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## K & P International Holdings Limited

堅寶國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 675)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

### UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of K & P International Holdings Limited (the “Company”) herein announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017 together with the comparative figures for the previous period. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2017*

	Notes	For the six months ended 30 June 2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
<b>REVENUE</b>	3	<b>206,701,646</b>	224,106,273
Cost of sales		<b>(165,856,872)</b>	(190,934,869)
Gross profit		<b>40,844,774</b>	33,171,404
Other income and gains	3	<b>2,432,586</b>	2,374,214
Selling and distribution costs		<b>(17,752,285)</b>	(17,615,057)
Administrative expenses		<b>(15,368,458)</b>	(16,425,884)
Other expenses	4	<b>(2,322,847)</b>	(1,871)
Finance costs	5	<b>(788,242)</b>	(848,502)
<b>PROFIT BEFORE TAX</b>	6	<b>7,045,528</b>	654,304
Income tax (expense)/credit	7	<b>(643,751)</b>	938,831
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>6,401,777</b>	1,593,135
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	8		
Basic		<b>HK2.40 cents</b>	HK0.60 cent
Diluted		<b>HK2.40 cents</b>	HK0.60 cent

Details of the interim dividend are disclosed in note 9 to the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2017*

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>PROFIT FOR THE PERIOD</b>	<b>6,401,777</b>	1,593,135
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	<b>783,819</b>	(4,202,306)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>7,185,596</b>	(2,609,171)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2017*

	<i>Notes</i>	30 June 2017 (Unaudited) HK\$	31 December 2016 (Audited) HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>189,265,232</b>	195,460,747
Prepaid land lease payments		<b>11,127,053</b>	11,269,694
Other intangible assets		-	-
Available-for-sale financial investment		<b>680,000</b>	680,000
		<hr/>	<hr/>
Total non-current assets		<b>201,072,285</b>	207,410,441
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>70,984,515</b>	60,358,767
Prepayments, deposits and other receivables		<b>11,372,226</b>	9,977,939
Trade and bills receivables	10	<b>81,733,480</b>	76,658,999
Cash and cash equivalents		<b>23,386,463</b>	24,384,156
		<hr/>	<hr/>
Total current assets		<b>187,476,684</b>	171,379,861
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>51,971,553</b>	46,443,046
Accrued liabilities and other payables		<b>44,414,553</b>	42,490,503
Interest-bearing bank and other borrowings		<b>35,248,129</b>	36,399,168
Tax payable		<b>93,791</b>	119,426
		<hr/>	<hr/>
Total current liabilities		<b>131,728,026</b>	125,452,143
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>			
		<b>55,748,658</b>	45,927,718
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>256,820,943</b>	253,338,159
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>2,191,744</b>	5,894,556
Deferred tax liabilities		<b>14,382,611</b>	14,382,611
		<hr/>	<hr/>
Total non-current liabilities		<b>16,574,355</b>	20,277,167
		<hr/>	<hr/>
Net assets		<b>240,246,588</b>	233,060,992
		<hr/>	<hr/>
<b>EQUITY</b>			
Issued capital		<b>26,700,480</b>	26,700,480
Reserves		<b>213,546,108</b>	206,360,512
		<hr/>	<hr/>
Total equity		<b>240,246,588</b>	233,060,992
		<hr/>	<hr/>

## **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 December 2016, except in relation to the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time of the current period’s financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Annual Improvements Project HKFRS 12	<i>Annual Improvements 2014-2016 Cycle</i>

The adoption of the above HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated financial statements.

## 2. OPERATING SEGMENT INFORMATION

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

- (a) the precision parts and components segment comprises the manufacture and sale of precision parts and components comprising keypads, synthetic rubber and plastic components and parts;
- (b) the consumer electronic products segment comprises the design, manufacture and sale of consumer electronic products comprising time, weather forecasting and other products; and
- (c) the corporate and others segment comprises the Group's long term investments, together with corporate income and expense items.

