



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8159

THIRD QUARTERLY REPORT 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

*This report, for which the directors (the “**Directors**”) of the Glory Mark Hi-Tech (Holdings) Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

THIRD QUARTERLY RESULTS

The Directors are pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2018 (the “Nine-month Period”) together with the comparative unaudited figures for the corresponding periods in 2017 (the “Corresponding Previous Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	112,088	113,647	283,709	293,384
Cost of sales		(86,946)	(97,043)	(236,146)	(250,024)
Gross profit		25,142	16,613	47,563	43,360
Other income		411	853	2,710	2,945
Share of profit of a joint venture		(490)	–	1,644	–
Selling and distribution expenses		(2,665)	(2,888)	(7,842)	(9,157)
Administrative expenses		(6,274)	(8,051)	(21,522)	(21,189)
Profit before taxation	5	16,124	6,527	22,553	15,959
Income tax expense	6	(723)	(796)	(2,009)	(2,015)
Profit for the period		15,401	5,731	20,544	13,944
Other comprehensive income for the period:					
Exchange differences arising from translation of foreign operations		(581)	185	(464)	1,720
Total comprehensive income for the period		14,820	5,916	20,080	15,664
Profit for the period attributable to:					
– Owners of the Company		15,221	5,469	20,243	13,330
– Non-controlling interests		180	262	301	614
		15,401	5,731	20,544	13,944
Total comprehensive income attributable to:					
– Owners of the Company		14,640	5,654	19,779	15,050
– Non-controlling interests		180	262	301	614
		14,820	5,916	20,080	15,664
Earnings per share					
Basic	8	HK2.38 cents	HK0.85 cents	HK3.16 cents	HK2.08cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share Capital	Merger Reserve	Translation Reserve	Retained Profits	Total	Non-controlling Interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2017	6,400	680	9,194	72,269	88,543	703	89,246
Profit for the period	-	-	-	13,330	13,330	614	13,944
Other comprehensive income for the period	-	-	1,720	-	1,720	-	1,720
Total comprehensive income/(expense) for the period	6,400	680	1,720	13,330	15,050	614	15,664
Dividend recognized as distribution	-	-	-	(1,920)	(1,920)	-	(1,920)
At 30 September 2017	6,400	680	10,914	83,679	101,673	1,317	102,990
At 1 January 2018	6,400	680	11,443	87,353	105,876	462	106,338
Profit for the period	-	-	-	20,243	20,243	301	20,544
Other comprehensive income for the period	-	-	(464)	-	(464)	-	(464)
Total comprehensive income/(expense) for the period	-	-	(464)	20,243	19,779	301	20,080
Dividend recognized as distribution	-	-	-	(9,600)	(9,600)	-	(9,600)
At 30 September 2018	6,400	680	10,979	97,996	116,055	763	116,818

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability.

The Company acts as an investment holding company.

The unaudited nine months consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of GEM Listing Rules and with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited nine months consolidated financial statements have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017 (“**the 2017 Financial Statements**”), except for the amendments and interpretations of HKFRSs (“**New HKFRSs**”) issued by HKICPA, which have become effective in this period and summarised in notes of the 2017 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

3. REVENUE

Revenue represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipment and subcontracting service rendered during the period under review.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the executive Directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resources allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to three classes of customers, namely, original equipment manufacturer customers (“**OEM customers**”), retail distributors and master-planning and general design. The business of master-planning and general design work was newly developed by the Group during the Nine-month Period.

The Group's operating segments under HKFRS 8 are as follows:

Business segments

	Three months ended 30 September				Nine months ended 30 September			
	2018		2017		2018		2017	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
OEM customers	71,014	63.4%	77,949	68.6%	178,567	62.9%	200,640	68.4%
Retail distributors	28,941	25.8%	22,065	19.4%	82,741	29.2%	79,111	27.0%
Master-planning and general design	12,133	10.8%	13,633	12.0%	22,401	7.9%	13,633	4.6%
	112,088	100.0%	113,647	100.0%	283,709	100.0%	293,384	100.0%

