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# SHK 新工投資有限公司 Hong Kong Industries Limited

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 666)

## ANNOUNCEMENT OF 2016 RESULTS

### RESULTS

The Board of Directors (the “Board”) of SHK Hong Kong Industries Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2016 are as follows:

### CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	3	19,026	33,783
Other net loss	4	(48,190)	(67,908)
Administrative and other operating expenses	7	(30,348)	(70,690)
Finance costs	5	–	(13)
Loss on disposal of joint ventures	6	(14,067)	–
Share of loss of joint ventures		–	(540)
Share of (loss)/profit of associates		(9)	1,825
<b>Loss before income tax</b>	7	<b>(73,588)</b>	<b>(103,543)</b>
Income tax expense	8	–	–
<b>Loss for the year</b>		<b>(73,588)</b>	<b>(103,543)</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(73,565)	(103,989)
Non-controlling interests		(23)	446
		<b>(73,588)</b>	<b>(103,543)</b>
<b>Loss per share attributable to the owners of the Company (HK cents)</b>	10		
– Basic		<b>(1.79)</b>	<b>(2.53)</b>
– Diluted		<b>(1.79)</b>	<b>(2.53)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2016

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Loss for the year	<b>(73,588)</b>	(103,543)
<b>Other comprehensive (expenses)/income</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>		
Change in fair value of available-for-sale financial assets	<b>(32)</b>	2,119
Reclassification adjustment for realisation upon redemption/ disposal of available-for-sale financial assets	<b>(906)</b>	(3,917)
Share of other comprehensive income of joint ventures	–	21
Share of other comprehensive expenses of an associate	<b>(253)</b>	(187)
<b>Other comprehensive expenses for the year, net of tax</b>	<b>(1,191)</b>	(1,964)
<b>Total comprehensive expenses for the year</b>	<b>(74,779)</b>	(105,507)
<b>Total comprehensive (expenses)/income for the year attributable to:</b>		
Owners of the Company	<b>(74,645)</b>	(105,872)
Non-controlling interests	<b>(134)</b>	365
	<b>(74,779)</b>	(105,507)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31st December, 2016*

	<i>Notes</i>	<b>2016</b>	2015
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Interests in associates		3,880	4,311
Amount due from an associate		8,609	8,569
Available-for-sale financial assets	<i>11</i>	<u>385,350</u>	<u>160,120</u>
		<b>397,839</b>	173,000
<b>Current assets</b>			
Available-for-sale financial assets	<i>11</i>	–	49,158
Other receivables and prepayment		443	25,809
Amounts due from joint ventures		–	5,143
Financial assets at fair value through profit or loss	<i>12</i>	551,607	672,382
Security deposits		–	6,290
Cash and cash equivalents		<u>245,222</u>	<u>313,909</u>
		<b>797,272</b>	1,072,691
<b>Current liabilities</b>			
Other payables and accrued expenses		23,753	1,337
Amount due to a holding company		317	328
Amount due to a fellow subsidiary		5,393	5,091
Financial liabilities at fair value through profit or loss	<i>13</i>	<u>10,454</u>	<u>8,962</u>
		<u><b>39,917</b></u>	<u>15,718</u>
<b>Net current assets</b>		<u><b>757,355</b></u>	<u>1,056,973</u>
<b>Total assets less current liabilities</b>		<u><b>1,155,194</b></u>	<u>1,229,973</u>
<b>Net assets</b>		<u><b>1,155,194</b></u>	<u>1,229,973</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31st December, 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>918,978</b>	918,978
Reserves		<u><b>235,302</b></u>	<u>309,947</u>
		<b>1,154,280</b>	1,228,925
Non-controlling interests		<u><b>914</b></u>	<u>1,048</u>
<b>Total equity</b>		<u><b>1,155,194</b></u>	<u>1,229,973</u>
<b>Net asset value per share attributable to the owners of the Company (HK\$)</b>	<i>14</i>	<u><b>0.28</b></u>	<u>0.30</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2016

