CHIA TAI ENTERPRISES INTERNATIONAL LIMITED
正大企業國際有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 3839)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED RESULTS

The board of directors (the "Board") of Chia Tai Enterprises International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Note	***US$'000***	*US$'000*
REVENUE	4	**74,466**	87,276
Cost of sales		**(52,422)**	(56,057)
Gross profit		**22,044**	31,219
Other income, net	5	**3,005**	2,222
Selling and distribution costs		**(6,688)**	(6,483)
General and administrative expenses		**(14,743)**	(17,817)
Finance costs		**(156)**	(566)
Share of profits and losses of:			
Joint venture		**13,348**	2,849
Associate		**2,259**	2,198
PROFIT BEFORE TAX	6	**19,069**	13,622
Income tax	7	**(1,361)**	(2,563)
PROFIT FOR THE YEAR		**17,708**	11,059

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	Note	Year ended 31 December 2017 US$'000	2016 US$'000
PROFIT FOR THE YEAR		**17,708**	11,059
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences related to translation of foreign operations		**4,529**	(4,289)
Share of other comprehensive income of:			
Joint venture		**4,756**	(4,243)
Associate		**1,114**	(1,193)
Deregistration of a subsidiary		**184**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**10,583**	(9,725)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28,291**	1,334
Profit attributable to:			
Shareholders of the Company		**16,347**	8,058
Non-controlling interests		**1,361**	3,001
		17,708	11,059
Total comprehensive income attributable to:			
Shareholders of the Company		**25,463**	(298)
Non-controlling interests		**2,828**	1,632
		28,291	1,334
		US cents	*US cents*
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic and diluted		**6.45**	3.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2017	2016
	Note	***US$'000***	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**49,762**	43,888
Land lease prepayments		**7,968**	7,716
Investments in joint venture		**77,952**	59,848
Investments in associate		**18,082**	17,460
Other non-current assets		**252**	236
Total non-current assets		**154,016**	129,148
CURRENT ASSETS			
Inventories		**16,104**	9,667
Trade and bills receivables	10	**17,067**	16,027
Prepayments, deposits and other receivables		**8,845**	8,079
Time deposits with maturity over three months		**–**	2,880
Cash and cash equivalents		**33,669**	34,242
Total current assets		**75,685**	70,895
CURRENT LIABILITIES			
Trade payables	11	**3,375**	3,484
Other payables and accruals		**6,403**	8,221
Bank borrowings		**6,366**	8,275
Income tax payables		**114**	403
Total current liabilities		**16,258**	20,383
NET CURRENT ASSETS		**59,427**	50,512
TOTAL ASSETS LESS CURRENT LIABILITIES		**213,443**	179,660

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		At 31 December	
		2017	2016
	Note	***US$'000***	*US$'000*
NON-CURRENT LIABILITIES			
Bank borrowings		**3,074**	–
Other non-current liabilities		**10,170**	8,000
Deferred tax liabilities		**3,173**	2,925
Total non-current liabilities		**16,417**	10,925
NET ASSETS		**197,026**	168,735
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	12	**25,333**	25,333
Reserves		**148,646**	123,183
		173,979	148,516
Non-controlling interests		**23,047**	20,219
TOTAL EQUITY		**197,026**	168,735

NOTES

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB"). This financial information is presented in United States dollars ("US$") and all values are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(i) The IASB has issued a number of amendments to IFRSs that are first effective for the current year. Of these, the following amendments may be relevant to the Group:

Amendments to IAS 7	Amendments to IAS 7 *Statement of cash flows – Disclosure initiative*
Amendments to IAS 12	Amendments to IAS 12 *Income tax – Recognition of deferred tax assets for unrealised losses*
Annual Improvements to IFRSs 2014-2016 cycle	Amendments to IFRS 12 *Disclosure of Interests in Other Entities*

Other than as further explained below regarding the impact of Amendments to IAS 7, the adoption of these amendments to IFRSs has had no significant financial effect on this financial information.

Amendments to IAS 7 *Statement of cash flows – Disclosure initiative*

Amendments to IAS 7 require the Group to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(ii) Up to the date of issue of this financial information, the IASB has issued a number of new standards, amendments and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in this financial information. These include the following which may be relevant to the Group:

- IFRS 9 *Financial instruments*

  IFRS 9 introduces new classification and measurement requirements for financial assets on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, and a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39, *Financial Instruments: Recognition and Measurement*, with the result that a loss event will no longer need to occur before an impairment allowance is recognised.

