

Report of the Directors

The Board has pleasure in presenting the Directors' Report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the sales and distribution of piped gas in the People's Republic of China (the "PRC") including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances. Particulars of its principal subsidiaries are set out in Note 42 to the consolidated financial statements.

Results and Final Dividend

The results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement on page 75.

The Directors have recommended the payment of a final dividend out of the share premium account of HK fifteen cents per share (2016: HK twelve cents per share) to shareholders whose names are on the register of members of the Company on Monday, 11 June 2018.

The proposed final dividend, if approved by the shareholders at the AGM, will be payable in cash, with an option granted to shareholders to receive new and fully paid shares of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, not be entitled to the proposed final dividend, but will rank *pari passu* in all other respects with the existing shares.

The circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Tuesday, 19 June 2018. Subject to approval by shareholders at the AGM to be held on Friday, 1 June 2018 and compliance with the Companies Law of the Cayman Islands, the cheques for cash dividends and the share certificates to be issued under the Scrip Dividend Scheme will be distributed to shareholders on or about Wednesday, 18 July 2018. The register of members of the Company will be closed from Thursday, 7 June 2018 to Monday, 11 June 2018 (both days inclusive), for the purpose of determining shareholders who qualify for the final dividend and during which period no transfer of shares of the Company will be registered.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the AGM and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

The final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on or about 18 July 2018 to the shareholders whose names appear on the register of members of the Company on 11 June 2018.

Report of the Directors

Business Review

The business review of the Group for the year ended 31 December 2017 including a fair review of the business, an indication of likely future development in the Group's business, and particulars of important events affecting the Group that have occurred since the end of the financial year of 2017 (if any), is set out in the sections headed "Chairman's Statement" on pages 6 to 9 and "Financial Review" and "Review of Operations" on pages 10 to 31 respectively of this Annual Report. A discussion on the Group's environmental policies and performance, an account of the Group's key relationships with its stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group can be found in "Review of Operations" on pages 14 to 31 and "Corporate Governance Report" on pages 54 to 68 as well as the standalone 2017 Corporate Social Responsibility Report.

Description of possible risks and uncertainties that the Group may be facing can be found in the "Financial Review" on pages 10 to 13, "Risk Factors" on pages 34 to 35 and Notes 4 to 6 to the consolidated financial statements on pages 110 to 119.

Also, the financial risk management objectives and policies of the Group can be found in Note 6 to the consolidated financial statements on pages 113 to 118. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Financial Highlights" on page 5 of this Annual Report.

Reserves

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 79.

The Company's reserves available for distribution to shareholders as at 31 December 2017 amounted to HK\$3,762 million (2016: HK\$3,875 million), subject to the applicable statutory requirements under the laws of the Cayman Islands.

Financial Summary

A summary of the results, assets and liabilities of the Group for each of the five years ended 31 December 2017 is set out on page 4.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

Share Capital

During the year, the Company declared a final dividend of HK twelve cents per share for the year ended 31 December 2016 in cash (with scrip option) during the year. A total of 57,087,782 shares of the Company, fully paid, were issued and allotted in scrip form at HK\$4.836 per share. No consideration was received by the Company for the issue.

Details of movements in the share capital of the Company during the year are set out in Note 32 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this Annual Report are as follows:

Executive Directors

Mr. Chan Wing Kin, Alfred (*Chairman*)
Mr. Wong Wai Yee, Peter (*Chief Executive Officer*)
Mr. Ho Hon Ming, John (*Company Secretary*)
Mr. Kee Wai Ngai, Martin (*Chief Operating Officer*) (*Note*)

Independent Non-Executive Directors

Dr. Cheng Mo Chi, Moses
Mr. Li Man Bun, Brian David
Mr. Kwan Yuk Choi, James

Note: Mr. Kee Wai Ngai, Martin was appointed as the Chief Operating Officer of the Company with effect from 1 July 2017.

In accordance with article 112 of the Articles, Mr. Chan Wing Kin, Alfred, Mr. Kee Wai Ngai, Martin and Mr. Kwan Yuk Choi, James, having been longest in office since their respective last election, shall retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election. Details of these directors proposed for re-election are set out in the circular sent together with this Annual Report.

Each Independent Non-Executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

Each of the Independent Non-Executive Directors was appointed for a period commencing from his appointment date and is subject to retirement by rotation at the AGM.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The biographical details of the Directors of the Company are set out on pages 36 to 40 of this Annual Report.

