EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 838)

2017 Interim Report

中期報告

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Zhang Jian Hua *(Vice Chairman)*
Mr. Zhang Yaohua *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Leung Tai Chiu *(Chairman)*
Mr. Choy Tak Ho
Mr. Lam Hiu Lo

NOMINATION COMMITTEE

Mr. Zhang Hwo Jie *(Chairman)*
Mr. Choy Tak Ho
Mr. Lam Hiu Lo

REMUNERATION COMMITTEE

Mr. Choy Tak Ho *(Chairman)*
Mr. Zhang Hwo Jie
Mr. Lam Hiu Lo

HEAD OFFICE

Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza
No.1 Science Museum Road, Kowloon, Hong Kong

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPANY SECRETARY

Mr. Wong Hoi Chu Francis *FCCA CPA*

AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie
Mr. Wong Hoi Chu Francis *FCCA CPA*

STOCK CODE

838

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation
Citibank, N.A. Hong Kong Branch
Chong Hing Bank Limited
KBC Bank N.V. Hong Kong Branch
Fubon Bank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

Mainland China

Bank of China

LEGAL ADVISOR

Minter Ellison

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.eva-group.com
www.irasia.com/listco/hk/evaholdings

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	**Unaudited 30 June 2017 HK$'000**	Audited 31 December 2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,683,985**	1,692,626
Investment property under development	7	**91,792**	–
Leasehold land and land use rights	7	**170,224**	171,061
Goodwill	8	**5,067**	5,067
Investments in associates	10	**58,999**	56,208
Available-for-sale financial assets	13	**107,343**	106,861
Prepayments, deposits and other receivables	11	**162,248**	128,758
		2,279,658	2,160,581
Current assets			
Inventories		**351,584**	325,615
Trade receivables	14	**767,245**	787,367
Amount due from a related company	12	**1,587**	1,587
Prepayments, deposits and other receivables	11	**203,382**	250,904
Restricted bank deposits		**73,482**	60,569
Short-term bank deposits		**200,037**	123,996
Cash and cash equivalents		**1,075,999**	1,423,134
		2,673,316	2,973,172
Asset classified as held for sale		**–**	11,376
		2,673,316	2,984,548
LIABILITIES			
Current liabilities			
Trade payables	15	**713,889**	683,255
Accruals and other payables	16	**212,034**	219,100
Bank borrowings	17	**951,760**	1,011,083
Finance lease liabilities	18	**6,750**	12,365
Current income tax liabilities		**10,557**	6,799
		1,894,990	1,932,602

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Net current assets		**778,326**	1,051,946
Total assets less current liabilities		**3,057,984**	3,212,527
Non-current liabilities			
Bank borrowings	17	**398,398**	566,161
Finance lease liabilities	18	**5,090**	8,408
Deferred taxation	19	**21,125**	20,537
		424,613	595,106
Net assets		**2,633,371**	2,617,421
EQUITY			
Capital and reserves			
Share capital	20	**179,425**	186,138
Reserves	22	**2,421,256**	2,399,800
Equity attributable to equity holders of the Company		**2,600,681**	2,585,938
Non-controlling interests		**32,690**	31,483
Total equity		**2,633,371**	2,617,421

The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Unaudited Six months ended 30 June	
	Note	**2017 HK$'000**	2016 HK$'000
Revenue	6	**1,516,472**	1,581,110
Cost of sales	24	**(1,103,871)**	(1,194,105)
Gross profit		**412,601**	387,005
Other income	23	**4,469**	2,805
Other gains - net	23	**707**	2,583
Selling and marketing costs	24	**(84,504)**	(84,747)
General and administrative expenses	24	**(231,652)**	(253,616)
Operating profit		**101,621**	54,030
Finance income	25	**3,398**	1,917
Finance costs	25	**(16,807)**	(18,353)
Share of profits/(losses) of associates	10	**1,794**	(451)
Profit before income tax		**90,006**	37,143
Income tax expense	26	**(13,529)**	(12,554)
Profit for the period		**76,477**	24,589
Other comprehensive income/(loss) for the period, net of tax			
Items that may be reclassified subsequently to profit or loss			
– Revaluation (loss)/gain on available-for-sale financial assets		**(112)**	14,658
– Currency translation differences		**16,556**	(11,858)
– Release of exchange reserve from disposal of asset held for sale		**866**	–
Total comprehensive income for the period		**93,787**	27,389

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Unaudited Six months ended 30 June 2017 HK$'000	2016 HK$'000
Profit for the period attributable to:			
– Equity holders of the Company		**75,389**	22,998
– Non-controlling interests		**1,088**	1,591
		76,477	24,589
Total comprehensive income for the period attributable to:			
– Equity holders of the Company		**92,580**	18,953
– Non-controlling interests		**1,207**	8,436
		93,787	27,389
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– basic	27	**4.2**	1.2
– diluted	27	**4.1**	1.2

The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited			
	Attributable to equity holders of the Company			
	Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2017	**186,138**	**2,399,800**	**31,483**	**2,617,421**
Comprehensive income				
Profit for the period	**–**	**75,389**	**1,088**	**76,477**
Other comprehensive income/(loss)				
Revaluation loss on available-for-sale financial assets	**–**	**(112)**	**–**	**(112)**
Currency translation differences	**–**	**16,437**	**119**	**16,556**
Release of exchange reserve from disposal of asset held for sale	**–**	**866**	**–**	**866**
Total comprehensive income for the period	**–**	**92,580**	**1,207**	**93,787**
Transactions with owners				
Dividend paid	**–**	**(9,151)**	**–**	**(9,151)**
Employee share option scheme: value of employee services	**–**	**3,440**	**–**	**3,440**
Proceeds from issuance of shares upon exercise of employee share options	**220**	**1,298**	**–**	**1,518**
Repurchase of shares	**(6,933)**	**(66,711)**	**–**	**(73,644)**
	(6,713)	**(71,124)**	**–**	**(77,837)**
Balance at 30 June 2017	**179,425**	**2,421,256**	**32,690**	**2,633,371**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited			
	Attributable to equity holders of the Company			
	Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2016	187,905	2,430,551	129,387	2,747,843
Comprehensive income				
Profit for the period	–	22,998	1,591	24,589
Other comprehensive income/(loss)				
Revaluation gain on available-for-sale financial assets	–	7,007	7,651	14,658
Currency translation differences	–	(11,052)	(806)	(11,858)
Total comprehensive income for the period	–	18,953	8,436	27,389
Transactions with owners				
Non-controlling interest arising on business combination	–	–	477	477
Dividend paid	–	(24,427)	–	(24,427)
	–	(24,427)	477	(23,950)
Balance at 30 June 2016	187,905	2,425,077	138,300	2,751,282

The notes are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Unaudited Six months ended 30 June	
	Note	**2017 HK$'000**	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations		**225,698**	262,593
Interest received		**3,398**	1,917
Interest paid		**(16,807)**	(18,353)
Income tax paid		**(9,182)**	(17,085)
Net cash generated from operating activities		**203,107**	229,072
Cash flows from investing activities			
Purchases of property, plant and equipment		**(76,246)**	(90,169)
Addition of Investment property		**(24,147)**	–
Prepayments for property, plant and equipment		**(59,830)**	(38,549)
Proceeds from sales of property, plant and equipment		**1,348**	1,153
Acquisition of a subsidiary, net of cash acquired	9	**2,576**	–
Addition of an available-for-sale financial asset		**(2,075)**	(17,834)
Proceeds from disposal of asset held for sale		**10,423**	–
(Increase)/decrease in short-term bank deposits		**(76,041)**	42,971
Increase in restricted bank deposits		**(12,913)**	(864)
Net cash used in investing activities		**(236,905)**	(103,292)
Cash flows from financing activities			
Proceeds from borrowings		**43,223**	384,800
Repayments of borrowings		**(270,309)**	(505,182)
Repayments of capital element of finance lease liabilities		**(8,933)**	(35,606)
Repurchase of shares		**(73,644)**	–
Proceeds from issuance of shares upon exercise of share option		**1,518**	–
Dividends paid		**(9,151)**	(24,427)
Net cash used in financing activities		**(317,296)**	(180,415)
Net decrease in cash and cash equivalents		**(351,094)**	(54,635)
Cash and cash equivalents at the beginning of the period		**1,423,134**	1,607,660
Exchange gains/(losses) on cash and cash equivalents		**3,959**	(4,722)
Cash and cash equivalents at the end of the period		**1,075,999**	1,548,303

The notes are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

EVA Precision Industrial Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in (1) the design and fabrication of metal stamping and plastic injection moulds and (2) the manufacturing of metal stamping and plastic injection components and lathing components.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 May 2005.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated, and was approved for issue on 28 August 2017.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the adoption of amendments to HKFRS effective for the financial year ending 31 December 2017.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

(a) Relevant new standards and amendments to existing standards effective for the financial year beginning 1 January 2017.

		Effective for accounting periods beginning on or after
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKFRS 12 (Amendments)	Disclosure of interest in other entities	1 January 2017

The adoption of these new standards and amendments to existing standards does not have any significant financial impact on the reported results and financial position of the Group.