Management, the chief decision makers, 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 results, which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the cost of sales.

Intersegment management fee is eliminated on consolidation.

<b>For the six months ended 30 June 2017</b>	<b>Precision parts and components (Unaudited)</b> <b>HK\$</b>	<b>Consumer electronic products (Unaudited)</b> <b>HK\$</b>	<b>Corporate and others (Unaudited)</b> <b>HK\$</b>	<b>Total (Unaudited)</b> <b>HK\$</b>
<b>Segment revenue:</b>				
Sales to external customers	<b>178,171,754</b>	<b>28,529,892</b>	-	<b>206,701,646</b>
Intersegment sales	<b>2,859,145</b>	<b>335,924</b>	-	<b>3,195,069</b>
Intersegment management fee	-	-	<b>2,880,000</b>	<b>2,880,000</b>
Other income and gains, excluding bank interest income	<b>1,193,353</b>	<b>1,217,833</b>	<b>2,043</b>	<b>2,413,229</b>
Reportable segment revenue	<b>182,224,252</b>	<b>30,083,649</b>	<b>2,882,043</b>	<b>215,189,944</b>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<b>(3,195,069)</b>
Elimination of intersegment management fee				<b>(2,880,000)</b>
Bank interest income				<b>19,357</b>
Total revenue, other income and gains				<b>209,134,232</b>
<b>Segment results:</b>				
<i>Reconciliation:</i>	<b>9,627,569</b>	<b>(1,069,205)</b>	<b>(743,951)</b>	<b>7,814,413</b>
Bank interest income				<b>19,357</b>
Finance costs				<b>(788,242)</b>
Profit before tax				<b>7,045,528</b>

## 2. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2017	Precision parts and components (Unaudited) <i>HK\$</i>	Consumer electronic products (Unaudited) <i>HK\$</i>	Corporate and others (Unaudited) <i>HK\$</i>	Total (Unaudited) <i>HK\$</i>
<b>Other segment information:</b>				
Depreciation	(5,310,935)	(125,533)	(1,607,982)	(7,044,450)
Amortisation of prepaid land lease payments	(142,641)	-	-	(142,641)
Reversal of provision for impairment losses on property, plant and equipment	-	973,641	-	973,641
Capital expenditure	(839,561)	-	(27,000)	(866,561)
For the six months ended 30 June 2016	Precision parts and components (Unaudited) <i>HK\$</i>	Consumer electronic products (Unaudited) <i>HK\$</i>	Corporate and others (Unaudited) <i>HK\$</i>	Total (Unaudited) <i>HK\$</i>
<b>Segment revenue:</b>				
Sales to external customers	174,899,557	49,206,716	-	224,106,273
Intersegment sales	4,570,308	240,469	-	4,810,777
Intersegment management fee	-	-	2,880,000	2,880,000
Other income and gains, excluding bank interest income	1,922,594	420,553	16,829	2,359,976
Reportable segment revenue	181,392,459	49,867,738	2,896,829	234,157,026
<i>Reconciliation:</i>				
Elimination of intersegment sales				(4,810,777)
Elimination of intersegment management fee				(2,880,000)
Bank interest income				14,238
Total revenue, other income and gains				<u>226,480,487</u>
<b>Segment results:</b>				
<i>Reconciliation:</i>	3,599,050	(1,158,185)	(952,297)	1,488,568
Bank interest income				14,238
Finance costs				<u>(848,502)</u>
Profit before tax				<u>654,304</u>
<b>Other segment information:</b>				
Depreciation	(5,274,207)	(1,153,757)	(1,562,904)	(7,990,868)
Amortisation of prepaid land lease payments	(148,066)	-	-	(148,066)
Capital expenditure	(2,201,497)	(8,837)	(4,650)	(2,214,984)

