



**WHITE
FLOWER®**

PAK FAH YEOW INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code:239



**Interim Report
2017**



This Interim Report is printed on environmentally friendly paper

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CORPORATE INFORMATION

DIRECTORS

Executive Directors
 Gan Wee Sean (*Chairman and
 Chief Executive Officer*) (R)
 Gan Fock Wai, Stephen (R)
 Gan Cheng Hooi, Gavin

Non-executive Director
 Gan Fook Yin, Anita

Independent Non-executive Directors
 Leung Man Chiu, Lawrence
 (*chairing A, chairing R and chairing N*)
 Wong Ying Kay, Ada (*A, R and N*)
 Ip Tin Chee, Arnold (*A, R and N*)

COMPANY SECRETARY

Lo Tai On

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor, 200 Gloucester Road
 Wanchai
 Hong Kong

AUDITOR

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 42nd Floor, Central Plaza
 18 Harbour Road
 Wanchai
 Hong Kong

SOLICITOR

Woo, Kwan, Lee & Lo
 26th Floor, Jardine House
 1 Connaught Place
 Central
 Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda)
 Limited
 Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

HONG KONG SHARE REGISTRAR

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STOCK CODE

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(A) Audit Committee member

(R) Remuneration Committee member

(N) Nomination Committee member



HIGHLIGHTS

- Revenue up 4.3% year-on-year.
- Underlying recurring profit, the performance indicator of the Group, up 13.4% year-on-year.
- Reported profit up 860.9% mainly attributable to unrealised fair value gain on the Group's investment properties in Hong Kong.
- Extension of sales coverage in both new developing markets and existing markets continue to be the focus for the rest of the year.

Results Summary

	Notes	Six months ended 30 June		
		2017 HK\$'000	2016 HK\$'000	Change
Revenue	1	78,563	75,308	+4.3%
Reported profit	2	50,200	5,224	+860.9%
Underlying recurring profit	3	26,036	22,959	+13.4%
		<i>HK cents</i>	<i>HK cents</i>	
Earnings per share:	4			
Reported profit		16.1	1.7	+847.1%
Underlying recurring profit		8.4	7.4	+13.5%
Total dividends per share	4	4.95	4.8	+3.1%
		At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000	
Shareholders' funds	5	694,113	633,512	+9.6%
		<i>HK\$</i>	<i>HK\$</i>	
Net asset value per share	6	2.23	2.03	+9.9%



- Notes:
1. Revenue represents revenue derived from the three business segments, namely healthcare (“Healthcare”), property investments (“Property Investments”) and treasury investments (“Treasury Investments”).
 2. Reported profit (“Reported Profit”) is the profit attributable to owners of the Company, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
 3. Underlying recurring profit (“Underlying Recurring Profit”) reflects the Group’s performance of the three business segments and is arrived at by excluding from Reported Profit the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties, and the items that are non-recurring in nature.
 4. The basic and diluted earnings per share and the total dividends per share are calculated using the weighted average number of ordinary shares in issue during the period.
 5. Shareholders’ funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company’s consolidated statement of financial position.
 6. Net asset value per share represents shareholders’ funds divided by the number of ordinary shares of the Company in issue as at the balance sheet date.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results Overview

Global economic environment improved modestly during the first half of 2017, despite uncertainty over geopolitical tensions in various regions. Hong Kong economy also improved, benefitting from favourable job and income conditions as well as the recent revival in visitor arrivals. The property market in Hong Kong remained buoyant and, to a certain extent, added more positive sentiment to local consumption. United States Dollars comparably weakened during the period despite the interest rate normalisation in the United States, leading to relative improvement of other major currencies since the beginning of 2017.

From this background, the Group recorded total revenue of HK\$78,563,000 for the six months ended 30 June 2017, an increase of 4.3% from HK\$75,308,000 for the same corresponding period in 2016. Revenue of each business segment is as follows:

	Six months ended 30 June		
	2017 HK\$'000	2016 HK\$'000	Change %
Healthcare	74,368	69,969	+6.3
Property Investments	4,025	5,130	-21.5
Treasury Investments	170	209	-18.7
	78,563	75,308	+4.3

Underlying Recurring Profit, which excludes from Reported Profit the unrealised fair value changes of financial assets and of investment properties and the items that are non-recurring in nature, was HK\$26,036,000, up 13.4% from HK\$22,959,000 year-on-year. This mainly reflected improved performance in Healthcare for the first six months in 2017, partly offset by decreased rental income. Earnings per share of Underlying Recurring Profit was HK8.4 cents, up 13.5% from HK7.4 cents for 2016.

Reported Profit for the six months ended 30 June 2017 up by 860.9% to HK\$50,200,000 (2016: HK\$5,224,000), primarily due to unrealised fair value gain on the Group's investment properties in Hong Kong.



