tax refund	157,527	9,015

7. DIVIDENDS

A final dividend of HK\$0.095 per share was paid in respect of the year ended 31 December 2015 (2015: a final dividend of HK\$0.075 per share were paid for the year ended 31 December 2014) to shareholders during the current period.

The directors determined that an interim dividend of HK\$0.110 (2015: HK\$0.085) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 17 August 2016.

8. EARNINGS PER SHARE

The calculation of earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Earnings for the purpose of earnings per share	<u>1,430,430</u>	<u>1,120,099</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of earnings per share	<u>4,561,052,066</u>	<u>4,661,381,215</u>

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of HK\$2,037 million (2015: HK\$929 million) to property, plant and equipment to expand its operations.

10. INVENTORIES

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Raw materials	2,204,785	2,514,337
Finished goods	<u>633,229</u>	<u>577,681</u>
	<u>2,838,014</u>	<u>3,092,018</u>

11. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Trade receivables	2,431,419	2,424,333
Less: allowance for doubtful debt	<u>(5,476)</u>	<u>(5,476)</u>
	<u>2,425,943</u>	<u>2,418,857</u>
Bills receivables	<u>932,797</u>	<u>1,104,250</u>
	<u>3,358,740</u>	<u>3,523,107</u>
Prepayments and deposits for purchase of raw materials	708,529	613,687
Other deposits and prepayments	107,894	67,040
Value added tax receivables	347,522	442,930
Other receivables	<u>305,616</u>	<u>222,447</u>
	<u>4,828,301</u>	<u>4,869,211</u>

The Group allows its customers an average credit period of 45 to 90 days. The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Aged:		
Not exceeding 30 days	2,274,615	2,602,159
31–60 days	743,585	709,137
61–90 days	168,598	148,794
91–120 days	29,804	12,497
Over 120 days	142,138	50,520
	3,358,740	3,523,107

12. TRADE AND OTHER PAYABLES

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade and bills payables	2,076,365	2,251,351
Construction fee payable	364,814	382,721
Accruals	151,849	125,152
Receipt in advance	89,579	99,686
Other payables	171,324	184,058
	2,853,931	3,042,968

The average credit period taken for trade purchases ranges from 30 to 120 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Aged:		
Not exceeding 30 days	851,331	837,045
31–60 days	371,155	512,816
61–90 days	409,931	468,990
91–120 days	415,500	409,687
Over 120 days	28,448	22,813
	2,076,365	2,251,351

13. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2016, the Group recorded a total sales volume of 2.67 million tons, total revenue of HK\$8.37 billion, interim net profit of HK\$1.43 billion, and net profit per ton of HK\$536, achieving a notable increase in overall profitability.

To expand the scope of its business, the Group has entered the tissue paper market and is producing and selling in the market its own “Hanky” brand tissue paper. Currently, the Group has in full operation four tissue paper production lines of output volume totaling 135,000 tons in Chongqing. Another four new production lines that afford a total production capacity of 220,000 tons also in Chongqing and four other production lines – two in Jiangxi and two in Guangdong – capable of 220,000 tons of output will commence production in the second half of this year and before the end of 2017 respectively. After all the production lines are in operation, the Group’s annual production capacity for tissue paper will reach 575,000 tons and will be able to claim its place among the top five tissue paper manufacturers in mainland China. Tissue paper business is expected to contribute more profit to the Group and become a new growth driver of the Group.

Apart from starting to produce tissue paper, the Group will also venture into the overseas packaging paper market and invest in building paper factories overseas to match its plan to extend business coverage to Southeast Asian markets. The paper production project in Hau Giang, Vietnam – with an annual production capacity of 400,000 tons – is expected to begin operation in the fourth quarter of 2016. Furthermore, the Group may add packaging paper production capacity of about 400,000 tons in China in the future.

To address the overcapacity problem and environmental issues of the paper industry, the PRC Government has stepped up ousting obsolete production capacities to gradually correct the excessive supply situation, and that has boosted the bargaining power of industry players. Although paper consumption per capita in China has been increasing year after year, it is still way behind that of developed countries. Hence, it is obvious that the market still has plenty of room to develop in the future. Latest trends like e-commerce and online shopping have not only completely changed the market and consumption mode, but have also brought boundless business opportunities to the packaging industry. With the demand for packaging paper in China expected to grow steadily in the long run, the Group is confident about the outlook of the paper industry.