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong	13,795,206	23,998,695
Mainland China	36,227,026	33,305,306
Japan and other Asian countries	64,390,290	47,528,480
North America	19,867,509	20,652,914
South America	4,355,805	3,480,336
Europe	64,921,544	90,954,037
Other countries	3,144,266	4,186,505
	<hr/>	<hr/>
	<b>206,701,646</b>	<b>224,106,273</b>
	<hr/>	<hr/>

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

#### (b) Non-current assets

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong	54,859,790	56,396,561
Mainland China	145,363,130	150,116,900
Other countries	169,365	216,980
	<hr/>	<hr/>
	<b>200,392,285</b>	<b>206,730,441</b>
	<hr/>	<hr/>

The non-current asset information above is based on the geographical location of assets and excludes an available-for-sale financial investment.

### Information about a major customer

For the six months ended 30 June 2017, revenue of approximately HK\$39.3 million, contributing over 10% of the total sales of the Group, was derived from sales by the precision parts and components segment to a single customer.

For the six months ended 30 June 2016, no customer contributed over 10% of the total sales of the Group.

### 3. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
<b>Revenue</b>		
Sale of goods	<b>206,701,646</b>	224,106,273
<b>Other income and gains</b>		
Bank interest income	<b>19,357</b>	14,238
Tooling charge income	<b>84,166</b>	267,928
Reversal of provision for impairment losses on property, plant and equipment	<b>973,641</b>	-
Gain on disposal of items of property, plant and equipment, net	<b>77,153</b>	-
Foreign exchange gain, net	-	546,134
Others	<b>1,278,269</b>	1,545,914
	<b>2,432,586</b>	2,374,214
<b>Total revenue, other income and gains</b>	<b>209,134,232</b>	226,480,487

### 4. OTHER EXPENSES

	For the six months ended 30 June	
	2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
Loss on disposal of items of property, plant and equipment, net	-	1,871
Foreign exchange loss, net	<b>2,322,847</b>	-
	<b>2,322,847</b>	1,871

### 5. FINANCE COSTS

	For the six months ended 30 June	
	2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
Interest on bank loans and overdrafts wholly repayable within five years	<b>496,706</b>	397,871
Interest on finance leases	<b>291,536</b>	450,631
	<b>788,242</b>	848,502

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reversal of provision for slow-moving inventories*	(63,151)	(5,676)
Depreciation	<b>7,044,450</b>	7,990,868
Amortisation of prepaid land lease payments	<b>142,641</b>	148,066
Reversal of provision for impairment losses on property, plant and equipment	<b>(973,641)</b>	-
Foreign exchange loss/(gain), net	<b>2,322,847</b>	(546,134)
(Gain)/loss on disposal of items of property, plant and equipment, net	<b>(77,153)</b>	1,871

\* The reversal of provision for slow-moving inventories for the period is included in "Cost of sales" in the consolidated income statement.

## 7. INCOME TAX

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Group:		
Current – Hong Kong		
Charge for the period	<b>361,155</b>	-
Overprovision in prior periods	-	(45,587)
Current – outside Hong Kong		
Charge for the period	<b>282,596</b>	186,500
Overprovision in prior periods	-	(521,905)
Deferred tax	-	(557,839)
	<hr/>	<hr/>
Tax charge/(credit) for the period	<b>643,751</b>	(938,831)
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on assessable profits outside Hong Kong have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK\$6,401,777 (six months ended 30 June 2016: HK\$1,593,135) and the weighted average number of 267,004,800 (six months ended 30 June 2016: 267,004,800) ordinary shares in issue during the period.

As there were no dilutive potential ordinary shares, diluted earnings per share was the same as basic earnings per share for the period ended 30 June 2017 and 2016.

