LEE & MAN CHEMICAL COMPANY LIMITED
理文化工有限公司

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.leemanchemical.com
(Stock Code: 746)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue of HK$1,706 million for the year, increased by 9.3% as compared to last year.
- Net profit of HK$270 million for the year, decreased by 18.3% as compared to last year.
- Gross profit margin of 39.6% for the year.
- Net profit margin of 15.8% for the year.
- Earnings per share of HK32.7 cents for the year.
- Proposed final dividend of HK5 cents per share.

FINANCIAL RESULTS

The board of directors (the "Directors") of Lee & Man Chemical Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Revenue	*3*	**1,705,879**	1,560,028
Cost of sales		**(1,030,707)**	(906,101)
Gross profit		**675,172**	653,927
Other income	*5*	**84,765**	86,245
Net (loss) gain from fair value changes on derivative financial instruments		**(670)**	3,911
Selling and distribution costs		**(97,520)**	(68,480)
General and administrative expenses		**(116,422)**	(109,991)
Research and development cost		**(76,626)**	(83,904)
Finance costs	*7*	**(17,984)**	(37,336)
Net exchange loss		**(92,356)**	(30,153)
Share of loss of joint ventures		**(2,415)**	(2,749)
Profit before taxation		**355,944**	411,470
Income tax expense	*6*	**(86,266)**	(81,359)
Profit for the year	*7*	**269,678**	330,111
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**(98,245)**	(49,392)
Net gain on hedging instruments in cash flow hedges		**632**	2,136
Other comprehensive expense for the year		**(97,613)**	(47,256)
Total comprehensive income for the year		**172,065**	282,855
Earnings per share	*8*		
Basic (HK cents)		**32.7**	40.0
Diluted (HK cents)		**32.7**	40.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,295,041**	2,929,545
Prepaid lease payments		**122,609**	78,890
Investment property		**46,901**	48,953
Intangible assets		**3,570**	4,945
Deposits paid for the acquisition of property, plant and equipment		**48,964**	216,983
Interests in joint ventures		**19,158**	24,143
Other deposits		**99,387**	38,197
Derivative financial instruments		**-**	31
Deferred tax asset		**23,780**	25,349
		3,659,410	3,367,036
CURRENT ASSETS			
Inventories	*10*	**206,715**	165,390
Prepaid lease payments		**3,222**	1,877
Trade and other receivables	*11*	**379,206**	474,993
Tax recoverable		**11,976**	-
Loan to a joint venture		**93,652**	91,103
Amount due from a joint venture		**15,138**	15,625
Derivative financial instruments		**-**	1,269
Bank balances and cash		**252,721**	596,752
		962,630	1,347,009
CURRENT LIABILITIES			
Trade and other payables	*12*	**301,886**	439,983
Amounts due to related companies		**3,793**	4,047
Taxation payable		**42,517**	28,001
Derivative financial instruments		**42**	4,621
Bank borrowings - due within 1 year		**611,444**	709,695
		959,682	1,186,347
NET CURRENT ASSETS		**2,948**	160,662
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,662,358**	3,527,698

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 31 DECEMBER 2015

		2015	2014
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Other payables	*12*	**65,506**	-
Bank borrowings - due after 1 year		**1,250,390**	1,229,347
Derivative financial instruments		**184**	388
		1,316,080	1,229,735
NET ASSETS		**2,346,278**	2,297,963
CAPITAL AND RESERVES			
Share capital		**82,500**	82,500
Reserves		**2,263,778**	2,215,463
		2,346,278	2,297,963

Notes:

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate parent is Fortune Star Tradings Limited, a company which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lee Wan Keung. The address of the registered office of the Company is disclosed in the section "Corporate Information" to the annual report.

The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements are presented in Hong Kong dollars ("HK dollars") as the Company is listed in Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 37 of the annual report.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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 these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statement[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after a date to be determined.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and revised HKFRSs in issue but not yet effective - continued

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKAS 39, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been remained. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Changes in fair value of financial liabilities attributable to changes in credit risk of financial liabilities that are designated as at fair value through profit or loss are disclosed in note 39 of the annual report.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and revised HKFRSs in issue but not yet effective - continued

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors anticipate that the application of other new and revised standards will have no material impact on the results and the financial position of the Group.

3. REVENUE

All the Group’s revenue for the year is derived from manufacture and sales of chemical products.