Adhering to its long-held prudent strategies and with debts maintained at a reasonable level, the Group will, heeding the pace of economic development, continue to bolster the output capacity of its existing industrial parks and develop new industrial parks. The management will continue to strictly control costs and strengthen capital operation so as to maintain the Group’s competitiveness in the paper industry. The experienced and outstanding management team of the Group will continue to lead the Group and exert its best in raising the Group’s profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operation

Revenue and net profit attributable to owners of the Company for the six months ended 30 June 2016 was HK\$8,369 million and HK\$1,430 million respectively and that for the corresponding period last year was HK\$8,695 million and HK\$1,120 million respectively. The earnings per share for the period was HK31.36 cents as compared to HK24.03 cents for the corresponding period last year.

Benefitting from factories being shutdown in Dongguan, which reduced overcapacity, falling fuel and raw material prices, and refund policies for value-added taxes, the Group achieving a notable increase in overall profitability for the six months ended 30 June 2016.

Distribution and Selling Expenses

The Group's distribution and selling expenses was HK\$114 million for the six months ended 30 June 2016 as compared to HK\$166 million for the six months ended 30 June 2015. It represented about 1.4% of the revenue for the six months ended 30 June 2016, and was decreased as compared to that of 1.9% for the corresponding period last year. This was mainly due to more customers were to pick up the finished goods by themselves instead of delivery by the Group.

General and Administrative Expenses

The Group's general and administrative expenses was HK\$408 million for the six months ended 30 June 2016 as compared to HK\$417 million for the six months ended 30 June 2015. It represented about 4.9% of the revenue for the six months ended 30 June 2016, and was comparable to the corresponding period last year.

Finance Costs

The Group's total borrowing costs (including the amounts capitalised) increased by approximately 5.0% from HK\$152 million for the six months ended 30 June 2015 to HK\$159 million for the six months ended 30 June 2016. The increase was mainly due to the increase in average amount of outstanding bank borrowings during the period.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 72 days and 11 days, respectively, for the six months ended 30 June 2016 as compared to 78 days and 12 days, respectively, for the year ended 31 December 2015. The improved inventory turnover days was due to the reduced raw material costs and the reduction of stock up period.

The Group's debtors' turnover days were 53 days for the six months ended 30 June 2016 as compared to 50 days for the year ended 31 December 2015. This is in line with the credit terms of 45 days to 90 days granted by the Group to its customers.

The Group's creditors' turnover days were 70 days for both six months ended 30 June 2016 and for the year ended 31 December 2015 and is in line with the credit terms granted by the Group's suppliers.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 30 June 2016 was HK\$17,283 million (31 December 2015: HK\$17,236 million). As at 30 June 2016, the Group had current assets of HK\$9,136 million (31 December 2015: HK\$11,042 million) and current liabilities of HK\$7,287 million (31 December 2015: HK\$8,449 million). The current ratio was 1.25 as at 30 June 2016 as compared to 1.31 at 31 December 2015.

The Group generally finances its operations with internally generated cashflow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 30 June 2016, the Group had outstanding bank borrowings of HK\$13,260 million (31 December 2015: HK\$14,262 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 30 June 2016, the Group maintained bank balances and cash of HK\$1,424 million (31 December 2015: HK\$2,959 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.66 as at 31 December 2015 to 0.68 as at 30 June 2016. If excluded the decrease of translation reserve of HK\$858 million as a result of Renminbi depreciation, the net debt-to-equity ratio should have been 0.65.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi, United States dollars or Euro. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2016. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

EMPLOYEES

As at 30 June 2016, the Group had a workforce of more than 6,300 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.110 (2015: HK\$0.085) per share for the six months ended 30 June 2016 to shareholders whose names appear on the Register of Members on 17 August 2016. It is expected that the interim dividend will be paid around 25 August 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 15 August 2016 to 17 August 2016, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accomplished by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 pm on 12 August 2016.

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

During the six months ended 30 June 2016, the Company repurchased a total of 22,401,000 shares of HK\$0.025 per share through The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK\$92,874,000 (including transaction costs). All of the shares repurchased were cancelled during the period. Details of shares repurchased during the period are set out as follows:

Month of repurchases	No. of ordinary shares of HK\$0.025 each	Price paid per share		Aggregate consideration paid (including expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
January 2016	20,951,000	4.20	3.92	85,618
March 2016	680,000	5.00	4.97	3,399
May 2016	770,000	5.00	4.97	3,857
	<u>22,401,000</u>			<u>92,874</u>

The directors believe that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors’ securities transactions. All the members of the board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016. The Model code also applies to other specified senior management of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Mr Chau Shing Yim David, Mr Wong Kai Tung Tony and Mr Peter A Davies.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group’s unaudited interim financial statements for the six months ended 30 June 2016.

On behalf of the Board
Lee Man Chun Raymond
Chairman

Hong Kong, 1 August 2016

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Dr Lee Man Chun Raymond, Mr Lee Man Bun and Mr Li King Wai Ross, one non-executive director, namely Professor Poon Chung Kwong and three independent non-executive directors, namely Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.