(b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014-2016 Cycle	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendments)	Insurance Contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HKAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The directors of the Company will adopt the new standards and amendments to standards when they become effective.

3 ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted. (Continued)

Impact of HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- Debt instruments currently classified as loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

- A FVOCI election is available for the equity instruments which are currently classified as available-for-sale assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any hedge instruments. Therefore, the Group does not expect any impact from the new hedge account rules.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. The Group is still assessing the actual impact affected by the new model, it may result in an earlier recognition of credit losses for trade receivables. But according to the preliminary result, the financial impact is expected to be immaterial.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted. (Continued)

Impact of HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has identified the following areas that are likely to be affected:

- bundle sales – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;

- accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15; and

- rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and is not able to estimate the impact of the new rules on the Group's financial statements at this stage.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

3 ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2017 and have not been early adopted. (Continued)

Impact of HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$131,105,000 (Note 29(b)). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's financial performance and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the condensed consolidated financial information for the year ended 31 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016.

There have been no changes in any risk management policies since 31 December 2016.

(b) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 30 June 2017				
Bank borrowings	**951,760**	**256,920**	**141,478**	**1,350,158**
Finance lease liabilities	**6,750**	**4,741**	**349**	**11,840**
Interest payable	**16,270**	**7,317**	**1,895**	**25,482**
Trade payables	**713,889**	**–**	**–**	**713,889**
Other payables	**98,706**	**–**	**–**	**98,706**
At 31 December 2016				
Bank borrowings	1,011,083	295,890	270,271	1,577,244
Finance lease liabilities	12,365	5,926	2,482	20,773
Interest payable	18,332	9,604	3,484	31,420
Trade payables	683,255	–	–	683,255
Other payables	89,913	–	–	89,913

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Sales		
Design and fabrication of metal stamping moulds	**109,495**	147,296
Manufacturing of metal stamping components	**697,839**	624,024
Manufacturing of lathing components	**50,849**	65,881
Design and fabrication of plastic injection moulds	**38,913**	73,486
Manufacturing of plastic injection components	**601,706**	636,228
Income from micro lending business	**–**	18,664
Others (Note)	**17,670**	15,531
	1,516,472	1,581,110

Note: Others mainly represent proceeds from sales of scrap materials.

(b) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources.

At 30 June 2017, the Group is organised into two main business segments:

(i) design and fabrication of metal stamping moulds and manufacturing of metal stamping components and lathing components ("Metal stamping"); and

(ii) design and fabrication of plastic injection moulds and manufacturing of plastic injection components ("Plastic injection").

The chief operating decision-maker assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax. Information provided to the chief operating decision-maker is measured in a manner consistent with that in the condensed consolidated interim financial information.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment results and other segment items are as follows:

	Six months ended 30 June 2017				Six months ended 30 June 2016			
	Metal stamping	**Plastic injection**	**Microcredit**	**Total**	Metal stamping	Plastic injection	Microcredit	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Total gross segment revenue	**987,100**	**774,293**	**-**	**1,761,393**	918,958	1,017,322	18,664	1,954,944
Inter-segment revenue	**(114,599)**	**(130,322)**	**-**	**(244,921)**	(70,477)	(303,357)	–	(373,834)
Revenue	**872,501**	**643,971**	**-**	**1,516,472**	848,481	713,965	18,664	1,581,110
Segment results	**64,829**	**48,582**	**1,865**	**115,276**	24,148	20,681	10,910	55,739
Unallocated expenses				**(11,861)**				(2,160)
Finance income				**3,398**				1,917
Finance costs				**(16,807)**				(18,353)
Profit before income tax				**90,006**				37,143
Income tax expense				**(13,529)**				(12,554)
Profit for the period				**76,477**				24,589
Share of profits/(losses) of associates	**(71)**	**-**	**1,865**	**1,794**	–	(451)	–	(451)
Depreciation	**89,090**	**26,349**	**-**	**115,439**	91,474	30,328	377	122,179
Amortisation	**1,960**	**137**	**-**	**2,097**	1,990	134	–	2,124

For the periods ended 30 June 2016 and 2017, unallocated expenses represent corporate expenses.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment assets and liabilities are as follows:

	As at 30 June 2017					As at 31 December 2016				
	Metal stamping HK$'000	Plastic injection HK$'000	Microcredit HK$'000	Un-allocated HK$'000	Total HK$'000	Metal stamping HK$'000	Plastic injection HK$'000	Microcredit HK$'000	Un-allocated HK$'000	Total HK$'000
Assets	3,185,752	1,700,618	58,442	8,162	4,952,974	3,543,867	1,538,750	55,587	6,925	5,145,129
Liabilities	79,895	847,477	-	1,392,231	2,319,603	93,349	796,199	-	1,638,160	2,527,708

The segment capital expenditure is as follows:

	Six months ended 30 June 2017					Six months ended 30 June 2016				
	Metal stamping HK$'000	Plastic injection HK$'000	Microcredit HK$'000	Un-allocated HK$'000	Total HK$'000	Metal stamping HK$'000	Plastic injection HK$'000	Microcredit HK$'000	Un-allocated HK$'000	Total HK$'000
Capital expenditure	86,189	36,790	-	-	122,979	101,704	6,079	-	-	107,783

Segment assets consist primarily of certain property, plant and equipment, investment property under development, leasehold land and land use rights, goodwill, investment in associates, prepayments, deposits, certain other receivables, amount due from a related company, available-for-sale financial assets, inventories, trade receivables and operating cash.

Segment liabilities comprise operating liabilities but exclude bank borrowings, current income tax liabilities, deferred taxation and certain accruals and other payables.

Capital expenditure comprises additions to property, plant and equipment, investment property under development and leasehold land and land use rights.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to Group's assets and liabilities at 30 June 2017 as follows:

	Assets HK$'000	Liabilities HK$'000
Segment assets/liabilities	**4,944,812**	**927,372**
Unallocated:		
Cash and cash equivalents	**7,173**	**–**
Other receivables	**989**	**–**
Current income tax liabilities	**–**	**10,557**
Deferred taxation	**–**	**21,125**
Bank borrowings	**–**	**1,350,158**
Accruals and other payables	**–**	**10,391**
Total	**4,952,974**	**2,319,603**

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to Group's assets and liabilities at 31 December 2016 as follows:

	Assets HK$'000	Liabilities HK$'000
Segment assets/liabilities	5,138,204	889,548
Unallocated:		
Cash and cash equivalents	5,936	–
Other receivables	989	–
Current income tax liabilities	–	6,799
Deferred taxation	–	20,537
Bank borrowings	–	1,577,244
Accruals and other payables	–	33,580
Total	5,145,129	2,527,708

Substantially all of the Group's operations and assets are located in Mainland China and the Group's sales are primarily delivered from Mainland China.

During the period ended 30 June 2017, the aggregated revenue from the top three customers, which each individually contributed more than 10% of the Group's revenue, amounted to approximately HK$612,486,000 (For the six months ended 30 June 2016: Three customers; HK$645,133,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 CAPITAL EXPENDITURE

	Property, plant and equipment HK$'000	Investment property under development HK$'000	Leasehold land and land use rights HK$'000
Opening net book amount at 1 January 2017	**1,692,624**	**–**	**171,061**
Acquisition of a subsidiary (Note 9)	**3**	**63,088**	**–**
Additions	**98,832**	**24,147**	**–**
Fair value gain	**–**	**3,330**	**–**
Disposals	**(1,149)**	**–**	**–**
Depreciation/amortisation charge	**(115,439)**	**–**	**(2,097)**
Exchange difference	**9,114**	**1,227**	**1,260**
Closing net book amount at 30 June 2017	**1,683,985**	**91,792**	**170,224**
Opening net book amount at 1 January 2016	1,920,739	–	179,046
Additions	107,783	–	–
Disposals	(1,181)	–	–
Depreciation/amortisation charge	(122,179)	–	(2,124)
Exchange difference	(5,853)	–	(1,184)
Closing net book amount at 30 June 2016	1,899,309	–	175,738

7 CAPITAL EXPENDITURE (CONTINUED)

The fair value measurement information for the investment property under development in accordance with HKFRS 13 is given below.

	Significant unobservable inputs (Level 3)	
	2017	2016
	HK$'000	HK$'000
Investment property under development	**91,792**	–

Investment property under development which has fair value measurement using significant unobservable inputs (Level 3).

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Opening balance	**–**	–
Acquisition of a subsidiary	**63,088**	–
Additions	**24,147**	–
Fair value gains recognised in profit and loss	**3,330**	–
Exchange difference	**1,227**	–
	91,792	–

A valuation of the Group's investment property under development was performed by an independent firm of professional valuers to determine the fair value of the investment property as at 30 June 2017.

The valuation was determined by using replacement cost method (Level 3 approach). This is the cost to replace the investment property of the Group at the equal value estimated by independent valuer based on market conditions as at 30 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 CAPITAL EXPENDITURE (CONTINUED)

Depreciation and amortisation expenses are analysed as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Cost of sales	**72,611**	77,909
Selling and marketing costs	**865**	783
General and administrative expenses	**44,060**	45,611
	117,536	124,303

Land and buildings with a net book amount of HK$5,701,000 (31 December 2016: HK$5,832,000) were pledged as collateral for the Group's borrowing (Note 17).