4. SEGMENT INFORMATION

(a) Operating Segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“CODMs”), being the Chairman of the Company, in order to allocate resources to segments and to assess their performance. The CODMs review the Group’s profit as a whole, which is generated solely from the manufacture and sale of chemical products and determined in accordance with the Group’s accounting policies, for performance assessment. Therefore no separate segment information is prepared by the Group.

4. **SEGMENT INFORMATION - continued**

(b) Geographical information

The Group's operations are located in the People's Republic of China (“PRC”). Its non-current assets are located in the PRC.

All the Group's revenue from external customers is derived from the PRC for both years.

(c) Revenue from major products

The following is an analysis of the Group’s revenue from its major products:

	2015	2014
	HK$’000	*HK$’000*
Chloromethane products	**644,856**	736,018
Caustic soda	**743,113**	583,083
Hydrogen peroxide	**142,317**	137,867
Others	**175,593**	103,060
	1,705,879	1,560,028

(d) Information about major customers

No customer contributed over 10% of the total revenue of the Group in both years.

5. **OTHER INCOME**

	2015	2014
	HK$’000	*HK$’000*
Bank interest income	**15,579**	37,506
Government grants (note)	**39,790**	21,771
Scrap sales	**7,604**	13,253
Others	**21,792**	13,715
	84,765	86,245

note: The Group recognises these grants as other income upon receipt.

6. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
The charge comprises :		
Current tax :		
PRC Enterprise Income Tax ("EIT")	**62,034**	83,035
Withholding tax on dividend income	**24,550**	-
Other jurisdiction	**36**	43
Overprovision in prior years:		
EIT	**(878)**	(2,255)
Deferred tax :		
Current year	**524**	536
	86,266	81,359

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

For the years ended 31 December 2014 and 31 December 2015, Jiangsu Lee & Man Chemical Limited was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New Technology Enterprise.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

No provision for Hong Kong Profits Tax is made for both years since there is no assessable profit for both years.

7. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging :		
Directors' emoluments	**9,483**	9,763
Other staff costs:		
Salaries and other benefits (excluding directors)	**127,442**	102,941
Retirement benefit schemes contributions (excluding directors)	**15,684**	9,955
Total staff costs	**152,609**	122,659
Finance costs:		
Interest on bank borrowings wholly repayable within five years	**57,900**	50,302
Less: amounts capitalised to property, plant and equipment (note)	**(41,763)**	(17,312)
	16,137	32,990
Net adjustment on interest rate swaps designated as cash flow hedges of floating rate debt	**1,847**	4,346
	17,984	37,336
Release of prepaid lease payments	**2,294**	1,703
Amortisation of intangible assets	**1,206**	1,236
Auditors' remuneration:		
Audit services	**1,381**	1,381
Non-audit services	**169**	168
Cost of inventories recognised as expenses	**1,030,707**	906,101
Depreciation of property, plant and equipment	**183,476**	156,246
Loss on disposal of property, plant and equipment	**420**	1,834

note: Borrowing costs capitalised during the year arose from the general borrowings and were calculated by applying a capitalisation rate of 2.75% (2014: 2.3%) per annum to expenditures on qualifying assets.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the year of HK$269,678,000 (2014: HK$330,111,000) and 825,000,000 (2014: 825,000,000) shares in issue during the year.

The computation of diluted earnings per share for both years did not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares in both years.

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
Final dividend of HK8 cents per share for the year ended 31 December 2014	**66,000**	-
Interim dividend of HK7 cents per share for the year ended 31 December 2015	**57,750**	-
Final dividend of HK7 cents per share for the year ended 31 December 2013	**-**	57,750
Interim dividend of HK7 cents per share for the year ended 31 December 2014	**-**	57,750
	123,750	115,500

A final dividend of HK5 cents (2014: HK8 cents) per share amounting to HK$41,250,000 (2014: HK$66,000,000) in respect of the year ended 31 December 2015 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials and consumables	**123,889**	88,455
Work in progress	**12,044**	24,715
Finished goods	**70,782**	52,220
	206,715	165,390

11. TRADE AND OTHER RECEIVABLES

The Group generally allows its trade customers a credit period ranged from 7 to 60 days.