	Equity attributable to the owners of the Company						Non-controlling interests	Total equity	
	Share capital	Capital contribution reserve	Investment revaluation reserve	Translation reserve	Retained earnings	Dividend reserve			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2015	918,978	367	26,354	117	388,981	41,117	1,375,914	683	1,376,597
(Loss)/profit for the year	-	-	-	-	(103,989)	-	(103,989)	446	(103,543)
Other comprehensive income/(expenses):									
Change in fair value of available-for-sale financial assets	-	-	2,119	-	-	-	2,119	-	2,119
Reclassification adjustment for realisation upon redemption/disposal of available-for-sale financial assets	-	-	(3,917)	-	-	-	(3,917)	-	(3,917)
Share of other comprehensive income of joint ventures	-	-	-	21	-	-	21	-	21
Share of other comprehensive expenses of an associate	-	-	-	(106)	-	-	(106)	(81)	(187)
Total comprehensive (expenses)/income for the year	-	-	(1,798)	(85)	(103,989)	-	(105,872)	365	(105,507)
Dividend paid	-	-	-	-	-	(41,117)	(41,117)	-	(41,117)
Transactions with owners	-	-	-	-	-	(41,117)	(41,117)	-	(41,117)
At 31st December, 2015 and 1st January, 2016	918,978	367 <sup>#</sup>	24,556 <sup>#</sup>	32 <sup>#</sup>	284,992 <sup>#</sup>	-	1,228,925	1,048	1,229,973
Loss for the year	-	-	-	-	(73,565)	-	(73,565)	(23)	(73,588)
Other comprehensive expenses:									
Change in fair value of available-for-sale financial assets	-	-	(32)	-	-	-	(32)	-	(32)
Reclassification adjustment for realisation upon redemption/disposal of available-for-sale financial assets	-	-	(906)	-	-	-	(906)	-	(906)
Share of other comprehensive expenses of an associate	-	-	-	(142)	-	-	(142)	(111)	(253)
Total comprehensive expenses for the year	-	-	(938)	(142)	(73,565)	-	(74,645)	(134)	(74,779)
At 31st December, 2016	<u>918,978</u>	<u>367<sup>#</sup></u>	<u>23,618<sup>#</sup></u>	<u>(110)<sup>#</sup></u>	<u>211,427<sup>#</sup></u>	<u>-</u>	<u>1,154,280</u>	<u>914</u>	<u>1,155,194</u>

<sup>#</sup> The aggregate amount of these balances of HK\$235,302,000 (2015: HK\$309,947,000) represents the reserves in the consolidated statement of financial position.

## NOTES TO THE FINANCIAL INFORMATION

### 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### 2. Adoption of new or revised HKFRSs

#### 2.1 Adoption of revised HKFRSs – effective 1st January, 2016

In the current year, the Group has applied for the first time the following revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1st January, 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27 (2011) HKFRSs (Amendments)	Equity Method in Separate Financial Statements Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of these revised HKFRSs has no significant impact on the Group’s financial statements.

## 2. Adoption of new or revised HKFRSs (Cont'd)

### 2.1 Adoption of revised HKFRSs – effective 1st January, 2016 (Cont'd)

The financial information relating to the financial years ended 31st December, 2016 and 2015 included in this announcement of annual results 2016 does not constitute the Company's statutory annual financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follow:

The Company has delivered the financial statements for the year ended 31st December, 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December, 2016 in due course. The Company's auditor has reported on those financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### 2.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 9	Financial Instruments <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1st January, 2017*

<sup>2</sup> *Effective for annual periods beginning on or after 1st January, 2018*

<sup>3</sup> *Effective for annual periods beginning on or after a date to be determined*

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Board so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

### 3. Revenue and segment information

Revenue from the investments in listed and unlisted financial instruments recognised during the year is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income from available-for-sale financial assets	12,554	11,167
Dividend income		
– listed investments	5,021	21,760
Interest income from bank deposits	<u>1,451</u>	<u>856</u>
	<u><b>19,026</b></u>	<u><b>33,783</b></u>

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Executive Directors. The Executive Directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

On adoption of HKFRS 8, based on the regular internal financial information reported to the Group's Executive Directors for their decisions about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one operating segment, financial instrument investments. Accordingly, segment disclosures are not presented.