8 GOODWILL

	Goodwill
	HK$'000
At 1 January 2017 and 30 June 2017	**5,067**
At 1 January 2016 and 30 June 2016	5,067

9 BUSINESS COMBINATION

On 3 January 2017, the Group acquired all the equity interest in Sichuan Junyuan Investment Management Limited ("Junyuan") with total consideration of HK$43,206,000. Junyuan owned an industrial park under development in Sichuan. The industrial park was classified as investment property under development after acquisition.

The following table summarises the consideration paid for Junyuan, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	3 January 2017 HK$'000
Purchase consideration	43,206
Recognised amounts of identifiable assets acquired and liabilities assumed	
Provisional fair value	
Cash and banks	2,576
Investment property under development	63,088
Property, plant and equipment	3
Accruals and other payables	(22,461)
Total identifiable net assets	43,206
Cash flow to acquire business, net of cash acquired	
– cash and banks in subsidiary acquired	2,576
Cash inflow on acquisition	2,576

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Beginning of the period	**56,208**	12,720
Share of profits/(losses)	**1,794**	(451)
Exchange difference	**997**	(84)
End of the period	**58,999**	12,185

The assets, liabilities and results of Shenzhen Jinggong Microcredit Limited, which are material to the Group, are shown below:

	Six months ended 30 June 2017
	HK$'000
Assets	**155,085**
Liabilities	**8,981**
Revenue	**16,085**
Profit	**4,661**
Percentage held	**40%**

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Non-current		
Deposits for purchases of property, plant and equipment	**158,641**	123,397
Others	**3,607**	5,361
	162,248	128,758
Current		
Loan to the other shareholder of the associate (Note)	**–**	11,247
Consideration receivables from disposal of subsidiaries (Note)	**4,828**	28,323
Consideration receivable from disposal of available-for-sale financial asset (Note)	**–**	12,527
Prepayments for purchases of raw materials	**19,001**	15,767
VAT recoverable	**31,534**	25,298
Prepayment of utilities expenses	**879**	668
Receivables from employees and staff advances (Note)	**11,101**	12,084
Deposits placed with customs in Mainland China	**8,082**	4,435
Receivables from the then subsidiaries (Note)	**107,284**	120,613
Others	**20,673**	19,942
	203,382	250,904

Note: Loan to the other shareholder of the associate, consideration receivables from disposal of subsidiaries, consideration receivable from disposal of available-for-sale financial asset, receivables from employees and staff advances, and receivables from the then subsidiaries are unsecured, non-interest bearing and denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company is unsecured, non-interest bearing, denominated in Hong Kong dollars, and repayable in December 2017. The balance was arisen from the tax indemnity provided by the related company.

The carrying amount of amount due from a related company approximates its fair value.

The maximum outstanding balance during the period was HK$1,587,000 (2016: HK$3,174,000)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Unlisted:		
Equity securities – Mainland China, at fair value	**107,343**	106,861

The fair value of the equity securities were determined by reference to recent transaction prices in arm's length transactions or valuation determined by an independent firm of professional valuers. The fair values are within level 3 of the fair value hierarchy.

The available-for-sale financial assets are denominated in RMB.

Movement of the available-for-sale financial assets is as follows:

	Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
At beginning of the period	**106,861**	56,461
Addition	**2,075**	17,834
Impairment	**(1,481)**	–
Revaluation (loss)/gain transferred to other comprehensive income	**(112)**	14,658
At end of the period	**107,343**	88,953

14 TRADE RECEIVABLES

The credit period granted by the Group to its customers is generally 30 to 180 days.

The aging of the trade receivables is as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
0 to 90 days	**670,794**	655,370
91 to 180 days	**97,548**	133,185
181 to 365 days	**91**	–
	768,433	788,555
Less: Provision for impairment	**(1,188)**	(1,188)
Trade receivables – net	**767,245**	787,367

The top five customers and the largest customer accounted for 39.4% (31 December 2016: 55.7%) and 11.7% (31 December 2016: 17.3%), respectively, of the trade receivables balance as at 30 June 2017. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

During the six months ended 30 June 2017, no additional provision was recorded for its trade receivables (30 June 2016: nil).

15 TRADE PAYABLES

The aging of trade payables is as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
0 to 90 days	**542,822**	428,324
91 to 180 days	**171,067**	254,931
	713,889	683,255

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Payables for purchase of property, plant and equipment	**35,062**	37,500
Deposits from customers	**40,377**	41,243
Accrued wages, salaries and welfare	**62,227**	76,563
Consideration payable for acquisition of a subsidiary	**26,290**	–
Accrued utilities expenses	**5,099**	4,720
Accrued operating expenses	**5,626**	6,661
Other payables	**37,353**	52,413
	212,034	219,100

17 BANK BORROWINGS

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Current		
Short-term bank loans	**623,233**	647,556
Portion of long-term loans from banks due for repayment within one year	**328,317**	363,107
Mortgage loan, current portion	**210**	420
	951,760	1,011,083

17 BANK BORROWINGS (CONTINUED)

	As at 30 June 2017 HK$'000	As at 31 December 2016 HK$'000
Non-current		
Portion of long-term loans from banks due for repayment after one year	**397,540**	565,303
Mortgage loan, non-current portion	**858**	858
	398,398	566,161
Total bank borrowings	**1,350,158**	1,577,244

All bank borrowings are interest-bearing and carried at amortised cost.

As at 31 December 2016 and 30 June 2017, all bank borrowings bore floating interest rates.

The Group's bank borrowings are repayable as follows:

	As at 30 June 2017 HK$'000	As at 31 December 2016 HK$'000
Within 1 year	**951,760**	1,011,083
Between 1 and 2 years	**256,920**	295,890
Between 2 and 5 years	**141,478**	270,271
	1,350,158	1,577,244

Bank borrowings were denominated in below currencies:

	As at 30 June 2017 HK$'000	As at 31 December 2016 HK$'000
HK$	**1,335,451**	1,552,578
United States dollars	**11,274**	24,666
Renminbi	**3,433**	–
	1,350,158	1,577,244

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 BANK BORROWINGS (CONTINUED)

As at 31 December 2016 and 30 June 2017, the effective interest rates (per annum) of the Group's bank borrowings were as follows:

	Short-term bank loans		Long-term bank loans		Mortgage loan	
	June 2017	December 2016	**June 2017**	December 2016	**June 2017**	December 2016
HK$	**2.3%**	1.8%	**2.7%**	1.8%	**2.3%**	2.4%
United States dollars	**–**	0.6%	**3.7%**	2.3%	**–**	–
RMB	**6.2%**	–	**–**	–	**–**	–

As at 30 June 2017, the Group has undrawn floating rate borrowing facilities of approximately HK$472,503,091 (31 December 2016: HK$231,841,000).

As at 30 June 2017, land and buildings with a carrying amount of HK$5,701,000 (31 December 2016: HK$5,832,000) were pledged as collateral for the Group's borrowing.

18 FINANCE LEASE LIABILITIES

The Group's finance lease liabilities have maturity dates within five years and are repayable as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Within one year	**6,959**	12,732
In the second year	**4,799**	6,047
In the third to fifth year	**350**	2,499
	12,108	21,278
Less: Future finance charges on finance lease	**(268)**	(505)
Present value of finance lease liabilities	**11,840**	20,773

18 FINANCE LEASE LIABILITIES (CONTINUED)

The present value of finance lease liabilities is as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Within one year	**6,750**	12,365
In the second year	**4,741**	5,926
In the third to fifth year	**349**	2,482
Total finance lease liabilities	**11,840**	20,773
Less: Amount included in current liabilities	**(6,750)**	(12,365)
	5,090	8,408

Finance lease liabilities are denominated in HK$.

As at 30 June 2017, the effective interest rate of the Group's finance lease liabilities was 2.82% per annum (31 December 2016: 3.2% per annum).

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default. As at 30 June 2017, the net book amount of the leased assets was approximately HK$174,355,000 (31 December 2016: HK$178,471,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 DEFERRED TAXATION

The analysis of deferred tax liabilities is as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Deferred income tax liabilities:		
Deferred income tax liability to be recovered after more than 12 months	**20,635**	20,047
Deferred income tax liability to be recovered within 12 months	**490**	490
	21,125	20,537

The movements on the deferred income tax liabilities are as follows:

	Fair value gains HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January 2017	**15,408**	**5,129**	**20,537**
Charged to profit or loss	**588**	**–**	**588**
At 30 June 2017	**15,996**	**5,129**	**21,125**
At 1 January 2016	15,898	5,129	21,027
Credited to profit or loss	(245)	–	(245)
At 30 June 2016	15,653	5,129	20,782

20 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares (thousand)	Share capital HK$'000
At 1 January 2017	**1,861,384**	**186,138**
Repurchase of shares	**(69,332)**	**(6,933)**
New shares issued upon exercise of share option	**2,200**	**220**
At 30 June 2017	**1,794,252**	**179,425**
At 1 January 2016 and 30 June 2016	1,879,052	187,905

Notes:

(a) During the period ended 30 June 2017, 2,200,000 ordinary shares were issued at HK$0.69 per share upon exercise of options under the share options schemes.