Below is the reconciliation between Underlying Recurring Profit and Reported Profit:

	Six months ended 30 June		Change %
	2017 HK\$'000	2016 HK\$'000	
Underlying Recurring Profit	26,036	22,959	+13.4
Unrealised fair value changes of:			
Financial assets	1,864	166	
Investment properties:			
United Kingdom	-	(10,081)	
Hong Kong and Singapore	22,300	(7,820)	
Reported Profit	50,200	5,224	+860.9

The revaluation of other properties, which is accounted for as other comprehensive income, has resulted in a net revaluation gain for the period of HK\$29,646,000 (2016: loss of HK\$4,338,000).

Total comprehensive income attributable to owners for the six months ended 30 June 2017 was approximately HK\$86,467,000 (2016: loss of HK\$9,093,000).

OPERATIONS REVIEW

Healthcare

Revenue from Healthcare segment increased by 6.3% to HK\$74,368,000 (2016: HK\$69,969,000). Revenue of each geographical segment is as follows:

	Six months ended 30 June		Change %
	2017 HK\$'000	2016 HK\$'000	
Hong Kong	46,452	45,202	+2.8
Macau	3,741	6,051	-38.2
Mainland China	11,513	8,540	+34.8
Southeast Asia	8,990	7,526	+19.5
North America	2,021	2,004	+0.9
Others	1,651	646	+155.6
Segment revenue	74,368	69,969	+6.3
Segment profit	34,253	31,421	+9.0



Despite visitor arrivals resuming growth gradually, weak spending power of Mainland visitors continued to affect spending pattern at retail level. Sales in Hong Kong improved slightly comparing to the same period of last year. Sales contribution from Macau, on the other hand, decreased by 38.2% for the first half but is expected to get back on track in the second half of the year. Growth path in Mainland China continued to pick up modestly and market penetration expanded with successful product listing to new drugstore chains in the first six months of 2017.

Philippines, Singapore and Malaysia markets maintained a better performance in sales comparing to the same period of last year, despite unfavourable exchange rate continued to affect sales growth in Southeast Asia. South Korea market achieved an encouraging growth during the period which contributed to the increase in sales of other markets. The Group's products, Hoe Hin Pak Fah Yeow and Fuzai 239, were newly listed in 800 stores of Olive Young, one of the biggest chain stores in South Korea, and the satisfactory sales performance indicated preliminary acceptance by local customers.

Property Investments

Revenue for this segment declined by 21.5% to HK\$4,025,000 (2016: HK\$5,130,000). This change mainly represents the decreased rental income in Hong Kong as a result of early termination of a tenancy and the decreased average exchange rate in translating rental income derived in the United Kingdom. Revenue of each geographical segment is as follows:

	Six months ended 30 June		Change %
	2017 HK\$'000	2016 HK\$'000	
Hong Kong – office and residential	1,219	1,958	-37.7
Singapore – industrial	109	111	-1.8
United Kingdom – retail/residential	2,697	3,061	-11.9
Segment revenue	4,025	5,130	-21.5
Segment result – profit (loss)	25,537	(13,371)	+291.0



For the six months ended 30 June 2017, segment revenue of about 30.3%, 2.7% and 67.0% (2016: 38.2%, 2.1% and 59.7%) were derived from investment properties in Hong Kong, Singapore and the United Kingdom respectively. Occupancy rate was 92.3% (2016: 100.0%) let for the six months ended 30 June 2017.

Underlying Recurring Segment Result, which excludes from the segment result the unrealised fair value changes of financial assets and of investment properties and the items that are non-recurring in nature, was a profit of HK\$3,237,000, down by 28.5% from HK\$4,530,000 in 2016. Property expenses ratio as a percentage of segment revenue increased to 19.6% (2016: 11.7%) for the period. Both Underlying Recurring Segment Result and the property expenses ratio for 2017 reflected a lower level of rental income.

Segment result for the six months ended 30 June 2017 up 291.0% to a profit of HK\$25,537,000 (2016: loss of HK\$13,371,000), mainly attributable to unrealised revaluation gain of HK\$22,300,000 (2016: loss of HK\$17,901,000) for the period was recognised for the Group's investment properties in Hong Kong. Improved property market sentiment in Hong Kong led to a significant upward adjustment based on the assessment of property valuation.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	Six months ended 30 June		Change %
	2017 HK\$'000	2016 HK\$'000	
Underlying Recurring Segment Result	3,237	4,530	-28.5
Unrealised fair value changes of investment properties:			
United Kingdom	-	(10,081)	
Hong Kong and Singapore	22,300	(7,820)	
Segment result – profit (loss)	25,537	(13,371)	+291.0

Treasury Investments

Other than placing deposits in renowned banks, the Group also invested in equity and debt securities, mutual funds and dual currency investments for higher yields.