Sales analysis by geographical customer market:–

	Three months ended 30 September				Nine months ended 30 September			
	2018		2017		2018		2017	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Korea	39,775	35.5%	46,365	40.8%	114,833	40.5%	125,719	42.9%
Taiwan	14,663	13.1%	12,358	10.9%	21,679	7.6%	35,793	12.2%
Japan	16,584	14.8%	15,080	13.3%	53,829	19.0%	58,249	19.8%
USA	21,458	19.1%	23,182	20.4%	54,192	19.1%	44,371	15.1%
PRC	12,898	11.5%	14,133	12.4%	24,202	8.5%	15,178	5.2%
Others	6,710	6.0%	2,529	2.2%	14,974	5.3%	14,074	4.8%
	112,088	100.0%	113,647	100.0%	283,709	100.0%	293,384	100.0%

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Depreciation and amortisation	1,981	1,724	5,934	4,976

6. INCOME TAX EXPENSE

The taxation provided represents PRC enterprise income tax, which is calculated at the rates prevailing.

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Group has no assessable profit in Hong Kong for the period.

No provision for deferred taxation has been made in the financial statements, as there were no material timing differences arising during the period and at the balance sheet date.

7. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: nil).

8. EARNINGS PER SHARE

The calculation of basic profit per share for the three months and nine months ended 30 September 2018 is based on the consolidated profit attributable to shareholders of approximately HK\$15,221,000 and HK\$20,243,000 respectively (three months and nine months ended 30 September 2017: HK\$5,469,000 and HK\$13,330,000 respectively) and on the number of 640,000,000 shares (2017: 640,000,000 shares) in issue.

No dilutive loss per share has been presented for the three months and nine months ended 30 September 2018 because there were no outstanding share options in the respective periods.

9. RELATED PARTY AND CONNECTED TRANSACTIONS

During the periods, the Group entered into the following transactions with related and connected parties:

Name	Nature of transactions	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Billion Mass Limited ("Billion Mass") (Note 1)	Rentals paid	300	258	900	774
Glory Mark Electronic Limited ("GMEL") (incorporated in Taiwan) (Note 1)	Rental paid	39	38	118	115
San Chen Company ("San Chen") (Note 2)	Rental paid	39	38	118	115
Yu Lan (Note 2)	Rental paid	31	30	95	92
PT Architecture Design (Shenzhen) Company Limited ("PT Shenzhen") (Note 3)	Revenue earned by the Group	2,880	–	3,955	–
PT Shenzhen (Note 3)	Cost of services rendered paid by the Group	458	–	629	–

Note 1: Mr. Pang Kuo-Shi, Mr. Wong Chun, directors and/or shareholders of the Company, together hold 79% controlling interest in GMEL and 100% controlling interest in Billion Mass.

Note 2: San Chen is 42.75% owned by Mr. Pang Kuo-Shi and Ms. Yu Lan (the spouse of Mr. Pang Kuo-Shi).

Note 3: Mr. Wang Li Feng, the chairman and an executive director of the Company, is indirectly interested in the entire issued share capital of PT Shenzhen.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is engaged in design, manufacture and sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (the “**Initial Connectivity Products Business**”). The Group is one of the leading VGA cables manufacturers in the world.

Apart from the Initial Connectivity Products Business, the Group is also engaged in master-planning and general design work (“**Architectural Design Business**”). The Group has been recognizing revenue from the Architectural Design Business since the third quarter of 2017.

The profits of the Company for the Nine-month Period was improved moderately as compared with the Corresponding Previous Period, which was attributable to the substantial depreciation of Renminbi, launching of higher value-added products and development of the Architectural Design Business.

The Sino-US trade war is affecting the business and profit of our business. The Company is observing the effect and will take all the appropriate actions to minimize this negative factor. Summing up all these, the Directors hold a conservative view to the results of Group in the coming quarters.

Financial Review

Revenue and profit

The Group recorded revenue of approximately HK\$283,709,000 for the nine-month period ended 30 September 2018 (Nine-month period ended 30 September 2017: approximately HK\$293,384,000), decreased by 3.3%.