(b) During the period ended 30 June 2017, the Company repurchased a total of 69,332,000 of its own shares on The Stock Exchange of Hong Kong Limited at prices ranging from HK$0.84 to HK$1.20 per share for a total consideration, before expenses, of approximately HK$73,644,000. The directors were authorised to repurchase shares of the Company at the annual general meeting held on 19 May 2016. The repurchased shares were cancelled before 30 June 2017. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares and the premiums paid on these shares upon the repurchase were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 SHARE OPTION SCHEME

In 2005, the Company adopted a share option scheme ("2005 Share Option Scheme"). Under the 2005 Share Option Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2005 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time. The 2005 Share Option Scheme expired on 19 April 2015. However, the share options which were previously granted under the 2005 Share Option Scheme and remain outstanding after the 2005 Share Option Scheme had expired will continue to be valid and exercisable during their respective prescribed exercisable periods.

In 2015, the Company adopted a new share option scheme ("2015 Share Option Scheme") to replace the 2005 Share Option Scheme. Under the 2015 Share Option Scheme, the Company's directors may, at their sole discretion, grant to any director or employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

21 SHARE OPTION SCHEME (CONTINUED)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017		2016	
	Average exercise price per share	**Number of options**	Average exercise price per share	Number of options
	HK$	**'000**	HK$	'000
At 1 January		**105,726**		38,676
Exercised	**0.69**	**(2,200)**	–	–
Granted	**–**	**–**	–	–
At 30 June		**103,526**		38,676

Share options outstanding at 30 June 2017 have the following expiry dates and exercise prices:

Expiry date	**Exercise price per share**	**Share options**
	HK$	'000
6 November 2017	1.16	12,250
6 November 2017	0.69	21,096
1 October 2019	0.41	200
2 July 2021	0.692	67,050
19 November 2018	0.175	2,930
		103,526

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RESERVES

	Share premium HK$'000	Capital reserve(i) HK$'000	Statutory reserves(ii) HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Exchange reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2017	**1,219,707**	**(735)**	**143,122**	**22,096**	**14,715**	**(90,360)**	**3,673**	**1,087,582**	**2,399,800**
Profit for the period								**75,389**	**75,389**
Dividend paid								**(9,151)**	**(9,151)**
Other comprehensive income/(loss)									
– Translation differences						**16,437**			**16,437**
– Revaluation loss on available-for-sale financial assets							**(112)**		**(112)**
– Release of exchange reserve from disposal of asset held for sale						**866**			**866**
Employee share option scheme: value of employee services					**3,440**				**3,440**
Capital redemption reserve arising from repurchase of shares				**6,933**				**(6,933)**	**-**
Proceeds from issuance of shares upon exercise of employee share options	**1,298**								**1,298**
Transfer to share premium upon exercise of share options	**558**				**(558)**				**-**
Release of statutory reserve upon disposal of a subsidiary			**(16)**					**16**	**-**
Repurchase of shares	**(66,711)**								**(66,711)**
Balance at 30 June 2017	**1,154,852**	**(735)**	**143,106**	**29,029**	**17,597**	**(73,057)**	**3,561**	**1,146,903**	**2,421,256**
Balance at 1 January 2016	1,232,848	(735)	138,941	20,329	11,397	(41,126)	(2,527)	1,071,424	2,430,551
Profit for the period	–	–	–	–	–	–	–	22,998	22,998
Dividend paid	–	–	–	–	–	–	–	(24,427)	(24,427)
Other comprehensive income/(loss)									
– Translation differences	–	–	–	–	–	(11,052)	–	–	(11,052)
– Revaluation gain on available-for-sale financial assets	–	–	–	–	–	–	7,007	–	7,007
Balance at 30 June 2016	1,232,848	(735)	138,941	20,329	11,397	(52,178)	4,480	1,069,995	2,425,077

22 RESERVES (CONTINUED)

Notes:

(i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a reorganisation over the nominal value of the share capital of the Company issued in exchange therefor. The reorganisation took place in April 2005 in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(ii) In accordance with the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, the Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reach 50% of the corresponding subsidiaries' registered capital. The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries.

Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to the existing ownership structure.

During the six months ended 30 June 2017, no transfer of statutory reserves has been made from the Group's profit for the period (for the period ended 30 June 2016: nil). The Mainland China subsidiaries of the Group, however, have retained sufficient funds for such purpose and these transfers will be made at the end of the year in accordance with the articles of association of these Mainland China subsidiaries.

23 OTHER INCOME AND OTHER GAINS – NET

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Other income		
Government grants	**3,560**	746
Others	**909**	2,059
	4,469	2,805
Other gains – net		
Fair value gain on revaluation of investment property under development	**3,330**	–
Impairment of available-for-sale investment	**(1,481)**	–
Loss on disposal of asset held for sale	**(1,819)**	–
Gains/(Losses) on disposal of property, plant and equipment	**199**	(683)
Net exchange gains	**478**	3,266
	707	2,583

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 STATEMENT OF COMPREHENSIVE INCOME ITEMS BY NATURE

Statement of comprehensive income items included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Raw material used	**743,837**	814,449
Production overhead costs (excluding labour and depreciation expenses)	**101,938**	109,018
Staff costs, including directors' emoluments and share option costs		
– Retirement benefit – defined contribution plans	**17,697**	20,696
– Share option granted	**3,440**	–
– Others	**300,643**	349,026
Depreciation of property, plant and equipment	**115,439**	122,179
Amortisation of leasehold land and land use rights	**2,097**	2,124
Provision/(reversal of provision) for inventory obsolescence	**5,027**	(1,662)

25 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**3,398**	1,917
Finance costs		
Interest expense on:		
Bank borrowings	**18,300**	20,034
Finance lease liabilities	**247**	718
	18,547	20,752
Less: interest expenses capitalised	**(1,740)**	(2,399)
	16,807	18,353

26 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Current taxation		
– Hong Kong profits tax	**324**	–
– Mainland China enterprise income tax	**15,092**	9,054
(Over)/under-provision in prior years	**(2,475)**	3,745
Deferred income tax	**588**	(245)
	13,529	12,554

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2017 (2016: 16.5%).

(b) Mainland China corporate income tax

Income tax for the subsidiaries of the Group established in Mainland China has been provided at the following tax rates:

(i) Provision for China corporate income tax was calculated on the statutory rate of 25% (2016: 25%) on the assessable income of each of the Group's entities, except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the period.

(ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Yihe Precision Hardware (Shenzhen) Co., Ltd., EVA Precision Industrial (Zhongshan) Limited and Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the periods ended 30 June 2016 and 2017. Digit Stamping Technology (Wuhan) Limited is recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the period ended 30 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 INCOME TAX EXPENSE (CONTINUED)

(c) Overseas income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from the Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income tax.

Provision for income taxes in other jurisdiction is based on the assessable profit of the relevant subsidiaries and the applicable tax rates.

27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Basic

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Profit attributable to equity holders of the Company (HK$'000)	**75,389**	22,998
Weighted average number of ordinary shares in issue ('000)	**1,806,536**	1,879,052
Basic earnings per share (HK cents per share)	**4.2**	1.2

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

27 EARNINGS PER SHARE (CONTINUED)

Diluted (Continued)

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Profit attributable to equity holders of the Company (HK$'000)	**75,389**	22,998
Weighted average number of ordinary shares in issue ('000)	**1,806,536**	1,879,052
Adjustment for share options ('000)	**36,104**	10,726
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,842,640**	1,889,778
Diluted earnings per share (HK cents per share)	**4.1**	1.2

28 DIVIDEND

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Proposed interim dividend of HK1.27 cents (2016: HK0.37 cent) per ordinary share	**22,942**	6,952

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29 COMMITMENTS

(a) Capital Commitments

Capital expenditure at the statement of financial position date committed but not yet incurred is as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Contracted but not provided for		
– Construction of buildings	**206,046**	32,339
– Purchase of plant and machinery	**54,616**	44,943
	260,662	77,282

(b) Operating lease commitments

The future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	As at	
	30 June 2017 HK$'000	31 December 2016 HK$'000
Not later than one year	**10,194**	13,926
Later than one year but not later than five years	**34,789**	42,839
Later than five years	**86,122**	80,265
	131,105	137,030

30 RELATED-PARTY TRANSACTIONS

Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, the Company's executive directors, have beneficial interests in Prosper Empire Limited, which owns 37.44% of the Company's shares as at 30 June 2017 (31 December 2016: 36.09%).

(a) Key management compensation

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Salaries and allowances	**11,880**	12,120
Share-based payment	**2,783**	–
Retirement benefits – defined contribution plan	**36**	36
	14,699	12,156

31 SUBSEQUENT EVENTS

On 4 July 2017, the Group entered into a sales and purchase agreement, pursuant to which the Group agreed to sell 21% of shareholding in Shenzhen Keben Precision Moulds Limited, a 51% owned subsidiary, at an aggregate cash consideration of approximately HK$7,713,000.