Revenue (mainly interest income) derived from this segment decreased by 18.7% to HK\$170,000 (2016: HK\$209,000), primarily due to holding less debt securities during the period. Underlying Recurring Segment Result improved to a profit of HK\$1,687,000 (2016: HK\$608,000). This improvement reflected improved performance on foreign currency transactions, partly offset by the decreased interest income as aforesaid.

The segment result improved to a profit of HK\$3,551,000 (2016: HK\$774,000), mainly attributable to, amongst others as mentioned above, improved unrealised fair value changes on listed investments.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	Six months ended 30 June		Change %
	2017 HK\$'000	2016 HK\$'000	
Underlying Recurring Segment Result	1,687	608	+177.5
Unrealised fair value changes of financial assets	1,864	166	
Segment result	3,551	774	+358.8

FINANCIAL REVIEW

The results overview and operations review in preceding sections also cover financial review of the Group's three business segments. This section discusses other significant financial items.

Staff Costs

Staff costs are categorised into production (production-related payroll costs) and administration (other payroll costs, including management and head office staff), which increased by 9.0% from HK\$16,065,000 to HK\$17,505,000. This mainly reflected annual salary increment and increased provision for management bonus.

Other Operating Expenses

Other operating expenses declined by 7.3% to HK\$16,212,000 (2016: HK\$17,495,000), mainly attributable to less sales and marketing expenses incurred for the period. Other operating expenses ratio as a percentage of total revenue decreased to 20.6% (2016: 23.2%) for the period.



Finance Costs

Finance costs decreased by 6.8% to HK\$525,000 (2016: HK\$563,000), mainly due to lower average bank loan balances during the period after repayment of part of the mortgage loans in Hong Kong and the United Kingdom. Interest coverage ratio (profit from operations before interest and taxes and before unrealised fair value changes of financial assets and of investment properties divided by finance costs) increased to 60.6 (2016: 50.7) for the period.

Taxation

Increase in taxation from HK\$5,010,000 to HK\$5,243,000 was principally due to an increase in taxable operating profits of subsidiaries in Hong Kong.

Investment Properties

The Group's investment properties in Hong Kong and the United Kingdom were valued at 30 June 2017 by an independent professional valuer on a fair value basis. No revaluation was made for the Group's investment properties in Singapore as its fair value change was considered insignificant for the period. The valuation as at 30 June 2017 was HK\$322,428,000, an increase of 10.8% from HK\$290,993,000 as at 31 December 2016. Such increase reflected an improved prospect of property markets in Hong Kong. The valuation of the Group's investment properties in each geographical segment as at the balance sheet date is as follows.

	As at 30 June 2017		As at 31 December 2016		Change in HK\$ %
	Original currency		Original currency		
	'000	HK\$'000	'000	HK\$'000	
Hong Kong – office and residential	HK\$158,650	158,650	HK\$136,350	136,350	+16.4
Singapore – industrial	S\$1,950	10,438	S\$1,950	10,438	-
United Kingdom – retail/residential	GBP15,100	153,340	GBP15,100	144,205	+6.3
		<u>322,428</u>		<u>290,993</u>	+10.8

Unrealised fair value gain on investment properties of HK\$22,300,000 (2016: HK\$17,901,000) was recognised for the period.



FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 30 June 2017 was 4.0% (31 December 2016: 4.3%). Total bank borrowings of the Group amounted to HK\$27,734,000 (31 December 2016: HK\$27,463,000), mainly denominated in Pound Sterling and Hong Kong Dollars with floating interest rates.

Current ratio (current assets divided by current liabilities) was 2.22 as at 30 June 2017 (31 December 2016: 2.63). The Group holds sufficient cash, marketable securities on hand and available banking facilities to meet its short-term liabilities, commitments and working capital demand.

EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Certain rental income is derived in the United Kingdom and denominated in Pound Sterling. As at 30 June 2017, the Group's debt borrowings were mainly denominated in Pound Sterling and Hong Kong Dollars. The Group also had equity and debt securities and dual currency investments denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the period, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 30 June 2017 were approximately HK\$30.3 million (31 December 2016: HK\$27.7 million) in total, or about 3.5% (31 December 2016: 3.6%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$131.6 million (31 December 2016: HK\$123.8 million) relating to carrying amount of the investment properties in the United Kingdom.



PLEDGE OF ASSETS

As at 30 June 2017, certain of the Group's leasehold land and buildings and investment properties with an aggregate carrying value of approximately HK\$299.3 million (31 December 2016: HK\$271.2 million) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$97.1 million (31 December 2016: HK\$96.4 million), of which approximately HK\$27.7 million (31 December 2016: HK\$27.5 million) were utilised as at 30 June 2017.

CONTINGENT LIABILITIES

As at 30 June 2017, no legal proceedings were initiated by any third parties against the Group as defendant, nor were there any outstanding claims which may result in significant financial losses to the Group.

PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

The Group has no plan for significant investment or acquisition of material capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 92 (31 December 2016: 93) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.



OUTLOOK

The Group continues to work closely with distributors of all markets and business associates to set out plans and strategies to extend sales coverage in both new developing markets and existing markets, particularly in Mainland China, and to encounter the challenges that the Group may face for the rest of the year. In view of limited market demand of local customers, the Group confirms to allocate more resources for e-marketing in Hong Kong and Mainland China as well as all other overseas markets to enhance brand and products awareness, hence to create new sales demand in medium to long run.

By Order of the Board

Pak Fah Yeow International Limited

Gan Wee Sean

Chairman

Hong Kong, 24 August 2017



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED
 瑪澤 會計師事務所有限公司
 42nd Floor, Central Plaza,
 18 Harbour Road, Wan Chai, Hong Kong
 香港灣仔港灣道18號中環廣場42樓

To the board of directors

Pak Fah Yeow International Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 16 to 36, which comprise the condensed consolidated statement of financial position as at 30 June 2017 and the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 24 August 2017



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Revenue	3	78,563	75,308
Other revenue	4	269	340
Other net income	5	97	55
Changes in inventories of finished goods		2,012	3,282
Raw materials and consumables used		(15,635)	(14,719)
Staff costs		(17,505)	(16,065)
Depreciation expenses		(1,053)	(1,181)
Net exchange gain (loss)		1,268	(993)
Other operating expenses		(16,212)	(17,495)
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		31,804	28,532
Net gain on financial assets at fair value through profit or loss		1,864	166
Revaluation surplus (deficit) in respect of investment properties		22,300	(17,901)
Profit from operations		55,968	10,797
Finance costs	6	(525)	(563)
Profit before taxation	6	55,443	10,234
Taxation	7	(5,243)	(5,010)
Profit for the period, attributable to owners of the Company		50,200	5,224



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 June 2017

		Six months ended 30 June	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Notes			
	Other comprehensive income (loss)		
	<i>Items that may be reclassified subsequently to profit or loss:</i>		
	Change in fair value of available-for-sale financial assets	268	2
	Exchange difference arising from translation of financial statements of overseas subsidiaries	8,622	(13,732)
	Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments	(2,269)	3,751
	<i>Item that will not be reclassified to profit or loss:</i>		
	Revaluation surplus (deficit) of leasehold land and buildings, net of tax effect of HK\$5,858,000 (2016: HK\$857,000)	29,646	(4,338)
	Other comprehensive income (loss) for the period, net of tax, attributable to owners of the Company	36,267	(14,317)
	Total comprehensive income (loss) for the period, attributable to owners of the Company	86,467	(9,093)
	Earnings per share		
	Basic and diluted	16.11 cents	1.68 cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Notes</i>	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Non-current assets			
Investment properties	10	322,428	290,993
Property, plant and equipment	10	344,222	309,069
Intangible assets		2,450	2,450
Available-for-sale financial assets		8,140	8,381
		677,240	610,893
Current assets			
Inventories		16,410	12,646
Trade and other receivables	11	46,254	53,450
Financial assets at fair value through profit or loss		18,439	23,794
Bank balances and cash		100,906	63,083
		182,009	152,973
Current liabilities			
Bank borrowings, secured	12	27,734	27,463
Current portion of deferred income		182	171
Trade and other payables	13	22,038	22,898
Tax payable		5,466	515
Dividends payable		26,488	7,187
		81,908	58,234
Net current assets		100,101	94,739
Total assets less current liabilities		777,341	705,632



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2017

<i>Notes</i>	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Non-current liabilities		
Long-term portion of consideration payable for acquisition of trademarks	2,073	2,074
Long-term portion of deferred income	28,422	24,470
Provision for long service payments	1,408	659
Provision for directors' retirement benefits	3,614	3,020
Deferred taxation	47,711	41,897
	83,228	72,120
NET ASSETS	694,113	633,512
Capital and reserves		
Share capital	15,582	15,582
Share premium and reserves	678,531	617,930
TOTAL EQUITY	694,113	633,512