During the Nine-month Period, revenue generated from OEM customers was HK\$178.6 million, decreased by 11.0% as compared with the Corresponding Previous Period. Revenue generated from retail distributors and master-planning and general design work during the Nine-month Period were HK\$82.7 million and HK\$22.4 million respectively, increased by 4.6% and 64.3% as compared with the Corresponding Previous Period.

Revenue generated in USA, PRC and the other regions were increased by 22.1%, 59.5% and 6.4% respectively during the Nine-month period as compared with the Corresponding Previous Period, whereas revenue generated in Korea, Taiwan and Japan decreased by 8.7%, 39.4% and 7.6% respectively.

Gross Profit

Benefited by the launching of higher value-added products, substantial Renminbi depreciation and development of the new master-planning business, the Group obtained a gross profit of approximately HK\$47,563,000 (Nine-month period ended 30 September 2017: approximately HK\$43,360,000), up 9.7%.

Other Income

Other income was approximately HK\$2,710,000 for the nine-month period ended 30 September 2018 (the Corresponding Previous Period: approximately HK\$2,945,000).

Selling and Distribution Expenses

The selling and distribution expenses was approximately HK\$7,842,000 for the nine-month period ended 30 September 2018 (the Corresponding Previous Period: approximately HK\$9,157,000), which was in line with the decrease in the revenue.

Administrative Expenses

The administrative expenses was approximately HK\$21,522,000 for the Nine-month Period (the Corresponding Previous Period: approximately HK\$21,189,000).

Financial cost

The Group did not incur any financial cost for both periods ended 30 September 2018 and 2017.

Income tax expenses

The Group incurred income tax expenses of approximately HK\$2,009,000 during the Nine-month Period (the Corresponding Previous Period: approximately HK\$2,015,000).

Profit for the period

The profit attributable to owners of the Company for the Nine-month Period was approximately HK\$20,243,000 (the Corresponding Previous Period: approximately HK\$13,330,000). The improvement of the profit was attributable to the substantial depreciation of Renminbi, launching of higher value-added products and development of new master-planning business.

Liquidity and financial resources

As at 30 September 2018, the Group's net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK\$37.5 million, HK\$60.9 million and HK\$116.1 million (31 December 2017:- HK\$22.7 million, HK\$61.6 million and HK\$105.9 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.25 (31 December 2017: 1.14). The Group had no interest bearing debt as at 30 September 2018 (31 December 2017: nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2018, the interests and short position of the directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Futures Ordinance Chapter 571 ("**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Exchange**") pursuant to the required standard of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the Rules Governing the Listing of Securities on GEM operated by the Exchange (the "**GEM Listing Rules**") and Divisions 7 and 8 of Part XV of the SFO, were as follows:

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of Issued Ordinary Shares held	Percentage of Issued share capital of the Company
Wang Li Feng (" Mr. Wang ") (<i>Note 1</i>)	Beneficial owner	355,620,000	55.57%
Mr. Pang Kuo-Shi (<i>Note 2</i>)	Interest of controlled corporation	74,403,000	11.63%
Mr. Wong Chun (" Mr. Wong ")	Beneficial owner	31,390,000	4.9%

Note 1: The 355,620,000 shares are held by PT Design Group Holdings Limited ("**PT Design**"). PT Design is held by Wise Thinker Holdings Limited (which is wholly owned by Mr. Wang, the chairman and an executive Director) as to approximately 63.28%, Zhao Li Holdings Limited (which is wholly owned by Mr. Kong Lixing, an executive Director) as to approximately 12.50%, Jin Hong Tai Holdings Limited (which is wholly owned by Mr. Dong Jianqiang, an executive Director) as to approximately 12.22%, Atelier Urbaneer Limited (which is wholly owned by Mr. Zhao Guo Xing, an executive Director) as to 7% and Nexterm Holdings Limited (which is wholly owned by Mr. He Yongyi, an executive Director) as to 5%.

Note 2: Mr. Pang Kuo-Shi is deemed to be interested in 74,403,000 shares held by Modern Wealth Assets Limited, a company wholly owned by Mr. Pang Kuo-Shi.

Other than as disclosed above, none of the directors, the chief executive, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations at 30 September 2018.