## **9. DIVIDENDS**

The directors of the Company do not recommend to declare the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## **10. TRADE AND BILLS RECEIVABLES**

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. As at 30 June 2017, there is a significant concentration of credit risk as 29.6% (at 31 December 2016: 20.8%) of the balance representing a receivable from a single customer (at 31 December 2016: a single customer), which was derived from sales by the precision parts and components segment. Trade receivables are non-interest-bearing. The carrying amounts of these balances approximate to their fair values.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2017 (Unaudited) HK\$</b>	31 December 2016 (Audited) HK\$
Within 90 days	<b>78,090,830</b>	72,077,228
91 to 180 days	<b>2,486,275</b>	4,383,568
Over 180 days	<b>1,156,375</b>	198,203
	<b>81,733,480</b>	76,658,999

## **11. TRADE PAYABLES**

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2017 (Unaudited) HK\$</b>	31 December 2016 (Audited) HK\$
Within 90 days	<b>46,092,663</b>	44,308,732
91 to 180 days	<b>5,718,224</b>	1,977,194
Over 180 days	<b>160,666</b>	157,120
	<b>51,971,553</b>	46,443,046

The trade payables are non-interest-bearing and are normally settled on terms varying from 60 to 120 days of invoice date.

## **12. SHARE OPTION SCHEME**

Pursuant to 2012 share option scheme, no share options were granted, exercised, cancelled or forfeited since the adoption of the scheme and there was no outstanding share option as at 30 June 2017 and 2016.

## **13. RELATED PARTY TRANSACTIONS**

Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2017</b> <b>(Unaudited)</b> <b>HK\$</b>	<b>2016</b> <b>(Unaudited)</b> <b>HK\$</b>
Short term employee benefits	<b>3,920,775</b>	4,530,839
Contributions to retirement benefit schemes	<b>18,000</b>	27,000
Total compensation paid to key management personnel	<b>3,938,775</b>	<b>4,557,839</b>

## **14. APPROVAL OF THE FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 28 August 2017.

## **INTERIM DIVIDEND**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

The Group's turnover for the period ended 30 June 2017 amounted to approximately HK\$206.7 million, representing a 7.8% decrease from the previous period. Overall gross profit was increased by 23.1% to approximately HK\$40.8 million, comparing with the previous period. Profit attributable to owners of the Company was approximately HK\$6.4 million (six months ended 30 June 2016: HK\$1.6 million).

Basic earnings for the period ended 30 June 2017 amounted to HK2.40 cents (six months ended 30 June 2016: HK0.60 cent) per share.

### **Business Review and Future Plan**

The turnover of the precision parts and components segment amounted to approximately HK\$178.2 million, representing an increase of 1.9%, comparing with the previous period. Benefited from the launch of new products and increase of sales orders from existing and new-established customers and the depreciation of Renminbi lowering the cost of production in Mainland China, the operating profit in this segment increased to approximately HK\$9.6 million, represented an increase of 167.5%, comparing with the previous period.

The turnover of the consumer electronic products segment was decreased by 42.0% to approximately HK\$28.5 million, comparing with the previous period. The operating loss of this segment was decreased by 7.7% to approximately HK\$1.1 million, comparing with the previous period.

Due to the improvement in operating results of the precision parts and components segment, the gross profit margin of the Group during the period had increased by 5.0% to 19.8% (six months ended 30 June 2016: 14.8%), comparing with the previous period. Manufacturing overhead costs had decreased by 13.0% to approximately HK\$86.5 million, comparing with the previous period. The selling and distribution costs was increased by approximately HK\$0.1 million and the administrative expenses went down by approximately HK\$1.1 million, representing an increase of 0.8% and a decrease of 6.4% respectively, comparing with the previous period. The finance costs was decreased by 7.1% to approximately HK\$0.8 million.

The Group's capital investment for machines and equipment incurred in the precision parts and components segment during the past few years were appreciated by our existing and new-established customers, resulting in increment of sales orders and expansion of our customers base. Looking ahead, the cost of production in Mainland China continued to rise and with the appreciation of Renminbi recently, which will impose pressure for the operation costs in the second half of this year. The Group will continue focus in the precision parts and components segment business, and will invest in production automation to enhance the production efficiency, streamline the operation and explore new customers, so as to enhance the Group's profitability. With the strong and healthy financial position, we are confident that the Group will continue to achieve steady business growth.