  The management has reviewed the Group's financial instruments as at 31 December 2017 and anticipated that the application of IFRS 9 is not likely to have material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

2. **CHANGES IN ACCOUNTING POLICY AND DISCLOSURES** *(Continued)*

(ii) *(Continued)*

- IFRS 15 *Revenue from contracts with customers*

  Under IFRS 15, revenue from sale of goods or provision of services is recognised when control of a good or service transfers to a customer. Management has assessed the impact of the adoption of IFRS 15 and considered that there would not have current material impact on the financial results.

3. **OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- the biochemical segment is engaged in the manufacture and sale of chlortetracycline products; and

- the industrial segment is engaged in trading of machinery and the manufacture and sale of automotive parts, through the Group's joint venture and associate.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, finance costs and items not specifically attributed to individual segments, such as head office or corporate administration expenses are excluded from such measurements.

Segment assets exclude unallocated corporate assets. Unallocated corporate assets include time deposits, cash and cash equivalents, income tax recoverable and other assets that are managed on a group basis.

Segment liabilities exclude unallocated corporate liabilities. Unallocated corporate liabilities include bank borrowings, income tax payables and deferred tax liabilities and other liabilities that are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments for the years ended 31 December 2017 and 2016.

Year ended 31 December 2017

	Biochemical operations *US$'000*	Industrial operations *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	**74,466**	**–**	**74,466**
Segment results			
The Group	**5,257**	**(682)**	**4,575**
Share of profits and losses of:			
Joint venture	**–**	**13,348**	**13,348**
Associate	**–**	**2,259**	**2,259**
	5,257	**14,925**	**20,182**
Reconciliation:			
Bank interest income			**349**
Finance costs			**(156)**
Unallocated head office and corporate expenses			**(1,306)**
Profit before tax			**19,069**
Other segment information			
Depreciation and amortisation	**5,315**	**4**	**5,319**
Capital expenditure*	**8,033**	**–**	**8,033**
Addition of other non-current assets	**444**	**–**	**444**

* Including additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 31 December 2017

	Biochemical operations *US$'000*	Industrial operations *US$'000*	Total *US$'000*
Segment assets	**94,432**	**101,364**	**195,796**
Reconciliation:			
Unallocated corporate assets			**33,905**
Total assets			**229,701**
Segment liabilities	**19,713**	**26**	**19,739**
Reconciliation:			
Unallocated corporate liabilities			**12,936**
Total liabilities			**32,675**
Other segment information			
Investments in joint venture	**–**	**77,952**	**77,952**
Investments in associate	**–**	**18,082**	**18,082**

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

Year ended 31 December 2016

	Biochemical operations *US$'000*	Industrial operations *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	87,276	–	87,276
Segment results			
The Group	11,740	(1,580)	10,160
Share of profits and losses of:			
Joint venture	–	2,849	2,849
Associate	–	2,198	2,198
	11,740	3,467	15,207
Reconciliation:			
Bank interest income			165
Finance costs			(566)
Unallocated head office and corporate expenses			(1,184)
Profit before tax			13,622
Other segment information			
Depreciation and amortisation	5,502	8	5,510
Capital expenditure*	4,181	–	4,181
Addition of other non-current assets	447	–	447

* Including additions to property, plant and equipment and land lease prepayments.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

(a) **Reportable operating segments** *(Continued)*

At 31 December 2016

	Biochemical operations *US$'000*	Industrial operations *US$'000*	Total *US$'000*
Segment assets	80,627	82,256	162,883
Reconciliation:			
Unallocated corporate assets			37,160
Total assets			200,043
Segment liabilities	19,498	9	19,507
Reconciliation:			
Unallocated corporate liabilities			11,801
Total liabilities			31,308
Other segment information			
Investments in joint venture	–	59,848	59,848
Investments in associate	–	17,460	17,460

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

(b) Geographical information

(i) Revenue from external customers

	Year ended 31 December	
	2017	2016
	US$'000	*US$'000*
Mainland China	**26,977**	28,538
United States of America	**3,717**	13,914
Asia Pacific (excluding mainland China)*	**21,154**	26,583
Europe	**8,527**	8,338
Elsewhere	**14,091**	9,903
	74,466	87,276

* In Asia Pacific (excluding mainland China), there was no single country that contributed 10% or more of the Group's total revenue during the year ended 31 December 2017 (2016: US$10,154,000 from the Socialist Republic of Vietnam).