SHARE OPTION SCHEMES

Pursuant to the Company's share option scheme adopted on 13 December 2001 (the "Scheme") for the purpose of providing incentives to directors and eligible employees, the Company may grant options to executive directors and fulltime employees of the Group to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or their associates in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

A nominal consideration of HK\$1 is payable on acceptance of the grant of options. Options may be exercised at any time from the thirteenth month from the date of grant to the fifth anniversary of the date of grant. The exercise price is determined by the Directors, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

No share options were granted under the Scheme since its adoption.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance was disclosed as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2018:

COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the nine months ended 30 September 2018, they have complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.

INTERESTS IN COMPETITORS

During the nine months ended 30 September 2018, the following Directors had interests in the following business which were considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Mr. Wang	PT Consultants Design Consultants Limited ("PT Consultants")	Provision of Architectural Design Service (other than technical and documentation work)	Directly holding 100% interest in PT Consultants and a director
	PT Shenzhen	Provision of Architectural Design Service (other than technical and documentation work)	Indirectly holding 100% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd ("Shanghai PT")	Provision of Architectural Design Service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director
Kong Lixing	PT Shenzhen	Provision of Architectural Design Service (other than technical and documentation work)	A director
	Shanghai PT	Provision of Architectural Design Service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director
	PT Consultants	Provision of Architectural Design Service (other than technical and documentation work)	A director
Zhao Guo Xing	PT Shenzhen	Provision of Architectural Design Service (other than technical and documentation work)	A director and general manager
He Yongyi	Shanghai PT	Provision of Architectural Design Service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

As (i) each of the above Directors is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the Architectural Design Business will be first undertaken by the Group as general design contractor under the business cooperation agreement entered into between the Company and the relevant companies beneficially owned by Mr. Wang, Mr. Kong Lixing and Mr. Zhao Guo Xing, all are executive Directors, and Mr. Dong Jianqiang (a former executive Director) on 4 July 2017, unless otherwise requested by independent developers; (iii) unless otherwise requested by independent developers, all masterplanning work shall be first subcontracted to the Group; (iv) the Group have the first right of refusal on accepting the architectural schematic design work unless it is specifically requested by the independent developers that such work shall be performed by PT Consultants or PT Shenzhen; and (v) each of Mr. Wang, Mr. Kong Lixing and Mr. He Yongyi has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors that competed or might compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group during the nine months ended 30 September 2018.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 9 above:

- (i) there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules; and
- (ii) no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

CORPORATE GOVERNANCE

The Company complied throughout the nine months period ended 30 September 2018 with the code provisions in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules, save as the following:–

- (i) Code provision A.4.1 provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company deviated from this provision in that Mr. Lau Ho Kit, Ivan, being non-executive Director of the Company, was not appointed for a specific term. He is, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive Directors have already given the Company's shareholders the right to approve continuation of non-executive Directors' offices.

- (ii) Code provision A.5.6 provides that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Given that the members of the nomination committee consider that the current composition allows the Board to perform its function efficiently, the nomination committee has yet adopted a diversity policy. The nomination committee will adopt such a policy and set measurable objectives by 2019 with an aim to evaluate the optimal composition of the Board.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company. The Company has received, from each of the independent non-executive Directors, an annual confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members namely, Mr. Lau Ho Kit, Ivan (Chairman), Dr. Hon. Lo Wai Kwok, SBS, MH, JP and Dr. Zhu Wenhui, and all of them are independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Company. The third quarterly results presented herein has not been audited but has been reviewed by the Audit Committee which has provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the nine months ended 30 September 2018.

On behalf of the Board

Wang Li Feng

Chairman

Hong Kong Special Administrative Region of the People's Republic of China

13 November 2018

As at the date of this report, the Board comprises Mr. Wang Li Feng, Mr. Kong Lixing, Mr. Zhao Guo Xing, Mr. He Yongyi, Mr. Pang Kuo-Shi also known as Steve Pang and Mr. Wong Chun being executive directors and Mr. Lau Ho Kit, Ivan, Dr. Hon. Lo Wai Kwok, SBS, MH, JP and Dr. Zhu Wenhui being independent non-executive directors.