On the same date, the Group entered into a sales and purchase agreement, pursuant to which the Group agreed to sell all of the 51% shareholding in Hongkong For Boon Precise Industrial Co., Limited at an aggregate cash consideration of approximately HK$1,539,000.

On the same date, the Group entered into a sales and purchase agreement, pursuant to which the Group agreed to sell 21% of shareholding in Shenzhen Huangming Wanghe Metals Limited, a 51% owned subsidiary, at an aggregate cash consideration of approximately HK$5,413,000.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENT

The first half of 2017 saw a strong profit rebound in the Group, which was primarily driven by an enhancement in productivity. Since 2016, the Group has been implementing various cost control measures and streamlining its workforce with a view to coping with the rising wage level in China and improving efficiency. The roles of various departments were carefully revisited, and administrative responsibilities were reassigned to optimise performance. At the same time, innovative automation solutions and new robotic equipment were brought into our production lines. Such efforts started to bring about positive outcomes during the six months ended 30 June 2017. During the period, although our new Vietnam industrial park started to ramp up production, the Group's total headcount continued to reduce from 7,855 employees as at 31 December 2016 to 7,736 employees as at 30 June 2017. Employment and various operating expenses decreased, which led to a strong improvement in the profit margin of the Group during the period.

Turnover of the Group also saw signs of improvement. In the previous financial period, the Group's customers in the office automation ("OA") equipment sectors were affected by pessimism in the business community and experienced a slowdown in demand, which in turn had a negative impact on the sales orders received by the Group. Following a restoration of business confidence in late 2016, the demand from these customers started to improve. However, in September 2016, the OA equipment division of Samsung Electronics ("Samsung Printing Solutions"), which had been one of the customers of our Suzhou industrial park since 2012, was acquired by Hewlett-Packard ("HP"). Thereafter, Samsung Printing Solutions moved the production of its OA equipment products from Suzhou and consolidated such production in its manufacturing facilities in Weihai, Shandong Province, leading to a reduction in the sales to Samsung Printing Solutions by our Suzhou industrial park during the period. Accordingly, despite a general improvement in the demand from other customers, the Group witnessed a slight reduction in its turnover during the six months ended 30 June 2017.

Nonetheless, the Group remains confident about the future growth momentum of its OA equipment business despite the temporary reduction in turnover. In particular, the Group has been informed by Samsung Printing Solutions that the production volume of its Weihai manufacturing facilities increased significantly after the acquisition by HP. Given the excellent track record of the Group in serving Samsung Printing Solutions in Suzhou, the Group was invited by Samsung Printing Solutions to set up a new industrial park in Weihai to serve its enlarged production demand there, which is a strong endorsement of our outstanding quality and production management expertise. The new Weihai industrial park is planned to have a land area of 380,000 square metres and a floor area (phase one) of 70,000 square metres, and is scheduled for completion in the second half of 2019. After taking into account the significantly enlarged production volume of the manufacturing facilities of Samsung Printing Solutions in Weihai, we believe that the potential sales volume of the Group's future Weihai industrial park, when completed, will be significantly higher than that previously made by our Suzhou industrial park to Samsung Printing Solutions in Suzhou. Further, as the growth in the production demand of Samsung Printing Solutions in Weihai is imminent, the Group will rent a temporary factory in Weihai to serve Samsung Printing Solutions before the new Weihai industrial park is completed.

During the period, the Group's new Vietnam industrial park, which was completed in late 2016, was in the process of ramping up its production. The production ramp-up was smooth. The Group's new Vietnam industrial park was built at the invitation of certain of the Group's major customers in the OA equipment industry which had already set up assembly plants in Vietnam for a long time. However, in the past, we only had production facilities in China and were therefore unable to serve the assembly plants of our OA equipment customers in Vietnam, as these customers adopt just-in-time production system which requires their suppliers to be located in their proximity. By entering into our customers' supply chain in Vietnam through the establishment of a new industrial park there, our addressable market within the OA equipment industry is enlarged. During the period, the majority of the turnover of the new Vietnam industrial park was generated from the OA equipment customers. However, the new Vietnam industrial park can also expand into other sectors such as the high end consumer electronics sector at a later stage, as Vietnam is also well known as one of the major manufacturing hubs for high end consumer electronics products.

During the period, we continued to see significant progress in the automobile business line of the Group. Given the excellent track record of the Group in China, the Group was invited by one of its existing automobile customers, which is an international leader in the production of automobile seats, interiors and exhaust systems, to establish a new industrial park in Mexico to serve their existing plants there. The new Mexico industrial park is planned to be located at San Luis Potosí, Mexico where a lot of famous automakers and multinational tier-one suppliers, such as BMW, Volkswagen, Audi, Fiat-Chrysler and Faurecia, have production bases either locally or in the adjacent states. The new Mexico industrial park will have a land area of approximately 83,000 square metres and its development is divided into phases. Phase one is planned to have a floor area of approximately 16,000 square metres, and is scheduled for completion in late 2018. Additional capacity can be added should our production capacity be unable to cope with the huge demand for high quality automobile moulds and components in Mexico, which is one of the major production hubs in the world for automobiles.

With a view to differentiating from the majority of domestic automobile suppliers in China whose products are small in size and do not form the core part of the automobiles, the Group's automobile business line in China focuses on the production of moulds and high tensile components used for auto bodies which require high safety and anti-collision standards. During the period, we continued to strengthen our business partnership with key automobile customers and received the "Excellent Supplier" award from a leading automaker in China once again, our fifth accolade from them since becoming their supplier five years ago. This not only strengthened our business partnership with them, but also provided us with the valuable credentials for sourcing other new orders in the automobile industry. Accordingly, turnover from the automobile industry continued to increase during the six months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

In recent years, the Chinese government has taken conscious efforts to transform China from a low cost processing centre into a high end manufacturing hub focusing on creativity, product quality and efficiency. As a result, a lot of local high technology companies emerged in China in recent years, which created many new business opportunities for the Group in the smart device and high end consumer electronics markets as product quality and engineering expertise are also essential for high technology products. In addition, for the purpose of focusing resources on our core manufacturing business, we reduced the shareholding interests in three subsidiary companies whose businesses or customers are not the development focus of the Group in July 2017, and thereafter these companies ceased to be the subsidiaries of the Group.

During the period, the turnover of the Group decreased by 4.1% to HK$1,516,472,000, which was primarily caused by the relocation of the manufacturing facilities of Samsung Printing Solutions as mentioned above. Gross profit margin, however, increased to 27.2%, which was mainly caused by the various cost control measures adopted by the Group since 2016 which led to a decrease in employment and other production costs, and a reduction in depreciation expenses as certain of the Group's production equipment had been fully depreciated. Various other operating costs of the Group also decreased due to cost controls. In addition, for the previous financial period, the Group's profit margin was lower and certain of its subsidiaries incurred losses, which increased the overall effective tax rate of the Group in the first half of 2016 as such losses were not eligible for offsetting the taxable profits generated by other profitable subsidiaries. This situation changed as profit margin improved during the six months ended 30 June 2017, leading to a reduction in the effective tax rate of the Group. As a result, the Group's net profit rebounded sharply and increased by 227.8% to HK$75,389,000 for the six months ended 30 June 2017.

During the period, we continued to devote substantial efforts on maintaining a healthy balance sheet. We took steps to streamline our working capital requirements, and accordingly our cash conversion cycle (defined as the total sum of inventory and debtors' turnover days less creditors' turnover days) reduced from 36 days for the year ended 31 December 2016 to 33 days for the six months ended 30 June 2017. Our net debt-to-equity ratio was low at 0.5% as at 30 June 2017, which has a strong appeal for existing and targeted customers looking for manufacturing partners as financial stability has become one of their key criteria for supplier selection to ensure a reliable supply chain.

The Group is committed to generating positive returns through sustainable operations, and has a corporate governance objective of emphasising long-term financial performance, as opposed to short-term rewards. We will seek growth and higher returns by sharpening our competitive edge, and will also implement more stringent cost controls and manage our resources as effectively as possible. In the longer run, we aim to enhance the value of the Group by identifying and selecting new business opportunities with high potentials which can add to our existing portfolio. We have a philosophy of creating value for shareholders. Therefore, since our listing in 2005, we have always been adhering to a dividend payout at approximately 30% of net profit, and the first half of 2017 is no exception. Further, with a view to enhancing earnings and net asset value per share for all existing shareholders of the Company, the Company repurchased its own 69,332,000 shares from the market during the six months ended 30 June 2017. In the future, we will adhere to our philosophy of continuous technological improvement, and will take appropriate steps to expand our income sources with a view to maximising the returns to our shareholders.