The revenue information shown above is based on the location of customers.

(ii) Non-current assets

At 31 December 2017, 99% (2016: 99%) of the Group's non-current assets are located in mainland China.

4. **REVENUE**

Revenue, which is also the Group's turnover, represents the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts. All of the Group's revenue is from the biochemical segment.

5. **OTHER INCOME, NET**

An analysis of other income, net is as follows:

	Year ended 31 December	
	2017	2016
	US$'000	*US$'000*
Bank interest income	**349**	165
Government grants	**738**	614
Loss on disposal of property, plant and equipment, net	**(88)**	(31)
Loss on deregistration of a subsidiary	**(184)**	–
Foreign exchange differences, net	**(24)**	470
Income from sale of trial production products, net	**1,892**	747
Others	**322**	257
	3,005	2,222

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2017	2016
	US$'000	*US$'000*
Cost of inventories sold	**52,422**	56,037
Write down of inventories	**–**	20
Depreciation of property, plant and equipment	**5,112**	5,352
Amortisation of land lease prepayments	**207**	158
Loss on disposal of property, plant and equipment, net	**88**	31
Foreign exchange differences, net	**24**	(470)

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits in Hong Kong during the year (2016: nil).

The subsidiaries operating in the People's Republic of China ("PRC") are subject to income tax at the rate of 25% (2016: 25%) on their taxable income according to the PRC corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC, certain subsidiaries of the Group in the PRC enjoy income tax exemptions or reductions.

	Year ended 31 December	
	2017	2016
	US$'000	*US$'000*
Current – the PRC		
Charge for the year	**1,088**	1,931
Under-provision in prior years	**2**	6
Deferred	**271**	626
Total tax expense for the year	**1,361**	2,563

8. DIVIDEND

The board of directors of the Company has resolved not to declare a dividend for the year ended 31 December 2017 (2016: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of the Company and the weighted average number of ordinary shares and convertible preference shares in issue during the year.

The calculation of basic earnings per share is based on the following data:

	Year ended 31 December	
	2017	2016
	US$'000	*US$'000*
Earnings		
Profit for the year attributable to shareholders of the Company, used in the basic earnings per share calculation	**16,347**	8,058

	Year ended 31 December	
	2017	2016
Shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation	**253,329,087**	253,329,087

As there were no potential dilutive ordinary shares during the year ended 31 December 2017 and 2016, the amount of diluted earnings per share is equal to basic earnings per share.

10. TRADE AND BILLS RECEIVABLES

Depending on the requirements of the market and business, the Group may extend credit to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management and interest may be charged by the Group for overdue trade receivable balances at rates determined by the Group with reference to market practice. In the opinion of the directors, there is no significant concentration of credit risk. An aging analysis of the Group's trade and bills receivables, based on the date of delivery of goods, is as follows:

	At 31 December	
	2017	2016
	US$'000	*US$'000*
60 days or below	**14,330**	12,570
61 to 180 days	**2,734**	3,370
Over 180 days	**3**	87
	17,067	16,027

11. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

	At 31 December	
	2017	2016
	US$'000	*US$'000*
60 days or below	**3,351**	3,350
61 to 180 days	**24**	126
Over 180 days	**–**	8
	3,375	3,484

12. SHARE CAPITAL

	At 31 December	
	2017	2016
	US$'000	*US$'000*
Authorised		
Ordinary shares:		
787,389,223 shares (2016: 787,389,223 shares) of US$0.1 each	**78,739**	78,739
Convertible preference shares:		
12,610,777 shares (2016: 12,610,777 shares) of US$0.1 each	**1,261**	1,261
	80,000	80,000
Issued and fully paid		
Ordinary shares:		
240,718,310 shares (2016: 240,718,310 shares) of US$0.1 each	**24,072**	24,072
Convertible preference shares:		
12,610,777 shares (2016: 12,610,777 shares) of US$0.1 each	**1,261**	1,261
	25,333	25,333

There were no movements in the Company's issued ordinary shares and convertible preference shares during the years ended 31 December 2017 and 2016.