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2017

	Share capital	Share premium	Properties revaluation reserve	Investment revaluation reserve	Exchange reserve	Proposed dividends	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	15,582	21,997	213,435	6,573	(40,520)	17,452	398,993	633,512
Profit for the period	-	-	-	-	-	-	50,200	50,200
Other comprehensive income	-	-	29,646	268	6,353	-	-	36,267
Total comprehensive income attributable to owners of the Company	-	-	29,646	268	6,353	-	50,200	86,467
Interim dividends declared (note 8)	-	-	-	-	-	7,012	(15,426)	(8,414)
2016 final dividends transferred to dividends payable (note 8)	-	-	-	-	-	(17,452)	-	(17,452)
At 30 June 2017 (unaudited)	15,582	21,997	243,081	6,841	(34,167)	7,012	433,767	694,113
At 1 January 2016 (audited)	15,582	21,997	207,165	6,336	(20,891)	17,452	376,749	624,390
Profit for the period	-	-	-	-	-	-	5,224	5,224
Other comprehensive (loss) income	-	-	(4,338)	2	(9,981)	-	-	(14,317)
Total comprehensive (loss) income attributable to owners of the Company	-	-	(4,338)	2	(9,981)	-	5,224	(9,093)
Interim dividends declared (note 8)	-	-	-	-	-	6,544	(14,958)	(8,414)
2015 final dividends transferred to dividends payable (note 8)	-	-	-	-	-	(17,452)	-	(17,452)
At 30 June 2016 (unaudited)	15,582	21,997	202,827	6,338	(30,872)	6,544	367,015	589,431



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2017

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
OPERATING ACTIVITIES		
Cash generated from operations	46,161	39,917
Interest received	170	209
Interest paid	(525)	(563)
Income taxes paid	(379)	(524)
Net cash generated from operating activities	45,427	39,039
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(807)	(184)
Proceeds from disposal of property, plant and equipment	160	377
Proceeds from disposal of available-for-sale financial assets	509	175
Net cash (used in) generated from investing activities	(138)	368
FINANCING ACTIVITIES		
Consideration payable for acquisition of trademark	(1)	-
Net movement in bank borrowings, secured	(1,024)	(2,566)
Dividends paid	(6,565)	(6,554)
Net cash used in financing activities	(7,590)	(9,120)
Net increase in cash and cash equivalents	37,699	30,287
Cash and cash equivalents at beginning of period	63,083	40,231
Effect of foreign exchange rate changes	124	(384)
Cash and cash equivalents at end of period	100,906	70,134
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	95,383	44,183
Time deposits	5,523	5,044
Pledged bank deposits	100,906	49,227
	-	20,907
	100,906	70,134



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2017

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read, where relevant, in conjunction with the Group’s annual financial statements for the year ended 31 December 2016 (“2016 Annual Accounts”).

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties, leasehold land and buildings, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

Except as described below, the accounting policies and basis of preparation adopted in these Interim Financial Statements are consistent with those used in the preparation of the 2016 Annual Accounts.

The HKICPA has issued a number of amendments to the Hong Kong Financial Reporting Standards (“HKFRSs”) that are mandatorily effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Various HKFRSs	Annual Improvements Project – 2014-2016 Cycle

The adoption of these new/revised HKFRSs and interpretation has had no material effect on the amounts and/or disclosures reported in these Interim Financial Statements.



3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions and resources allocation. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- (a) Healthcare – manufacturing and sale of Hoe Hin products
- (b) Property Investments
- (c) Treasury Investments

Each of the Group's operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than corporate assets. All liabilities are allocated to reportable segments other than deferred taxation, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.



3. OPERATING SEGMENT INFORMATION (CONTINUED)

Business segments

	Six months ended 30 June 2017				
	Healthcare	Property	Treasury	Consolidated	
	(unaudited)	Investments	Investments		(unaudited)
	HK\$'000	HK\$'000	HK\$'000		HK\$'000
Revenue from external customers	74,368	4,025	170	78,563	
Segment results	34,253	25,537	3,551	63,341	
Unallocated corporate expenses				(7,373)	
Profit from operations				55,968	
Finance costs				(525)	
Profit before taxation				55,443	
Taxation				(5,243)	
Profit for the period				50,200	
	Six months ended 30 June 2016				
	Healthcare	Property	Treasury	Consolidated	
	(unaudited)	Investments	Investments		(unaudited)
	HK\$'000	HK\$'000	HK\$'000		HK\$'000
Revenue from external customers	69,969	5,130	209	75,308	
Segment results	31,421	(13,371)	774	18,824	
Unallocated corporate expenses				(8,027)	
Profit from operations				10,797	
Finance costs				(563)	
Profit before taxation				10,234	
Taxation				(5,010)	
Profit for the period				5,224	



3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 30 June 2017 and 31 December 2016:

	At 30 June 2017			
	Healthcare (unaudited) HK\$'000	Property Investments (unaudited) HK\$'000	Treasury Investments (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Assets				
Segment assets	467,722	322,729	68,603	859,054
Unallocated corporate assets				195
Consolidated total assets				859,249
Liabilities				
Segment liabilities	29,614	51,739	-	81,353
Unallocated corporate liabilities				83,783
Consolidated total liabilities				165,136
	At 31 December 2016			
	Healthcare (audited) HK\$'000	Property Investments (audited) HK\$'000	Treasury Investments (audited) HK\$'000	Consolidated (audited) HK\$'000
Assets				
Segment assets	411,542	291,336	60,460	763,338
Unallocated corporate assets				528
Consolidated total assets				763,866
Liabilities				
Segment liabilities	23,126	46,383	-	69,509
Unallocated corporate liabilities				60,845
Consolidated total liabilities				130,354