### **Liquidity and Financial Resources**

The Group generally finances its operations with internally generated cash flow and loan facilities provided by its principal bankers and other financial institution in Hong Kong.

The total borrowings from banks and other financial institution included all term loans, finance leases, import and export loans, which amounted to approximately HK\$37.4 million as at 30 June 2017.

The Group's financial position remains healthy. As at 30 June 2017, the aggregate balance of cash and cash equivalents of the Group amounted to approximately HK\$23.4 million.

## **Liquidity and Financial Resources (continued)**

The Group's borrowings are on a floating rate basis and are mainly denominated in Hong Kong dollars or United States dollars. These match with the principal currencies in which the Group conducts its business.

The gearing ratio on the basis of net debt divided by the total capital plus net debt as at 30 June 2017 was 31.5% (at 31 December 2016: 31.4%).

## **Charge on the Group's Assets**

As at 30 June 2017, the Group's machines and equipment with carrying amount of approximately HK\$22.6 million (at 31 December 2016: HK\$30.9 million) were pledged under finance leases.

## **Capital Structure**

As at 30 June 2017, the Company had 267,004,800 ordinary shares in issue with total shareholders' equity of the Group amounted to approximately HK\$240.2 million.

## **Fund Raising**

Other than obtaining general loan facilities to finance the Group's trading requirements and finance leases to finance the acquisition of machines and equipment, the Group did not have any fund raising activities during the period ended 30 June 2017.

## **Employees**

As at 30 June 2017, the Group had a total workforce of approximately 1,854 of which approximately 48 were based in Hong Kong, approximately 5 were based in overseas and approximately 1,801 were based in Mainland China.

The Group remunerates its employees largely based on the prevailing industry practice and labour laws. Since December 1996, the Company has adopted a share option scheme for the purpose of providing incentives and rewards to the employees of the Group.

Moreover, under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, the Group has operated a defined contribution Mandatory Provident Fund retirement benefits scheme for all its Hong Kong employees. For overseas and Mainland China employees, the Group is required to contribute a certain percentage of its payroll costs to the central pension scheme operated by the respective local governments.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the period.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the directors, saved for the deviation discussed below, the Company has complied with all the code provisions of the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report.

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The roles of the Chairman and the Chief Executive Officer are not separate and are performed by Mr. Lai Pei Wor. Since the Board will meet regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and believes that this structure will enable the Company to make and implement decisions promptly and efficiently.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of Appendix 10 of the Listing Rules. Based on specific enquiry of the Company's directors, all directors have complied with the required standard set out in the Model Code throughout the period.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee of the Company currently comprises three independent non-executive directors, namely, Mr. Kung Fan Cheong, Mr. Mak Kwai Wing and Mr. Li Yuen Kwan, Joseph. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2017.

## **PUBLICATION OF INTERIM REPORT**

The Company's interim report containing all the relevant information required by the Listing Rules will be published in due course on the websites of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.kpihl.com](http://www.kpihl.com)).

## **EVENTS AFTER THE REPORTING PERIOD**

### **Change of Director and Change of Composition of Board Committees**

With effect from 3 July 2017:

- Mr. Mak Kwai Wing was appointed as an independent non-executive director, the chairman of the audit committee, a member of the remuneration committee and a member of the nomination committee.
- Mr. Li Yuen Kwan, Joseph was appointed as a member of the remuneration committee.
- Mr. Leung Man Kay resigned as an independent non-executive director, the chairman of the audit committee, a member of the remuneration committee and a member of the nomination committee.

On behalf of the Board  
**K & P International Holdings Limited**  
Lai Pei Wor  
*Chairman*

Hong Kong, 28 August 2017

*As at the date of this announcement, the Board comprises Messrs. Lai Pei Wor and Chan Yau Wah (being executive directors) and Messrs. Kung Fan Cheong, Mak Kwai Wing and Li Yuen Kwan, Joseph (being independent non-executive directors).*

\* For identification purpose only