12. SHARE CAPITAL *(Continued)*

Notes:

The convertible preference shares are convertible into ordinary shares of the Company and are entitled to the same dividends that are declared for the ordinary shares. Convertible preference shares do not carry the right to vote in shareholders' meetings. Upon winding up, the Company's residual assets and funds are distributed to the members of the Company in the following priority:

(i) in paying to the holders of the convertible preference shares, pari passu as between themselves by reference to the aggregate nominal amounts of the convertible preference shares held by them respectively, an amount equal to the aggregate of the distribution value (as defined in the bye-laws of the Company) of all the convertible preference shares held by them respectively;

(ii) the balance of such assets shall be distributed on a pari passu basis among the holders of any class of shares in the capital of the Company other than the convertible preference shares and other than any shares which are not entitled to participate in such assets, by reference to the aggregate nominal amounts paid up on the shares held by them respectively; and

(iii) the remaining balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of shares including the convertible preference shares, other than any shares not entitled to participate in such assets, by reference to the aggregate nominal amounts of shares held by them respectively.

The convertible preference shares shall be non-redeemable by the Company or the holders thereof.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

The Group has two lines of businesses: biochemical business and industrial business. The biochemical business, which focuses on the manufacture and sale of chlortetracycline ("CTC") products and is carried on by Group subsidiaries, accounts for all of the Group's consolidated revenue. The industrial business comprises the Group's interest in its joint venture ECI Metro Investment Co., Ltd. ("ECI Metro") and its associate Zhanjiang Deni Vehicle Parts Co., Ltd. ("Zhanjiang Deni"). The results of the Group's industrial business are incorporated in the statement of comprehensive income as share of profits from joint venture and associate.

For the year ended 31 December 2017, the Group's revenue decreased 14.7% to US$74.47 million (2016: US$87.28 million). Overall, gross profit margin was 29.6%, versus 35.8% in 2016. Profit attributable to shareholders of the Company grew by 102.9% to US$16.35 million (2016: US$8.06 million). As stated in our announcement dated 19 January 2018, the increase in profit was mainly because of a significant increase in the share of profit from ECI Metro.

Basic and diluted earnings per share were both US 6.45 cents (2016: US 3.18 cents). The board has resolved not to declare a final dividend for the year ended 31 December 2017 (2016: Nil).

BUSINESS REVIEW

Biochemical

The Group is one of the leading CTC producers globally. We generate revenue from the manufacture and sale of CTC products. The two main products of the Group are CTC Premix and CTC HCL. CTC products are used as feed additives to promote healthy growth of livestock, prevent or cure animal diseases and improve overall feed efficiency.

CTC products sold by the Group are marketed mainly under the Group's own brands "Shihao" and "Citifac." The Group's CTC products are sold and distributed globally, including Asia Pacific, Europe and the United States of America. The Group's overseas customers include feed mills, pharmaceutical companies and trading companies, whereas customers in China are mainly feed mills.

The Group currently has two CTC production plants in China, one located in Pucheng (which produces CTC Premix and CTC HCL) and one located in Zhumadian (which produces CTC Premix). Raw materials are generally sourced locally.

The Group's biochemical revenue decreased 14.7% to US$74.47 million (2016: US$87.28 million). Revenue contribution from mainland China, Asia Pacific (excluding mainland China), Europe, the United States of America and elsewhere were 36.2%, 28.4%, 11.5%, 5.0% and 18.9%, respectively.

Rising concern for antibiotic resistance from the misuse of antibiotics in farming animals has become a global topic in recent years and is expected to cloud the industry in the coming years. In 2017, overseas sales were significantly impacted by sales reduction in two of our major overseas markets – the United States of America and Vietnam – which are phasing out the use of antibiotics in animal farming. In the United States of America, sales reduced as the Food and Drug Administration promulgated a new regulation that banned the use of antibiotic products for growth promotion purpose in animal farming from the beginning of 2017. A similar regulation was also introduced in Vietnam, although, as a transition measure, the Ministry of Agriculture and Rural Development allowed the use of certain types of antibiotics (including CTC) for growth promotion purpose until the end of 2017.

Furthermore, in our overseas market, sales to a large customer experienced a sharp fall, mainly due to a change in its ownership. The impact on sales from this large customer extended from the previous year into 2017. During the year, the Group continued to make efforts to develop other new overseas markets with notable success, including Mexico and Canada.

Competition remained intense and average selling price of CTC premix, our main revenue contributor, reduced by approximately 9.1% in 2017 when compared to 2016. Gross profit margin declined to 29.6% in 2017 from 35.8% in 2016.

Industrial

The Group's industrial business is conducted through two groups of companies, ECI Metro and Zhanjiang Deni.