FINANCIAL REVIEW

An analysis of the Group's turnover and results by segment is as follows:

	Six months ended 30 June			
	2017		2016	
	HK$'000		HK$'000	
By business segment				
Turnover				
Metal division				
Design and fabrication of metal stamping moulds	**109,495**	**7.2%**	147,296	9.3%
Manufacturing of metal stamping components	**697,839**	**46.0%**	624,024	39.5%
Manufacturing of lathing components	**50,849**	**3.4%**	65,881	4.2%
Others (Note 1)	**14,318**	**0.9%**	11,280	0.7%
	872,501		848,481	
Plastic division				
Design and fabrication of plastic injection moulds	**38,913**	**2.6%**	73,486	4.6%
Manufacturing of plastic injection components	**601,706**	**39.7%**	636,228	40.2%
Others (Note 1)	**3,352**	**0.2%**	4,251	0.3%
	643,971		713,965	
Income from micro lending business	**–**	**–**	18,664	1.2%
Total	**1,516,472**		1,581,110	
Segment results				
Metal division	**64,829**		24,148	
Plastic division	**48,582**		20,681	
Micro lending business	**1,865**		10,910	
Operating profit	**115,276**		55,739	
Unallocated expenses	**(11,861)**		(2,160)	
Finance income	**3,398**		1,917	
Finance costs	**(16,807)**		(18,353)	
Income tax expense	**(13,529)**		(12,554)	
Non-controlling interests	**(1,088)**		(1,591)	
Profit attributable to equity holders of the Company	**75,389**		22,998	

Note 1: Others mainly represented sales of scrap materials.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover

Samsung Printing Solutions, which had been a customer of the Group's Suzhou industrial park since 2012, was acquired by HP in September 2016. Thereafter, Samsung Printing Solutions moved the production of its OA equipment products from Suzhou and consolidated such production in its Weihai manufacturing facilities. As a result, sales to Samsung Printing Solutions by the Group's Suzhou industrial park decreased during the six months ended 30 June 2017, which led to a reduction in the Group's turnover during the period.

In August 2016, the Group reduced the shareholding interest in its micro lending company from 60% to 40%. Thereafter, the micro lending company ceased to be a subsidiary of the Group, and the Group ceased to recognise the income from micro lending business as its own turnover. Accordingly, there was no turnover from the micro lending business during the six months ended 30 June 2017.

Gross profit

Since 2016, the Group has been implementing production automation and streamlining its workforce with a view to improving productivity, which led to a reduction in employment and other costs during the six months ended 30 June 2017. Further, there was a reduction in depreciation expenses as certain of the Group's production equipment had been fully depreciated. As a result, the gross profit margin for the period increased to 27.2%.

Segment results

As mentioned above, the Group experienced an improvement in gross profit margin during the period. Further, the Group's general and administrative expenses for the six months ended 30 June 2017 also decreased as a result of the various cost control measures adopted by the Group since 2016. Accordingly, the operating profit margin of the Group's metal and plastic divisions increased to 7.4% and 7.5% respectively.

Operating profit from the micro lending business for the six months ended 30 June 2017 represented the Group's share of 40% of the profit of the micro lending company through equity pick-up.

Finance income and costs

The majority of the Group's cash and bank deposits are denominated in Hong Kong and United States dollars. During the six months ended 30 June 2017, finance income increased as the interest rates from bank deposits in Hong Kong and United States dollars increased.

The Group's finance costs decreased to HK$16,807,000, which was primarily caused by the reduction in bank borrowings and finance lease liabilities during the period.

Income tax expense

During the period, income tax expense amounted to HK$13,529,000. Effective tax rate (defined as the percentage of income tax expense as compared to profit before income tax) for the period was 15.0%, which decreased as compared to that in the first half of 2016. In the first half of 2016, the Group paid additional taxes of HK$3,745,000 to the tax authorities in China in relation to certain non-tax deductible expenses in prior years, whilst the Group received tax refunds of HK$2,475,000 from the tax authorities in China in the first half of 2017. In addition, the Group's profit margin was lower and certain of its subsidiaries incurred losses in the first half of 2016, which increased the overall effective tax rate of the Group as such losses were not eligible for offsetting the taxable profits generated by other profitable subsidiaries. This situation changed as profit margin improved during the six months ended 30 June 2017, which led to a reduction in the effective tax rate of the Group.

Profit attributable to equity holders of the Company

During the period, profit attributable to equity holders of the Company increased by 227.8% to HK$75,389,000, which was primarily caused by the improvement in the Group's operating profit margin as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2017, the Group continued to devote substantial resources to controlling its working capital requirements. However, as the items affecting working capital requirements such as inventories and trade receivables were already at low level by end of 2016, the operating cash inflow that can be generated through working capital management decreased as compared to that in the previous financial period. Accordingly, the Group's net cash inflow from operating activities for the period decreased by 11.3% to HK$203,107,000 (first half of 2016: HK$229,072,000). During the period, the Group increased its short-term bank deposits with maturities of more than three months by HK$76,041,000 and therefore recorded a cash outflow item from investing activities of the same amount, whereas the Group recorded a decrease in short-term bank deposits of HK$42,971,000 in the first half of 2016. Therefore, the Group's net cash outflow from investing activities increased from HK$103,292,000 in the first half of 2016 to HK$236,905,000 in the first half of 2017. During the period, the Group continued to reduce its debts and new bank borrowings decreased. The Group also paid HK$73,644,000 for repurchasing its own shares in the first half of 2017. Accordingly, the Group's net cash outflow from financing activities increased to HK$317,296,000 during the period (first half of 2016: HK$180,415,000).

The majority of the bank loans as at 30 June 2017 were denominated in Hong Kong and United States dollars with floating interest rates and were used for financing the Group's operations and expansion. Bank loan denominated in Renminbi was obtained by a non-wholly owned subsidiary whose business operations were located solely in China. As the size of business operations of this non-wholly owned subsidiary was not significant, the amount of bank loan denominated in Renminbi was small as at 30 June 2017. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. Looking ahead, the Group will adhere to conservative financial management policies and remain committed to maintaining a healthy balance sheet.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY FINANCIAL PERFORMANCE INDICATORS

(a) Liquidity and capital adequacy ratio

	30 June 2017	31 December 2016
Inventory turnover days (Note 1)	**58**	48
Debtors' turnover days (Note 2)	**92**	90
Creditors' turnover days (Note 3)	**117**	102
Cash conversion cycle (Note 4)	**33**	36
Current ratio (Note 5)	**1.41**	1.54
Net debt-to-equity ratio (Note 6)	**0.5%**	-0.4% (Net cash)

(b) Profitability ratio

	Six months ended 30 June	
	2017	2016
Net profit margin (Note 7)	**5.0%**	1.5%
Return on shareholders' equity (Note 8)	**2.9%**	0.9%

Notes –

1. Calculation of inventory turnover days is based on the ending inventories divided by cost of sales and multiplied by the number of days during the period.

2. Calculation of debtors' turnover days is based on the ending balance of trade receivables divided by turnover and multiplied by the number of days during the period.

3. Calculation of creditors' turnover days is based on the ending balance of trade payables divided by cost of sales and multiplied by the number of days during the period.

4. Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.

5. Current ratio is calculated based on the Group's total current assets divided by total current liabilities.

6. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and finance lease liabilities less cash and bank balances divided by shareholders' equity.

7. Net profit margin is based on profit attributable to equity holders of the Company divided by turnover.

8. Return on shareholders' equity is based on profit attributable to equity holders of the Company divided by shareholders' equity.

Inventory turnover days

As at 30 June 2017, the Group's inventory balance increased to HK$351,584,000 (as at 31 December 2016: HK$325,615,000), which was primarily caused by an increase in moulds under production or pending inspection by customers being captured as part of the Group's inventories as at period end. Such moulds are due for delivery in the second half of 2017. As inventory balance increased, inventory turnover days for the period increased to 58 days.

Debtors' and creditors' turnover days

The Group's debtors' turnover days for the period was 92 days, which was comparable to that for the year ended 31 December 2016. At the same time, for the purpose of streamlining working capital requirements, the Group arranged with its banks to increase the issue of discountable notes to the Group's suppliers for the settlement of raw material purchases, which led to an increase in creditors' turnover days to 117 days during the period.

Current ratio and net debt-to-equity ratio

During the period, the Group continued to utilise its operating cash inflows for the repayment of bank borrowings, which were mainly long-term loans through instalment payments. As a result, the Group's total current assets decreased and its current ratio as at 30 June 2017 reduced to 1.41. In addition, the Group also utilised its cash for repurchasing its own shares during the period, which led to a slight increase in net debt-to-equity ratio to 0.5% as at 30 June 2017.

Net profit margin and return on shareholders' equity

The improvement in the Group's net profit margin and return on shareholders' equity was caused by the increase in profit attributable to equity holders of the Company, as explained in the section headed "Financial Review" above.