### 4. Other net loss

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Fair value loss on financial assets and liabilities at fair value through profit or loss	(53,875)	(71,078)
Exchange loss, net	(16)	(1,120)
Realised gain on redemption/disposal of available-for-sale financial assets	955	3,547
Sundry income	<u>4,746</u>	<u>743</u>
	<u><b>(48,190)</b></u>	<u><b>(67,908)</b></u>



**5. Finance costs**

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>          -</u>	<u>          13</u>

**6. Loss on disposal of joint ventures**

During the year ended 31st December 2016, the Group disposed of its entire 50% interests in joint ventures together with the amounts due from joint ventures for cash proceeds of HK\$35,120,000, recording a loss on disposal of joint ventures of approximately HK\$14,067,000.

**7. Loss before income tax**

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	<b>270</b>	262
Employee benefit expense (including Directors' emoluments)	<b>3,195</b>	2,826
Management fee	<b>17,424</b>	20,424
Impairment on amounts due from joint ventures	<b>956</b>	33,738
Total interest income derived from financial assets not at fair value through profit or loss	<u><b>(14,005)</b></u>	<u>(12,023)</u>

*Note:* Administrative and other operating expenses consist mainly of employee benefit expense, management fee and impairment on amounts due from joint ventures included above.

**8. Income tax expense**

No Hong Kong profits tax has been provided for the year ended 31st December, 2016 as the Group has no estimated assessable profits.

No Hong Kong profits tax had been provided for the year ended 31st December, 2015 as certain subsidiaries of the Group had no estimated assessable profits and certain subsidiaries of the Group has sufficient tax losses brought forward to set off the estimated assessable profits.

## 9. Dividend

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Final dividend for 2015 paid of Nil (2015: for 2014 paid of HK1 cent) per share	—	41,117

The Board proposes to preserve cash for investment activities and does not recommend any dividend for the years ended 31st December, 2016 and 2015.

## 10. Loss per share attributable to the owners of the Company

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$73,565,000 (2015: approximately HK\$103,989,000) and on the weighted average number of 4,111,704,320 (2015: 4,111,704,320) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31st December, 2016 and 2015 is the same as the basic loss per share as the Company had no dilutive potential ordinary shares during the years ended 31st December, 2016 and 2015.

## 11. Available-for-sale financial assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current</b>		
Hong Kong listed debt securities, at fair value	139,979	17,425
Unlisted debt securities, at fair value	92,297	—
Unlisted equity securities, at fair value	91,832	80,687
Unlisted equity securities, at cost	61,242	62,008
	<u>385,350</u>	<u>160,120</u>
<b>Current</b>		
Unlisted debt securities, at fair value	—	49,158
Total	<u>385,350</u>	<u>209,278</u>

**12. Financial assets at fair value through profit or loss**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equity securities held for trading		
– Listed in Hong Kong	511,113	619,164
– Listed outside Hong Kong	<u>37,475</u>	<u>52,526</u>
Market value of listed securities	548,588	671,690
Derivative financial instruments		
– Equity forward contract, at fair value	2,343	–
– Warrants listed outside Hong Kong, at market value	<u>676</u>	<u>692</u>
	<u><u>551,607</u></u>	<u><u>672,382</u></u>

**13. Financial liabilities at fair value through profit or loss**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Derivative financial instruments		
– Call options embedded in bonds and notes, at fair value	10,454	2,139
– Equity forward contracts, at fair value	<u>–</u>	<u>6,823</u>
	<u><u>10,454</u></u>	<u><u>8,962</u></u>

**14. Net asset value per share attributable to the owners of the Company**

The calculation of the net asset value per share is based on the consolidated net assets attributable to the owners of the Company of approximately HK\$1,154,280,000 (2015: approximately HK\$1,228,925,000) and 4,111,704,320 (2015: 4,111,704,320) ordinary shares in issue as at 31st December, 2016.