ECI Metro is principally engaged in the sale, leasing and servicing of Caterpillar machinery equipment. ECI Metro is one of the four Caterpillar dealers in China. Its service territory covers the western part of China, namely Yunnan, Guizhou, Sichuan, Shaanxi, Gansu and Qinghai provinces, Ningxia Hui Autonomous Region, Tibet Autonomous Region and Chongqing municipality. Caterpillar is the world's leading manufacturer of earthmoving and construction equipment. Key customers include those engaged in mining, railroad and road construction and other infrastructure construction industries.

According to the National Bureau of Statistics of the PRC, China's gross domestic product in 2017 registered a year-on-year growth of 6.9%, compared to 6.7% in 2016. Fixed-asset investment growth in China was 7.2% in 2017, of which infrastructure investment growth increased from 17.2% to 19.0%. In ECI Metro's operating region, increased infrastructure investments have stimulated demand for excavators. For the year ended 31 December 2017, our share of profits of joint venture amounted to US$13.35 million (2016: US$2.85 million).

Zhanjiang Deni is principally engaged in the manufacture and sale of automotive parts, which are mainly sold to automobile and motorcycle manufacturers. According to the China Association of Automobile Manufacturers, motorcycle sales recorded a growth of 2% while automobile sales growth was 3% in 2017. For the year ended 31 December 2017, our share of profits of associate was US$2.26 million (2016: US$2.20 million).

OUTLOOK

Going forward, our biochemical business is likely to be affected by growing concerns on the use of antibiotics in animal farming. Our industrial businesses shall continue to experience fluctuations as ECI Metro is highly dependent on infrastructure investments, which face policy risks in China. Overall, the Group remains cautious for 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had total assets of US$229.7 million, an increase of 14.8% as compared to US$200.0 million as at 31 December 2016.

As at 31 December 2017, the Group had net cash, being cash and deposits less bank borrowings, of US$24.2 million (31 December 2016: US$28.8 million).

All the borrowings of the Group are denominated in Renminbi ("RMB") as at 31 December 2017 and 2016.

As at 31 December 2017, the Group's fixed interest rate bank borrowings amounted to US$4.6 million (31 December 2016: US$4.3 million).

All domestic sales in mainland China are transacted in RMB and export sales are transacted in foreign currencies. The Group monitors exchange rate movements and determines appropriate hedging activities when necessary.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings. The Group had time deposits and cash and cash equivalents of US$33.7 million as at 31 December 2017, a decrease of US$3.4 million compared to US$37.1 million as at 31 December 2016.

CHARGES ON GROUP ASSETS

As at 31 December 2017, out of the total borrowings of US$9.4 million (31 December 2016: US$8.3 million) obtained by the Group, US$4.8 million (31 December 2016: US$4.0 million) was secured and accounted for 51.2% (31 December 2016: 48.2%) of the total borrowings. Certain of the Group's property, plant and equipment and land lease prepayments with an aggregate net book value of US$7.8 million (31 December 2016: US$3.1 million) were pledged as security.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed around 800 employees in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rates while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2017 (2016: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 June 2018 to 8 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on 8 June 2018, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 4 June 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high corporate governance standard, the principles of which are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

In the opinion of the Board, the Company applied the principles and complied with all the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Code of Conduct for Securities Transactions, which is based on the required standard set out in Appendix 10 to the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers, as the code of conduct for dealings in the Company's securities by its directors. In response to a specific enquiry by the Company, all directors of the Company have confirmed that they complied with the required standard set out in the Code of Conduct for Securities Transactions during 2017.

REVIEW OF ANNUAL RESULTS

The results for the year ended 31 December 2017 have been audited by the auditor of the Company, KPMG, in accordance with Hong Kong Standards on Auditing ("HKSA") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose unmodified audit report is included in the annual report to be sent to shareholders of the Company. The results have also been reviewed by the audit committee of the Company.

The financial figures in respect of the consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017, as set out in this announcement, have been compared by KPMG to the amounts set out in the audited consolidated financial statements for the year and the amounts were found to be in agreement. Such work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by KPMG on this announcement.

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

During 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Thanakorn Seriburi
Director

Hong Kong, 22 February 2018

As at the date of this announcement, the chairman and non-executive director is Mr. Soopakij Chearavanont; the executive directors are Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont and Mr. Yao Minpu; the non-executive director is Mr. Yoichi Ikezoe; and the independent non-executive directors are Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Ko Ming Tung, Edward.