Report of the Directors

Directors' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2017, the interests or short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required pursuant to: (a) Divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Name of Company	Name of Director	Capacity	Interest in shares			Aggregate interest	Approximate percentage of the number of issued shares of the Company or its associated corporation as at 31.12.2017
			Personal interest	Family interest	Corporate interest		
Towngas China Company Limited	Chan Wing Kin, Alfred	Beneficial owner	3,707,776	–	–	3,707,776	0.13%
	Wong Wai Yee, Peter	Beneficial owner	3,015,000	–	–	3,015,000	0.11%
	Ho Hon Ming, John	Beneficial owner	1,040,186	–	–	1,040,186	0.04%
	Kwan Yuk Choi, James	Beneficial owner	2,515,000	–	–	2,515,000	0.09%
HKCG	Chan Wing Kin, Alfred	Interest held jointly with spouse	266,692	–	–	266,692	0.00%
	Ho Hon Ming, John	Beneficial owner	41,763	–	–	41,763	0.00%
	Kwan Yuk Choi, James	Beneficial owner and interest of spouse	94,147	106,669	–	200,816	0.00%

Save as stated above, as at 31 December 2017, there were no other interests or short positions of the Directors and the chief executive in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangements to Purchase Shares or Debentures

At no time during the year was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

No equity-linked agreements were entered into by the Group, or existed during the year.

Directors' Material Interests in Transactions, Arrangements or Contracts

Other than the transactions disclosed under the heading "Connected Transactions" below, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, fellow subsidiaries or its holding company was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into in the year or subsisted at the end of the year or at any time during the year.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Permitted Indemnity Provision

The Articles provides that every Director, auditor or other officer of the Company is entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for Directors and officers of the Company.

Competing Business

During the year and up to the date of this report, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

Mr. Chan Wing Kin, Alfred, the Chairman of the Company, is the Managing Director of HKCG; and Mr. Wong Wai Yee, Peter, an Executive Director and the Chief Executive Officer of the Company, is an Executive Director of HKCG.

Report of the Directors

Competing Business (Continued)

HKCG and its subsidiaries (excluding the Group) (the "HKCG Group") are principally engaged in the production, distribution and marketing of gas, water supply and emerging environmental-friendly energy businesses in Hong Kong and the PRC. Although some of the businesses carried out by the HKCG Group are similar to the businesses carried out by the Group, they are of different scales and/or in different locations. Therefore, the Directors are of the view that the businesses of the HKCG Group do not compete directly with the businesses of the Group.

Save as disclosed above, none of the Directors had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly with the Group's business.

Substantial Shareholders

As at 31 December 2017, so far as the Directors are aware, the interests or short positions of every person, other than Directors or chief executive of the Company, in the issued shares of the Company (the "Shares") as recorded in the register of substantial shareholders required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Name of shareholder	Capacity	Aggregate interest in Shares	Approximate percentage of the number of issued Shares as at 31.12.2017
Lee Chau Kee	Interest of controlled corporations	1,857,788,706 <i>(Note 1)</i>	67.10%
Rimmer (Cayman) Limited ("Rimmer")	Trustee	1,857,788,706 <i>(Note 2)</i>	67.10%
Riddick (Cayman) Limited ("Riddick")	Trustee	1,857,788,706 <i>(Note 2)</i>	67.10%
Hopkins (Cayman) Limited ("Hopkins")	Interest of controlled corporations	1,857,788,706 <i>(Note 2)</i>	67.10%

Substantial Shareholders (Continued)

Long positions in Shares (Continued)

Name of shareholder	Capacity	Aggregate interest in Shares	Approximate percentage of the number of issued Shares as at 31.12.2017
Henderson Development Limited ("HD")	Interest of controlled corporations	1,857,788,706 <i>(Note 2)</i>	67.10%
Henderson Land Development Company Limited ("HLD")	Interest of controlled corporations	1,857,788,706 <i>(Note 2)</i>	67.10%
Faxson Investment Limited ("Faxson")	Interest of controlled corporations	1,857,788,706 <i>(Note 2)</i>	67.10%
HKCG	Interest of controlled corporations	1,857,788,706 <i>(Note 3)</i>	67.10%
Towngas International Company Limited ("TICL")	Interest of controlled corporation	1,697,758,166 <i>(Note 3)</i>	61.32%
Hong Kong & China Gas (China) Limited ("HK&CG (China)")	Beneficial owner	1,697,758,166 <i>(Note 3)</i>	61.32%
Towngas Investment Company Limited ("TICL-HK")	Interest of controlled corporations	139,052,540 <i>(Notes 3 & 4)</i>	5.02%
Planwise Properties Limited ("Planwise")	Beneficial owner	138,657,034 <i>(Notes 3 & 4)</i>	5.01%
Commonwealth Bank of Australia ("Commonwealth Bank")	Interest of controlled corporations	216,042,785 <i>(Note 5)</i>	7.80%

Report of the Directors

Substantial Shareholders (Continued)

Long positions in Shares (Continued)

Notes:

1. The entire issued share capital of Rimmer, Riddick and Hopkins were owned by Dr. the Hon. Lee Shau Kee. Dr. the Hon. Lee Shau Kee was therefore taken to be interested in the same 1,857,788,706 Shares as set out in Notes 2 and 3 below by virtue of Part XV of the SFO.
2. Rimmer and Riddick as trustees of respective discretionary trusts, held units in a unit trust ("Unit Trust"). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD. HD was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HLD. HLD through its subsidiaries (including Faxson) was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HKCG. Each of Rimmer, Riddick, Hopkins, HD, HLD and Faxson was therefore taken to be interested in the same 1,857,788,706 Shares which HKCG is deemed interested in as described in Note 3 below by virtue of Part XV of the SFO.
3. As HK&CG (China) was a wholly-owned subsidiary of TICL, which in turn was a wholly-owned subsidiary of HKCG, each of TICL and HKCG was therefore taken to be interested in the 1,697,758,166 Shares held by HK&CG (China) by virtue of Part XV of the SFO. In addition, as Planwise and Superfun Enterprises Limited ("Superfun") were wholly-owned subsidiaries of TICL-HK, which in turn was a wholly-owned subsidiary of HKCG, each of TICL-HK and HKCG was therefore taken to be interested in 160,030,540 Shares, which included (i) the 157,353,034 Shares held by Planwise; and (ii) the 2,677,506 Shares held by Superfun by virtue of Part XV of the SFO.
4. Notification has been received by the Company that (i) TICL-HK was taken to be interested in 160,030,540 Shares, and (ii) Planwise was interested in 157,353,034 Shares as at 31 December 2017. Such increases in shareholdings were not required to be disclosed under Part XV of the SFO and have been notified to the Company voluntarily.
5. Commonwealth Bank was taken to be interested in these 216,042,785 Shares which were held by indirect wholly-owned subsidiaries of Commonwealth Bank.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 December 2017, were entitled to exercise or control the exercise of 5% or more of the voting power of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Short Positions in Shares and Underlying Shares

As at 31 December 2017, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares.

Other Persons

As at 31 December 2017, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executive and the substantial shareholders as disclosed above) in the Shares or underlying Shares that was required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

Connected Transactions

Set out below is the information in relation to the connected transactions (all being continuing connected transactions) that existed during the year ended 31 December 2017 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group below and Note 37 to the consolidated financial statements, as appropriate, in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Gas Purchase and Pipeline Materials Purchase Transactions

On 3 December 2015, the Company and HKCG entered into two master agreements respectively, namely:

- (1) an agreement (the "2015 Gas Purchase Master Agreement") relating to the purchase of various types of fuel gas (including but not limited to liquefied coalbed methane, compressed natural gas and liquefied natural gas) by members of the Group from members of the HKCG Group (the "Gas Purchase Transactions"); and
- (2) an agreement (the "2015 Pipeline Materials Purchase Master Agreement", and together with the 2015 Gas Purchase Master Agreement collectively referred to as the "2015 CCT Master Agreements") relating to the purchase of various pipeline construction materials and tools (including but not limited to gas meters) by members of the Group from members of the HKCG Group (the "Pipeline Materials Purchase Transactions"),

each for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive). Particulars of the Gas Purchase Transactions, the Pipeline Materials Purchase Transactions and the 2015 CCT Master Agreements were disclosed in the announcement of the Company dated 3 December 2015. Further, as announced by the Company on 31 August 2017, the annual cap amounts in respect of the Gas Purchase Transactions for the financial years ending 31 December 2017 and 2018 had been revised.

As HKCG is a controlling shareholder of the Company, members of the HKCG Group are connected persons of the Company under the Listing Rules. The transactions contemplated under the 2015 CCT Master Agreements constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting, announcement and annual review requirements but were exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Report of the Directors

Connected Transactions (Continued)

Gas Purchase and Pipeline Materials Purchase Transactions (Continued)

The Gas Purchase Transactions and Pipeline Materials Purchase Transactions are subject to annual cap amounts of RMB94,000,000 (approximately HK\$108,520,000) and RMB129,000,000 (approximately HK\$148,926,000) respectively for the year ended 31 December 2017. The actual respective amounts of the Gas Purchase Transactions and Pipeline Materials Purchase Transactions for the year ended 31 December 2017 were RMB65,502,000 (approximately HK\$75,620,000) and RMB127,614,000 (approximately HK\$147,326,000) respectively, which had not exceeded the annual cap amounts as stated above.

The Board, including the Independent Non-Executive Directors, had reviewed and confirmed that the Gas Purchase Transactions and Pipeline Materials Purchase Transactions for the year ended 31 December 2017 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and are in the interest of the shareholders of the Company as a whole.

The Board also considers that the transactions had been conducted in accordance with the pricing policies under the relevant master agreements and the Company's internal control procedures are adequate and effective.