Included in the balance are trade and bills receivables of HK$132,322,000 (2014: HK$146,814,000). The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Not exceeding 30 days	**102,176**	120,217
31 – 60 days	**17,469**	20,373
61 – 90 days	**5,219**	4,427
91 – 120 days	**3,292**	1,797
Over 120 days	**4,166**	-
	132,322	146,814
Prepayments	**41,887**	107,650
Deposits to suppliers	**6,412**	40,151
Value-added tax receivables	**193,779**	178,566
Other receivables	**4,806**	1,812
Total trade and other receivables	**379,206**	474,993

12. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables is trade payable of HK$80,707,000 (2014: HK$78,463,000). The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Not exceeding 30 days	**56,757**	50,439
31 – 60 days	**9,016**	7,598
61 – 90 days	**3,188**	9,031
Over 90 days	**11,746**	11,395
	80,707	78,463
Receipt in advance	**41,122**	44,553
Construction costs payable and accruals	**153,135**	250,935
Value-added tax accruals	**17,126**	26,159
Other payables	**57,960**	25,154
Other accruals	**17,342**	14,719
Total trade and other payables	**367,392**	439,983

The balance of construction costs payable and accruals comprises non-current construction costs payables of HK$65,506,000 (2014: Nil). Other accruals are classified as current liabilities.

FINAL DIVIDEND

The Directors have proposed a final dividend of HK5 cents per share for the year ended 31 December 2015 to shareholders whose names appear on the Register of Members on 17 May 2016. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 26 May 2016.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The annual general meeting (the "AGM") of the Company is scheduled to be held on 9 May 2016. For ascertaining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from 5 May 2016 to 9 May 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 4 May 2016.

In relation to the proposed final dividend

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK5 cents per share in cash for the year ended 31 December 2015 to shareholders whose names appear on the register of members of the Company on 17 May 2016 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 13 May 2016 to 17 May 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 12 May 2016.

COMMENTARY

For the year ended 31 December 2015, the Group recorded a revenue of HK$1,706 million, increased by 9.3% as compared to last year; and a net profit of HK$270 million for the year, representing a decrease of 18.3% as compared to last year.

The Group recorded a gross profit margin of 39.6% for the year ended 31 December 2015, representing a decrease of 2.3 basis points as compared to last year; while the net profit margin was recorded 15.8%, representing a decrease of 5.4 basis points as compared to last year.

The significant decrease in net profit for the year was caused by the substantial exchange loss of approximately HK$92 million incurred in the Group's foreign currency liabilities, which was mainly due to the substantial depreciation of RMB in the second-half of the year.

PROSPECTS

The Group has completed the construction of the new Jiangxi plant. The first phase production line has been officially put into production and has contributed profit to the Group since the end of last year. The second phase production line is still undergoing the commissioning stage and is expected to operate in succession in 2016.

In addition, the Group has committed to new product research and development, is going to devote more resources in employing scientific research experts who possess rich chemical experience and in acquiring more scientific research equipment, so as to expand and enhance the internal research and development team. The management expects that the Group can be able to develop new products successfully in the near future that can meet the trend of refined chemical development.

As always, our management team will leverage on our internal technical innovation and scientific research and development in a pragmatic and aggressive approach and continue its persistent efforts to deliver stable and healthy rewards to the shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 31 December 2015 was HK$2,346 million (31.12.2014 : HK$2,298 million). As at 31 December 2015, the Group had current assets of HK$963 million (31.12.2014: HK$1,347 million) and current liabilities of HK$960 million (31.12.2014: HK$1,186 million). The current ratio was 1.0 as at 31 December 2015 as compared to 1.1 at 31 December 2014.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2015, the Group had outstanding bank borrowings of HK$1,862 million (31.12.2014: HK$1,939 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 31 December 2015, the Group maintained bank balances and cash of HK$ 253 million (31.12.2014: HK$597 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) as at 31 December 2015 was 68.6% (31.12.2014: 58.4%).

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2015, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment, intangible assets and land use rights in amount of HK$201 million.

HUMAN RESOURCES

At 31 December 2015, the Group had a workforce of around 1,600 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the result of the Group for the year ended 31 December 2015 and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 9 May 2016. The Notice of the Annual General Meeting will be published in the company's website and sent to the shareholders of the Company in due course.

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 1 March 2016

As at the date of this announcement, the Board of the Company comprises 4 executive directors, namely, Ms. Wai Siu Kee, Mr. Lee Man Yan, Mr. Yang Zuo Ning and Ms. Wong Yuet Ming, and 3 independent non-executive directors, namely, Mr. Wong Kai Tung, Tony, Mr. Wan Chi Keung, Aaron BBS JP and Mr. Heng Victor Ja Wei.