3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue from external customers		Results from operations	
	Six months ended 30 June		Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Hong Kong	47,637	47,130	48,985	16,329
Macau	3,741	6,051	2,423	3,846
PRC	11,552	8,570	629	201
Southeast Asia	9,263	7,823	5,392	3,410
North America	2,021	2,004	990	929
United Kingdom	2,698	3,062	2,603	(6,917)
Europe (excluding United Kingdom)	-	-	946	82
Other regions	1,651	668	971	485
Unallocated corporate expenses	-	-	(6,971)	(7,568)
	78,563	75,308	55,968	10,797

4. OTHER REVENUE

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Listed investments:		
Dividend income from financial assets at fair value through profit or loss	151	273
Gain on disposal of financial assets at fair value through profit or loss	118	67
	269	340



5. OTHER NET INCOME

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Commission received	14	12
Gain on disposal of property, plant and equipment	54	15
Sundry income	29	28
	97	55

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
This is stated after charging:		
(a) Finance costs		
Interest on bank borrowings	246	284
Interest on consideration payable for acquisition of trademarks	279	279
	525	563
(b) Other items		
Cost of inventories	22,720	19,974



7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits of the Group for the period. Overseas taxation has been provided on the estimated assessable profits for the period, in respect of the Group's overseas operations, at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	4,808	4,395
Overseas tax	479	599
	5,287	4,994
Deferred taxation		
Origination and reversal of temporary differences	(44)	16
	5,243	5,010

8. DIVIDENDS

Dividends attributable to the previous financial year, approved and paid during the period

At the board meeting held on 27 March 2017, the directors proposed a final dividend of HK5.6 cents per share totalling HK\$17,452,000 for the year ended 31 December 2016 (*year ended 31 December 2015: HK5.6 cents per share totalling HK\$17,452,000*) which had been reflected as an appropriation of retained profits. Upon the approval by shareholders on 8 June 2017, the appropriation was transferred to dividends payable.

Dividends attributable to the period

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
First interim dividend	8,414	8,414
Second interim dividend	7,012	6,544
	15,426	14,958



8. DIVIDENDS (CONTINUED)

Dividends attributable to the period (Continued)

On 8 June 2017, the directors declared the first interim dividend of HK2.7 cents per share totalling HK\$8,414,000 (2016: HK2.7 cents per share totalling HK\$8,414,000 declared on 15 June 2016), which was payable to the shareholders on the register of members of the Company on 4 August 2017.

On 24 August 2017, the directors declared the second interim dividend of HK2.25 cents per share totalling HK\$7,012,000 (2016: HK2.1 cents per share totalling HK\$6,544,000 declared on 23 August 2016), which will be payable to the shareholders on the register of members of the Company on 13 October 2017.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company for the period of HK\$50,200,000 (2016: HK\$5,224,000) and the weighted average number of 311,640,000 (2016: 311,640,000) ordinary shares in issue during the period.

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two periods ended 30 June 2016 and 2017.

10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties situated in Hong Kong and leasehold land and buildings situated in Hong Kong were stated at fair value as at 30 June 2017 as estimated by the directors with reference to the valuation provided by an independent professional valuer. The Group recorded a net surplus on revaluation of the investment properties situated in Hong Kong of HK\$22,300,000 during the period (2016: deficit of HK\$7,820,000), which was recognised in profit or loss. In addition, the Group recorded a surplus on revaluation of the leasehold land and buildings situated in Hong Kong of HK\$35,504,000 during the period (2016: deficit of HK\$5,196,000), which was recognised in the properties revaluation reserve.

In addition, the Group's investment properties situated in London, the United Kingdom were also stated at fair value as at 30 June 2017 as estimated by the directors with reference to the valuation provided by an independent professional valuer, no surplus or deficit on revaluation was noted during the period (2016: deficit of HK\$10,081,000), which was recognised in profit or loss. During the period, the Group also recorded a surplus on exchange realignment of HK\$9,136,000 (2016: deficit of HK\$14,806,000) on the investment properties situated in the United Kingdom which was recognised as part of the exchange difference arising from translation of financial statements of overseas subsidiaries in the exchange reserve.

In the opinion of the directors, the change in fair value of the Group's investment properties situated in Singapore for the period was not material to the results of the Group.



11. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Trade receivables	39,133	42,480
Bills receivable	5,921	8,510
Other receivables		
Deposits, prepayments and other debtors	1,200	2,460
	46,254	53,450

The Group allows credit period ranging from 30 days to 120 days (2016: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Within 30 days	19,824	15,425
31 – 60 days	10,320	18,259
61 – 90 days	8,989	8,788
Over 90 days	–	8
	39,133	42,480



12. BANK BORROWINGS, SECURED

The analysis of the carrying amount of bank borrowings is as follows:

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Bank borrowings due for repayment within one year (<i>note (i)</i>)	21,732	20,437
Term loan from a bank which contains a repayment on demand clause (<i>note (ii)</i>)	6,002	7,026
	27,734	27,463

A term loan of HK\$6,002,000 (*31 December 2016: HK\$7,026,000*), with a clause in its terms that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion, is classified as current liabilities even though the directors do not expect that the lenders would exercise their rights to demand repayment. Out of the term loan of HK\$6,002,000 (*31 December 2016: HK\$7,026,000*), HK\$2,080,000 (*31 December 2016: HK\$2,059,000*) is due for repayment within one year.

- (i) The revolving loan of HK\$21,732,000 (*31 December 2016: HK\$20,437,000*) bears interest at the bank's cost of fund plus 1.5% per annum and is repayable one month after drawdown. The loan is secured by pledging the Group's investment properties with an aggregate carrying value of HK\$153,340,000 (*31 December 2016: HK\$144,205,000*) together with the assignment of rental monies derived from the investment properties.
- (ii) The term loan bears interest at the Hong Kong prime rate minus 3% per annum and is repayable in monthly installment up to 28 April 2020. It is secured by a first legal charge over the Group's leasehold land and buildings held for own use with a carrying value of HK\$146,000,000 (*31 December 2016: HK\$127,000,000*).



13. TRADE AND OTHER PAYABLES

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Trade payables	825	1,940
Other payables		
Accrued charges and other creditors	21,113	20,858
Customers' deposits	100	100
	21,213	20,958
	22,038	22,898

The ageing analysis of trade payables by invoice date is as follows:

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Within 30 days	702	1,291
31 – 60 days	87	492
61 – 90 days	–	–
More than 90 days	36	157
	825	1,940



14. PLEDGE OF ASSETS

Certain of the Group's leasehold land and buildings and investment properties were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$97,049,000 (31 December 2016: HK\$96,404,000), of which HK\$27,734,000 (31 December 2016: HK\$27,463,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Leasehold land and buildings	146,000	127,000
Investment properties	153,340	144,205
	299,340	271,205

15. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Compensation paid to key management personnel, including directors:		
– Salaries and other benefits	8,301	7,381
– Contributions to defined contribution plan	45	45
	8,346	7,426



16. CAPITAL COMMITMENT

In 2007, the Group entered into a master agreement with a bank to invest in a private equity fund with maximum capital injection of US\$1 million (equivalent to approximately HK\$7.8 million). In 2016, the maximum capital injection had been revised to US\$931,000 (equivalent to approximately HK\$7,262,000). During the reporting period, such amount had been further revised to US\$817,000 (equivalent to HK\$6,373,000). As at 30 June 2017, US\$786,000 (equivalent to approximately HK\$6,129,000) (31 December 2016: US\$786,000 (equivalent to approximately HK\$6,129,000)) was called and paid up. Since the commitment period ended on 31 December 2011, the remaining US\$31,000 (equivalent to approximately HK\$241,000) (31 December 2016: US\$145,000 (equivalent to approximately HK\$1,133,000)) would only be payable in limited situations stipulated in the master agreement.

17. FAIR VALUE DISCLOSURES

The following presents the assets measured at fair value or required to disclose their fair value in these condensed consolidated financial statements on a recurring basis at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.



17. FAIR VALUE DISCLOSURES (CONTINUED)

Financial assets measured at fair value

	30 June			
	2017	Level 1	Level 2	Level 3
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Equity securities, listed in Hong Kong	6,426	6,426	-	-
Equity securities, listed overseas	4,474	4,474	-	-
Mutual funds, unlisted	4,589	-	4,589	-
Dual currency deposits	2,950	2,950	-	-
Available-for-sale financial assets				
Unlisted private equity fund	1,867	-	-	1,867
Debt securities, unlisted	6,273	6,273	-	-
	26,579	20,123	4,589	1,867
31 December				
	2016	Level 1	Level 2	Level 3
	(audited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Equity securities, listed in Hong Kong	5,576	5,576	-	-
Equity securities, listed overseas	6,395	6,395	-	-
Mutual funds, unlisted	4,059	-	4,059	-
Dual currency deposits	7,764	7,764	-	-
Available-for-sale financial assets				
Unlisted private equity fund	2,108	-	-	2,108
Debt securities, unlisted	6,273	6,273	-	-
	32,175	26,008	4,059	2,108

During the period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the reporting period.