FOREIGN CURRENCY EXPOSURE

For the six months ended 30 June 2017, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	Purchases
Hong Kong dollars	24.4%	4.7%
US dollars	48.8%	54.2%
Renminbi	25.1%	41.1%
Euro and Vietnamese Dong	1.7%	–

MANAGEMENT DISCUSSION AND ANALYSIS

A majority of the Group's customers in both China and Vietnam are reputable international brand owners with worldwide distribution networks. At the same time, a substantial portion of the Group's suppliers in both China and Vietnam are international metal and plastic material producers designated by the Group's customers. Accordingly, approximately 73.2% of the Group's sales and 58.9% of its raw material purchases were made in Hong Kong dollars and US dollars (which are pegged) during the period. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales denominated in Euro and Vietnamese Dong were mainly related to initial trial orders from new customers, and therefore their percentage to our total turnover was small. Should the sales to these customers increase in the future, we will take appropriate actions to safeguard ourselves from any potential exchange rate risk that may arise from selling to these customers. Further, it is the Group's policy to strictly prohibit any speculative foreign exchange transaction which is not related to business operations.

Further, it is currently planned that the Group's new industrial parks in Weihai, China and Mexico will target at serving international OA equipment and automobile brand owners respectively, and will purchase raw materials from international suppliers designated by such customers. Accordingly, it is expected that the majority of sales and raw material purchases of Group's new industrial parks in Weihai and Mexico will be denominated in US dollars.

At present, although the Group endeavours to transact sales and raw material purchases in matching currencies, the percentage of the Group's raw material purchases in Renminbi is still larger than the percentage of its sales in Renminbi due to the Group's substantial production operations in China. However, management is of the view that the exchange rate risk is not high because Renminbi is unlikely to resume a long-term appreciation trend in a foreseeable future. Going forward, management will continue to evaluate the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

HUMAN RESOURCES

Despite the production ramp-up of the new Vietnam industrial park during the six month ended 30 June 2017, the total number of the Group's employees reduced from 7,855 employees as at 31 December 2016 to 7,736 employees as at 30 June 2017, which was primarily caused by production automation and management improvement measures to streamline the headcount and internal structures of the Group.

The Group considers its employees, in particular the skilled engineers and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. Share option schemes were adopted to attract and retain talents to contribute to the Group. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potentials is also important for attracting and retaining qualified staff for its future success. Training programmes are offered to employees for their continuous development. Besides, various employee activities are organised to inspire the team spirit of the Group's staff, which includes the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participate. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

OUTLOOK

The financial result for the first half of 2017 has provided another proof of our outstanding management capabilities for overcoming difficulties. Despite a temporary reduction in turnover caused by the relocation of Samsung Printing Solutions, we managed to drive a sharp profit rebound through stringent cost controls and other management measures. The foundation of our automobile business line became more solid, as evidenced by its sustained revenue growth. At the same time, we have also been actively seeking new business opportunities to accelerate our development. Our entry into Vietnam and Mexico has not only fortified our partnerships with key customers, but can also provide the Group with additional streams of revenue from new geographical markets. The new Weihai industrial park is built under the invitation of Samsung Printing Solutions, who was impressed by our excellent track record in serving them in the past. Since the production demand of Samsung Printing Solutions in Weihai has been significantly enlarged after its acquisition by HP, we expect that the potential sales volume of the Group's new Weihai industrial park will be significantly larger than that previously made to Samsung Printing Solutions in the past. As the platform for significant business growth has now been set, we are confident to see robust business performance ahead.

CONNECTED TRANSACTIONS

Deeds of tax indemnity provided by the directors and shareholders in favour of the Group

As disclosed in the Company's prospectus dated 29 April 2005, on 28 April 2005, the Company entered into a deed of tax indemnity with Prosper Empire Limited which is a 37.44% shareholder of the Company as at 30 June 2017 and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua who are directors and beneficial shareholders of the Company (together the "Indemnifiers"). Under this deed of tax indemnity, each of the Indemnifiers has jointly and severally undertaken to indemnify the Group for any taxation falling on any member of the Group (other than those established or acquired subsequent to the listing of the Company) attributable to periods before the listing date of the Company which had not been provided for in the annual financial statements of the relevant members of the Group before the listing date. This deed of tax indemnity was approved by the board of directors on 20 April 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, EVA Limited and EVA Plastic Mould Products (HK) Limited settled with The Hong Kong Inland Revenue Department (the "HKIRD") regarding their offshore claims which had been queried by the HKIRD since 2005 by an amount of HK$33,612,000. This was settled by the Group through cash payment of HK$7,211,000 and utilisation of tax reserve certificates and other advance payments previously made to the HKIRD. The tax amount attributable to the periods prior to 11 May 2005 (the listing date of the Company) which had not been provided for in the annual financial statements of EVA Limited and EVA Plastic Mould Products (HK) Limited before the listing date was HK$8,798,000, of which HK$4,038,000 had been indemnified by the Indemnifiers. The remaining balance of HK$4,760,000 would also be indemnified by the Indemnifiers by instalments in three years from December 2015 to December 2017. The first and second instalments with a total amount of HK$3,173,000 had been paid by the Indemnifiers in 2015 and 2016, and the remaining balance payable by the Indemnifiers amounted to HK$1,587,000 as at 30 June 2017.

The above transaction constitutes a connected transaction in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires disclosure in the interim report of the Company.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2017, the charges on the Group's assets included (i) pledge of leasehold land and buildings located in Hong Kong with net book amounts of HK$5,701,000 for securing mortgage loan and (ii) mortgage of equipment under finance lease liabilities with net book amount of HK$174,355,000 for securing finance lease liabilities.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

A subsidiary of the Company is a party to loan agreements with Bank of China (Hong Kong) Limited in respect of the following banking facilities ("BOC Facilities Agreements"):

(i) a term loan facility up to HK$100,000,000 with a repayment term of four years from the date of first drawdown of the loan (the outstanding loan balance was HK$58,333,000 as at 30 June 2017);

(ii) another term loan facility up to HK$200,000,000 with a repayment term of four years from the date of first drawdown of the loan (the outstanding loan balance was HK$200,000,000 as at 30 June 2017); and

(iii) a revolving loan for an amount up to HK$40,000,000 (there was no outstanding loan balance as at 30 June 2017).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the BOC Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain to hold not less than 35% of the issued share capital of the Company and shall remain as the largest shareholder of the Company; and

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors and an executive director of the Company.

In addition, a subsidiary of the Company is a party to loan agreements with Hang Seng Bank Limited in respect of the following facilities ("HSB Facilities Agreements"):

(i) a term loan facility up to HK$150,000,000 for a term of four years from the date of drawdown of the loan (the outstanding loan balance was HK$74,000,000 as at 30 June 2017);

(ii) another term loan facility up to HK$250,000,000 for a term of four years from the date of drawdown of the loan (the outstanding loan balance was HK$186,000,000 as at 30 June 2017);

(iii) revolving loan of HK$150,000,000 (the outstanding loan balance was HK$100,000,000 as at 30 June 2017);

(iv) combined documentary credits in the amount of HK$25,000,000 (there was no outstanding balance as at 30 June 2017); and

(v) treasury products facility with a notional amount of HK$52,631,579 (there was no outstanding balance as at 30 June 2017).

Under the HSB Facilities Agreements, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua together shall maintain not less than 35% of the issued share capital of the Company, and Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

The Company is a party to a loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. in respect of a four years term loan facility of up to HK$250,000,000 ("BTMU Facility Agreement"), and the total outstanding balance of the loan was HK$156,250,000 as at 30 June 2017.

The following specific performance obligations are imposed on the controlling shareholders of the Company under the BTMU Facility Agreement:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall hold not less than 35% of the entire issued share capital of the Company; and

(ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively remain as single largest shareholder of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

A subsidiary of the Company is also a party to loan agreements with The Hongkong and Shanghai Banking Corporation Limited in respect of the following facilities ("HSBC Facilities Agreements"):

(i) a term loan facility for an amount up to HK$150,000,000 with a repayment period of four years after drawdown (the outstanding loan balance was HK$40,000,000 as at 30 June 2017);

(ii) revolving loan of HK$200,000,000 (the outstanding loan balance was HK$200,000,000 as at 30 June 2017); and

(iii) combined trade facilities of HK$100,000,000 (the utilised balance as at 30 June 2017 was EUR€2,198,000, equivalent to approximately HK$19,607,000, which was documentary credit for import of machinery).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the HSBC Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain not less than 35% of the issued share capital of the Company; and

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

Besides, a subsidiary of the Company had entered into a banking facility agreement with Fubon Bank (Hong Kong) Limited in respect of the following banking facilities ("Fubon Facilities Agreement"):

(i) short term advance facility on a revolving basis of up to US$7,000,000, or an equivalent amount in other currencies (the outstanding loan balance was HK$40,000,000 as at 30 June 2017); and

(ii) a term loan facility for an amount up to US$4,000,000 with a repayment period of 3 years after drawdown (the outstanding loan balance was US$1,455,000 as at 30 June 2017).

Pursuant to the Fubon Facilities Agreement, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua together shall maintain not less than 35% of the issued share capital of the Company.

A breach of any of the aforesaid obligations will constitute an event of default under the relevant facilities agreements which may result in, inter alia, the cancellation of all or any part of the commitments under the relevant facilities agreements and all borrowed amounts outstanding becoming immediately due and payable.

SHARE OPTIONS

(a) The 2005 Share Option Scheme

The Company conditionally adopted a share option scheme on 20 April 2005 (the "2005 Share Option Scheme") which became unconditional on 11 May 2005. The 2005 Share Option Scheme was effective for a period of 10 years commencing on 20 April 2005, and it expired on 19 April 2015.