## OVERVIEW

The Group recorded a loss for the year ended 31st December, 2016 primarily arising from its investments in equities.

## FINANCIAL KEY PERFORMANCE INDICATORS

The Group recorded a net loss attributable to the owners of the Company in the amount of HK\$73.6 million (2015: HK\$104.0 million) for the year ended 31st December, 2016, comprising losses of HK\$71.1 million from equity related investments (2015: HK\$96.0 million) offset partly by profit contribution of HK\$19.8 million from bond investments (2015: HK\$18.0 million).

As at 31st December, 2016, the Group's net assets attributable to the owners of the Company decreased by 6.1% to HK\$1,154.3 million. In comparison, the Hang Seng Index advanced by 0.4% and the Hang Seng China Enterprises Index dropped by 2.8% during 2016.

## INVESTMENT REVIEW

As at 31st December, 2016, the Group's major investments were as follows:

<b>Investments</b>	<b>Description</b>
Listed Equities and Warrants	HK\$549.3 million of a portfolio of listed shares and warrants in 26 companies
Fixed Income	HK\$221.8 million of fixed income instruments issued or guaranteed by four companies listed in Hong Kong or overseas
Investment Funds	HK\$122.1 million in seven investment funds
Sub-participation in Unlisted Investment	Sub-participation of HK\$31.0 million in an unlisted investment
Direct Investments in Unlisted Equities	HK\$11.6 million in three direct investments in unlisted equities

## **INVESTMENT REVIEW (CONT'D)**

The Group's portfolio of investments comprises securities in Hong Kong, Malaysia, United States, Japan, Taiwan, the People's Republic of China (the "PRC") and Singapore. The value of our portfolio decreased in 2016.

The Group suffered a loss in equities following the financial market downturn. In view of the continued gloomy outlook of the global dry bulk shipping and China's department store market conditions, we decided to dispose of our participation in the sectors, held through our interests in a company listed in Taiwan, recording a loss on disposal of joint ventures of approximately HK\$14.1 million in 2016.

Over-cautiousness was the main reason for the underperformance of the Group in 2016. As mentioned in the Company's annual report of 2015, we were concerned with a deteriorating China economy, severe capital outflow from China and the hawkishness of the Federal Reserve. We aggressively cut equities exposure in the first week of January, which managed to reduce the loss of the Group amid the plunge of Hang Seng Index in January and early February in 2016. Subsequently, the China government initiated a credit binge to support economy and tightened capital control, alleviating investors' fear of hard landing of China economy. Because of our aversion of risk, the Group missed the market rebound that followed.

The five most profitable securities in our portfolio during the year are A.Plus Group Holdings Limited (provision in financial printing service in Hong Kong), Times Property Holdings Limited (a property developer in the PRC), Angang Steel Company Limited (hot rolled products, cold rolled products, medium and thick plates and other steel products manufacturer), IRC Limited (industrial commodities products including industrial iron ore manufacturer) and Orient Overseas (International) Limited (provision of container transport and logistics).

The five biggest losses securities in our portfolio during the year are Global Brands Group Holding Limited (provision of design, develop, market and sell of apparel, footwear, fashion accessories and related lifestyle product), Sun Hung Kai Properties Limited (development of and investment in properties for sale and rent, hotel operation, telecommunications, transportation, infrastructure and logistics), Cowell e Holdings Inc. (camera module and optical components manufacturer), National Agricultural Holdings Limited (software developer and provision of financial leasing business in the PRC) and Pacific Textiles Holdings Limited (textile products manufacturer).

## **DIVIDEND**

The Board proposes to preserve cash for investment activities and does not recommend any dividend for the year ended 31st December, 2016 (2015: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting of the Company is scheduled to be held on Tuesday, 23rd May, 2017 (the “AGM”). The register of members of the Company will be closed from Thursday, 18th May, 2017 to Tuesday, 23rd May, 2017, during which period no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17th May, 2017.