17. FAIR VALUE DISCLOSURES (CONTINUED)

Financial assets measured at fair value (Continued)

Movements in level 3 fair value measurements

Fair value measurement at the end of the reporting period:

Description	Unlisted private equity fund	
	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
At beginning of the reporting period	2,108	2,418
Gains or losses recognised in:		
– other comprehensive income	268	237
Disposals	(509)	(547)
At end of the reporting period	1,867	2,108

The above gains or losses are reported as “changes in fair value of available-for-sale financial assets” within other comprehensive income.

Description of the valuation techniques and inputs used in Level 2 fair value measurement

The unlisted mutual funds are valued based on quoted market prices from dealers or by reference to quoted market prices for similar instruments.

Description of the valuation techniques and inputs used in Level 3 fair value measurement

The unlisted private equity fund’s assets mainly comprise investment in unlisted companies in various industries (the “Investment”) and the fair value of the Investment is estimated by the external fund manager by reference to a number of factors including the operating cash flows and financial performance of the Investment, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the Investment.

Valuation processes of the Group

The Group reviews estimation of fair value of the unlisted private equity fund which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the external fund manager on a quarterly basis. Discussion of the valuation process and results with the Audit Committee is held twice a year, to coincide with the reporting dates.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2017, the interests and short positions of the directors and chief executive in the shares of the Company and associated corporations, as defined in Part XV of Securities and Futures Ordinance (the "SFO") and as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of director	Personal interests	Number of shares held		Total	Percentage of issued shares of the Company
		Family interests	Corporate interests		
Mr. Gan Wee Sean	27,208,322	2,380,560 (Note 1)	65,323,440 (Note 2)	94,912,322 (Note 2)	30.46%
Mr. Gan Fock Wai, Stephen	10,356,879	-	62,527,920 (Note 3)	72,884,799 (Note 3)	23.39%
Ms. Gan Fook Yin, Anita	1,190,280	-	-	1,190,280	0.38%



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long positions in non-voting deferred shares of associated corporations

(i) *Hoe Hin Pak Fah Yeow Manufactory, Limited ("HHPFY")*

Name of director	Number of non-voting deferred shares of HK\$1,000 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,600	800 (Note 1)	-	9,400	42.7%
Mr. Gan Fock Wai, Stephen	2,800	-	-	2,800	12.7%

(ii) *Pak Fah Yeow Investment (Hong Kong) Company, Limited ("PFYI")*

Name of director	Number of non-voting deferred shares of HK\$1 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,244,445	711,111 (Note 1)	-	8,955,556	42.2%
Mr. Gan Fock Wai, Stephen	2,800,000	-	-	2,800,000	13.2%



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

Notes:

1. Madam Khoo Phaik Gim, wife of Mr. Gan Wee Sean, beneficially owned 2,380,560 shares of the Company, 800 non-voting deferred shares of HHPFY and 711,111 non-voting deferred shares of PFYI.
2. These 65,323,440 shares were beneficially owned by Hexagan Enterprises Limited, a company wholly-owned by Mr. Gan Wee Sean and his wife, Madam Khoo Phaik Gim. The total number of 94,912,322 shares in aggregate represented approximately 30.46% of the issued shares of the Company.
3. These 62,527,920 shares were beneficially owned by Gan's Enterprises Limited, a company in which Mr. Gan Fock Wai, Stephen has an interest of approximately 32%. The total number of 72,884,799 shares in aggregate represented approximately 23.39% of the issued shares of the Company.

Other than as disclosed above, as at 30 June 2017, none of the directors or chief executives, nor their associates, had any interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the period.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the interests or short positions of every person, other than the directors and their respective associates as disclosed in “DIRECTORS’ INTEREST IN SECURITIES” above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Percentage of issued shares of the Company
Brooke Capital Limited	Beneficial owner and Investment manager	31,166,000 (<i>Note</i>)	10.00%

Note: As reported by Brooke Capital Limited, these 31,166,000 shares comprised 12,467,500 shares held by itself and 18,698,500 shares held jointly with East of Suez Fund.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements, to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

SECOND INTERIM DIVIDEND

The directors resolved to declare a second interim dividend of HK2.25 cents per share in respect of the year ending 31 December 2017 (*31 December 2016: HK2.1 cents per share*) payable to the shareholders on the register of members of the Company on 13 October 2017. The second interim dividend will be dispatched to the shareholders on or about 8 December 2017.



CLOSING OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 11 October 2017 to Friday, 13 October 2017, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the second interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 10 October 2017.

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

During the period, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

The Company has complied with code provisions as set out in the CG Code for the six months ended 30 June 2017 except the following deviation:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board of directors, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has one non-executive director and also three independent non-executive directors who offer different independent perspectives. Therefore, the board is of the view that there are adequate balance of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company comprises the three independent non-executive directors of the Company, and meets at least twice each year. The interim financial report of the Company for the six months ended 30 June 2017 has been reviewed by the audit committee. At the request of the directors, the interim financial information set out on page 16 to page 36 has also been reviewed by the Company's auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA and an unmodified review report has been issued.