The share options which were previously issued under the 2005 Share Option Scheme and remain outstanding after the 2005 Share Option Scheme had expired will continue to be valid and exercisable during their respective prescribed exercisable periods. Movement in these share options during the six months ended 30 June 2017 and up to the date of this report is as follows:

	As at 1 January 2017	Exercised during the period	As at 30 June 2017	Exercised during the period from 1 July 2017 and up to the date of this report	As at the date of this report	Share price immediately before offer date	Exercise price	Weighted average closing price before exercise of options
						HK$	HK$	HK$
Executive directors								
Mr. Zhang Hwo Jie								
– Granted on 7 November 2012	5,100,000	(2,200,000)	2,900,000	–	2,900,000	0.69	0.69	1.28
Independent non-executive directors								
Mr. Leung Tai Chiu								
– Granted on 26 April 2013	300,000	–	300,000	–	300,000	1.20	1.16	–
Mr. Lam Hiu Lo								
– Granted on 26 April 2013	300,000	–	300,000	–	300,000	1.20	1.16	–
Employees of the Group								
In aggregate								
– Granted on 10 December 2008	2,930,200	–	2,930,200	–	2,930,200	0.165	0.175	–
– Granted on 2 October 2009	200,000	–	200,000	–	200,000	0.405	0.41	–
– Granted on 7 November 2012	18,196,000	–	18,196,000	(12,166,000)	6,030,000	0.69	0.69	1.13
– Granted on 26 April 2013	11,650,000	–	11,650,000	–	11,650,000	1.20	1.16	–
	38,676,200	(2,200,000)	36,476,200	(12,166,000)	24,310,200			

MANAGEMENT DISCUSSION AND ANALYSIS

All options referred to the above are subject to vesting schedules and exercise periods as follows:

% of the options granted	Vesting date	Exercise period
With respect to the options granted on 10 December 2008 with exercise price of HK$0.175		
100%	10 December 2008	10 December 2008 to 19 November 2018
With respect to the options granted on 2 October 2009 with exercise price of HK$0.41		
100%	5 October 2009	5 October 2009 to 1 October 2019
With respect to the options granted on 7 November 2012 and 26 April 2013 with exercise prices of HK$0.69 and HK$1.16 respectively		
100%	2 January 2014	2 January 2014 to 6 November 2017

(b) The 2015 Share Option Scheme

As the 2005 Share Option Scheme expired on 19 April 2015, the Board proposed to adopt a new share option scheme (the "2015 Share Option Scheme") to replace the 2005 Share Option Scheme. The 2015 Share Option Scheme became effective on 21 May 2015, the date on which it was approved by the shareholders on the annual general meeting of the Company that was held on the same day.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2017 and up to the date of this report, there was no movement in the share options granted under the 2015 Share Option Scheme, and details of these share options as at 30 June 2017 and the date of this report are as follows:

	As at 1 January 2017, 30 June 2017 and the date of this report	Share price immediately before offer date	Exercise price
	HK$	HK$	HK$
Executive directors			
Mr. Zhang Hwo Jie			
– Granted on 8 July 2016	18,000,000	0.64	0.692
Mr. Zhang Jian Hua			
– Granted on 8 July 2016	18,000,000	0.64	0.692
Mr. Zhang Yaohua			
– Granted on 8 July 2016	18,000,000	0.64	0.692
Independent non-executive directors			
Mr. Choy Tak Ho			
– Granted on 8 July 2016	400,000	0.64	0.692
Mr. Leung Tai Chiu			
– Granted on 8 July 2016	400,000	0.64	0.692
Mr. Lam Hiu Lo			
– Granted on 8 July 2016	400,000	0.64	0.692
Employees of the Group			
In aggregate			
– Granted on 8 July 2016	11,850,000	0.64	0.692
	67,050,000		

MANAGEMENT DISCUSSION AND ANALYSIS

All options referred to the above are subject to vesting schedule and exercise period as follows:

% of the options granted	Vesting date	Exercise period
With respect to the options granted on 8 July 2016 with exercise price of HK$0.692		
100%	2 January 2018	2 January 2018 to 7 July 2021

(c) Valuation

The fair value of the options granted on 10 December 2008, 2 October 2009, 7 November 2012 and 26 April 2013 under the 2005 Share Option Scheme with outstanding balances as at 30 June 2017 of 2,930,200 options, 200,000 options, 21,096,000 options and 12,250,000 options were HK$140,000, HK$17,000, HK$5,348,000 and HK$4,745,000 respectively. The fair value of the 67,050,000 options granted under the 2015 Share Option Scheme was HK$10,236,000. These fair values were calculated using the Black-Scholes valuation model and the significant inputs into the model were as follows:

	Exercise price	Expected volatility	Expected life	Risk-free rate	Dividend paid-out rate
	HK$				
Granted on 10 December 2008	0.175	51.99%	3 years	0.922%	3.00%
Granted on 2 October 2009	0.41	56.65%	1 year	0.16%	3.68%
Granted on 7 November 2012	0.69	64.19%	2.2 years	0.241%	3.3333%
Granted on 26 April 2013	1.16	66.349%	1.74 years	0.184%	1.087%
Granted on 8 July 2016	0.692	45.98%	3.24 years	0.52%	2.33%

The expected volatility is based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. Dividend paid-out rate is based on historical dividend paid-out rate. Changes in these subjective input assumptions could affect the fair value estimate. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2017, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

(i) Long position in shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Personal interests in underlying shares held under equity derivatives (Note 1)	Total interests	Approximate percentage of interest in the Company as at 30 June 2017
Mr. Zhang Hwo Jie	671,750,000 (Note 2)	15,692,000	–	20,900,000	708,342,000	39.48%
Mr. Zhang Jian Hua	–	664,000	–	18,000,000	18,664,000	1.04%
Mr. Zhang Yaohua (Note 3)	–	15,780,000	156,000	18,000,000	33,936,000	1.89%
Mr. Choy Tak Ho	–	–	–	400,000	400,000	0.02%
Mr. Leung Tai Chiu	–	–	–	700,000	700,000	0.04%
Mr. Lam Hiu Lo	–	–	–	700,000	700,000	0.04%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share Options" above.

2. Mr. Zhang Hwo Jie holds 38% of the entire issued capital of Prosper Empire Limited, which was interested in 37.44% of the entire issued capital of the Company as at 30 June 2017. Under the SFO, Mr. Zhang Hwo Jie is deemed to be interested in the shares held by Prosper Empire Limited.

3. On 25 July 2017 and 26 July 2017, Mr. Zhang Yaohua personally purchased 1,884,000 shares of the Company from the open market. Thereafter, the number of shares held by Mr. Zhang Yaohua under personal interest and the total number of shares held by him increased to 17,664,000 shares and 35,820,000 shares respectively.

(ii) Long position in shares of Prosper Empire Limited, an associated corporation of the Company

Name of director	Capacity	Approximate percentage of interests in Prosper Empire Limited as at 30 June 2017
Mr. Zhang Hwo Jie	Personal interests	38%
Mr. Zhang Jian Hua	Personal interests	29%
Mr. Zhang Yaohua	Personal interests	33%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of interest
Prosper Empire Limited	Beneficial owner	671,750,000	–	671,750,000	37.44%
Ms. Shen Chan Jie Lin	Interest of spouse (Note 1)	687,442,000	20,900,000	708,342,000	39.48%
FIL Limited	Investment manager	112,328,000	–	112,328,000	6.26%

Note:

1. Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares held by Mr. Zhang Hwo Jie, who is interested in 38% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Shen Chan Jie Lin included the 671,750,000 shares of the Company held by Prosper Empire Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASES, SALE AND REDEMPTION OF THE SHARES

During the six months ended 30 June 2017, the Company repurchased its 69,332,000 listed shares on The Stock Exchange of Hong Kong Limited. These shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchases during the six months ended 30 June 2017 are summarised as follows:

Month of repurchases	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregate consideration paid
		HK$	HK$	HK$'000
January 2017	25,386,000	1.00	0.84	23,563
February 2017	43,946,000	1.20	1.00	50,081
	69,332,000			73,644

The directors considered that the repurchases were made for the benefit of the shareholders as a whole as they enhanced the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2017 and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated.

DIVIDEND

The Board declared an interim dividend of HK1.27 cents per ordinary share, totaling HK$22,942,000 for the six months ended 30 June 2017 to eligible shareholders whose names appear on the register of members of the Company on Thursday, 14 September 2017. The interim dividend will be payable in cash on or about Thursday, 21 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

CLOSURE OF REGISTER OF MEMBERS

To determine eligibility for the interim dividend, the register of members of the Company will be closed from Tuesday, 12 September 2017 to Thursday, 14 September 2017, both days inclusive, during which period no shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 September 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry of all directors, all directors confirm that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has set up an audit committee, in accordance with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors with Mr. Leung Tai Chiu as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the unaudited interim financial statements and the interim report for the six months ended 30 June 2017.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 28 August 2017

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