## **PROSPECTS, INVESTMENT BASIS AND STRATEGY**

We are research based, company focused and without sector preference. Our approach has been to identify securities that are undervalued, and offer prospects of improvement over the medium to long term. The relatively modest size of our company allows us to take advantage of investing in smaller companies with relatively lower turnover. The bond portfolio is designed to offer a buffer to counter the volatility of our equities investment, but had from time to time proved to be an important profit contributor.

In the late 2016, riding on the wave of commodity supply-side reform in China and the pledge of the new president of the United States to embark on infrastructure spending, we started to accumulate equities with inflationary themes, and has been rewarding. During the first two months of 2017, our investment in Hong Kong equities have almost recovered the loss in 2016.

## **PROSPECTS, INVESTMENT BASIS AND STRATEGY (CONT'D)**

Of late, we have been taking profit on the inflationary plays which has had a strong run and become overcrowded. Our view is that Hong Kong is not in a sustainable bull market and is at best in a wide range-trading market. Valuation wise, Hong Kong stock market is at the high end of price-earnings ratio band within the past five years. Fundamentally, with increasingly debt-laden corporate sector, China's growth rate is on a structural downward trajectory. As China and the United States are on tightening bias in terms of monetary policy, we will increase our exposure again when valuation becomes attractive and investor risk appetite subsides.

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO**

As at 31st December, 2016, the Group had cash and cash equivalents of approximately HK\$245.2 million (2015: approximately HK\$313.9 million) and no security deposits (2015: approximately HK\$6.3 million), totalling approximately HK\$245.2 million (2015: approximately HK\$320.2 million), investments of approximately HK\$938.1 million (2015: approximately HK\$889.7 million) and no bank borrowings as at 31st December, 2016 and 2015. The liquidity position of the Group enables us to respond to further investment opportunities that are expected to generate better returns for the Shareholders. The Group's gearing ratio, calculated by reference to the ratio of total borrowings to total equity attributable to the owners of the Company as at 31st December, 2016, was 0% (2015: 0%).

## **FOREIGN EXCHANGE EXPOSURE**

As at 31st December, 2016, the majority of the Group's investments were either denominated in Hong Kong dollars or United States dollars. Exposure to foreign currency exchange rates arises out of the Group's overseas investments and cash balances, including New Taiwan dollars, Renminbi, Malaysian ringgit, Thai baht, Singapore dollars and Japanese yen. The Group at present does not have any contracts to hedge against its foreign exchange risks. Should the Group consider that its exposure to foreign currency risk justifies hedging, the Group may use forward or hedging contracts to reduce the risks.

## **GUARANTEE**

As at 31st December, 2016, the Company has given guarantees to financial institutions to secure banking facilities available to its wholly-owned subsidiaries in the amount not exceeding HK\$40.0 million (2015: HK\$140.0 million).

## **STAFF COSTS**

The Group's total staff costs (including Directors' emoluments) for the year ended 31st December, 2016 amounted to approximately HK\$3.2 million (2015: approximately HK\$2.8 million).

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters, including review of the annual report for the year ended 31st December, 2016. In addition, the Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function for the year ended 31st December, 2016.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and adopted code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules as its own code on corporate governance practices throughout the financial year ended 31st December, 2016.

In the opinion of the Board, the Company has complied with the code provisions of the CG Code during the year ended 31st December, 2016 except for the following deviation:

Mr. Warren Lee Wa Lun, the Chairman of the Board, was unable to attend the annual general meeting of the Company held in May 2016 as provided for in code provision E.1.2 of the CG Code as he was on an overseas engagement.



## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31st December, 2016 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company will be despatched to the Shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board  
**SHK Hong Kong Industries Limited**  
**Lo Tai On**  
*Company Secretary*

Hong Kong, 16th March, 2017

*As at the date of this announcement, the composition of the Board is as follows: Mr. Warren Lee Wa Lun (Chairman) and Mr. Mark Wong Tai Chun are Executive Directors; Mr. Arthur George Dew is a Non-Executive Director; and Mr. Albert Ho, Mr. Peter Lee Yip Wah and Mr. Louie Chun Kit are Independent Non-Executive Directors.*