Project Management and System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions

On 5 December 2016, the Company entered into master agreements with two subsidiaries of HKCG respectively, namely:

- (1) an agreement (the "2016 Master Project Management Agreement") for the provision of project management services relating to the monitoring and managing of gas facilities and construction and installation projects of the Group by 瀋陽三全工程監理諮詢有限公司 (Shenyang Sanquan Project Management Consulting Co., Ltd.) ("Shenyang Sanquan"), a non wholly-owned subsidiary of HKCG, to members of the Group (the "Project Management Transactions"); and

Connected Transactions (Continued)

Project Management and System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions (Continued)

- (2) an agreement (the “2016 Master System Software, Cloud Computing System and Safety Inspection Supporting Services Agreement”, and together with the 2016 Master Project Management Agreement collectively referred to as the “2016 CCT Master Agreements”) relating to the provision by 珠海卓銳高科信息技術有限公司 (Zhuhai S-Tech Technology Limited (“Zhuhai S-Tech”), a wholly-owned subsidiary of HKCG) to members of the Group of (i) the user authorisation, installation, management and maintenance and the provision of technical supporting services in respect of the system software developed by Zhuhai S-Tech, including but not limited to Towngas Customer Information System, Geographic Information System, Supervisory Control and Data Acquisition, Mobility Meter Reading Application, Mobility Regular Safety Inspection Application and Mobility Maintenance Service Application and (ii) the user authorisation, installation, management and maintenance and the provision of technical supporting services relating to a cloud computing hardware system which will manage, operate and monitor the network infrastructure of information systems (the “System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions”),

each for a term commencing from 1 January 2017 to 31 December 2019 (both days inclusive). Particulars of the Project Management Transactions and the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions and the 2016 CCT Master Agreements were disclosed in the announcement of the Company dated 5 December 2016.

As each of Shenyang Sanquan and Zhuhai S-Tech is a subsidiary of HKCG, which in turn is a controlling shareholder of the Company, each of Shenyang Sanquan and Zhuhai S-Tech is a connected person of the Company under the Listing Rules. The transactions contemplated under the 2016 CCT Master Agreements constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting, announcement and annual review requirements but were exempted from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Project Management Transactions and the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions were subject to annual cap amounts of RMB11,810,000 (approximately HK\$13,634,000) and RMB35,000,000 (approximately HK\$40,406,000) respectively for the year ended 31 December 2017. The actual respective amounts of the Project Management Transactions and System Software and the Cloud Computing System and Safety Inspection Supporting Services Transactions for the year ended 31 December 2017 were RMB6,790,000 (approximately HK\$7,839,000) and RMB1,218,000 (approximately HK\$1,406,000) respectively, which had not exceeded the annual cap amounts as stated above.

Report of the Directors

Connected Transactions (Continued)

Project Management and System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions (Continued)

The Board, including the Independent Non-Executive Directors, had reviewed and confirmed that the Project Management Transactions and the System Software, Cloud Computing System and Safety Inspection Supporting Services Transactions for the year ended 31 December 2017 were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and are in the interest of the shareholders of the Company as a whole.

The Board also considers that the transactions had been conducted in accordance with the pricing policies under the relevant master agreements and the Company's internal control procedures are adequate and effective.

Related Party Transactions

Details of the related party transactions undertaken in the normal course of business are set out in Note 37 to the consolidated financial statements. In relation to those related party transactions that also constituted connected transactions under the Listing Rules, they are in compliance with applicable requirements under the Listing Rules and are reported in this Annual Report in accordance with the Listing Rules.

Borrowings

Particulars of borrowings of the Group as at 31 December 2017 are set out in Note 29 to the consolidated financial statements.

Donations

During the year, the Group made charitable and other donations amounting to approximately HK\$860,000.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report and during the year, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Major Customers and Suppliers

The percentage of the operating cost attributable to the Group's five largest suppliers was less than 30% during the year. The percentage of the turnover attributable to the Group's five largest customers was less than 30% during the year.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on pro-rata basis to existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

Emolument Policy

As at 31 December 2017, the Group had 22,276 employees. Approximately 99% of the Group's employees are located in the PRC. The Group remunerates its employees based on their individual performance, job nature and responsibility. Moreover, the Group provides training and various benefits for its employees including medical welfare, provident funds, bonuses and other incentives. The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's operating results, individual performance and comparable market statistics. No Director or executive, nor any of his/her associates, is involved in deciding his/her own remuneration.

Corporate Governance

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31 December 2017.

Details of the corporate governance of the Group are set out in the "Corporate Governance Report" on pages 54 to 68 of this Annual Report.

Auditor

The consolidated financial statements of the Company for the year ended 31 December 2017 have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"). A resolution will be submitted to the forthcoming AGM of the Company to re-appoint Deloitte as the auditor of the Company.

This report is signed for and on behalf of the Board.

Ho Hon Ming, John

Executive Director and Company Secretary

Hong Kong, 19 March 2018