SAMSON HOLDING LTD.
順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00531)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of Samson Holding Ltd. (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	Notes	**2017** **US$'000**	2016 *US$'000*
Revenue	4	**487,541**	434,050
Cost of sales		**(323,921)**	(314,290)
Gross profit		**163,620**	119,760
Other income, gains, losses and expenses	4	**87,372**	(5,281)
Distribution costs		**(17,592)**	(19,230)
Sales and marketing expenses		**(66,450)**	(43,679)
Administrative expenses		**(59,707)**	(38,637)
Finance costs		**(1,632)**	(1,605)
Profit before tax	5	**105,611**	11,328
Income tax expense	6	**(15,549)**	(4,783)
Profit for the year		**90,062**	6,545
Earnings per share attributable to ordinary equity holders of the parent	8		
– Basic (in US cents)		**2.95**	0.22
– Diluted (in US cents)		**2.93**	0.22

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	US$'000	*US$'000*
Profit for the year	**90,062**	6,545
Other comprehensive income/(loss):		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,177**	(27,855)
Total comprehensive income/(loss) for the year	**93,239**	(21,310)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 US$'000	2016 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**128,961**	114,229
Investment properties		**7,918**	8,146
Prepaid land lease payments – non-current portion		**3,861**	8,942
Goodwill		**13,705**	13,705
Other intangible assets		**6,030**	1,669
Deferred tax assets		**9,431**	6,720
Total non-current assets		**169,906**	153,411
CURRENT ASSETS			
Inventories		**124,489**	101,130
Trade and other receivables	*9*	**106,738**	100,945
Prepaid land lease payments – current portion		**145**	282
Held-for-trading investments	*10*	**41,808**	96,453
Derivative financial instruments		**342**	–
Tax recoverable		**2,390**	–
Pledged bank deposits		**5,779**	1,008
Short term bank deposits		**–**	1,500
Cash and cash equivalents		**68,405**	106,598
Total current assets		**350,096**	407,916
CURRENT LIABILITIES			
Trade and other payables	*11*	**86,236**	60,296
Derivative financial instruments		**716**	7,447
Interest-bearing bank borrowings		**39,029**	105,883
Tax payable		**11,027**	8,880
Total current liabilities		**137,008**	182,506
NET CURRENT ASSETS		**213,088**	225,410
TOTAL ASSETS LESS CURRENT LIABILITIES		**382,994**	378,821
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**4,566**	4,474
Deferred tax liabilities		**2,735**	3,179
Total non-current liabilities		**7,301**	7,653
Net assets		**375,693**	371,168
EQUITY			
Issued capital		**155,913**	152,180
Reserves		**219,780**	218,988
Total equity		**375,693**	371,168

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for held-for-trading investments and derivative financial instruments which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in the financial statements upon the adoption of amendments to HKAS 7, which require an entity 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.

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity 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.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's revenue arises principally from the manufacturing and sale of residential furniture.

For the purpose of resource allocation and performance assessment, the Group's executive directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As each brand shares similar economic characteristics, has similar products, is produced under similar production processes and has a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and, accordingly, no separate segment information is prepared.

Segment profit before tax of US$79,578,000 (2016: US$56,851,000) represents the profit before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses and finance costs.

Other segment information

Amounts regularly provided to the executive directors but not included in the measure of segment profits are as follows:

	Reportable segment total	Unallocated	Total
	US$'000	*US$'000*	*US$'000*
2017			
Depreciation of property, plant and equipment	**11,262**	**911**	**12,173**
Provision of inventories, net	**1,814**	**–**	**1,814**
Capital expenditure*	**50,546**	**–**	**50,546**
2016			
Depreciation of property, plant and equipment	10,453	1,017	11,470
Provision of inventories, net	3,727	–	3,727
Capital expenditure*	10,580	–	10,580

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisition of a subsidiary.

The unallocated depreciation of property, plant and equipment is in connection with corporate headquarters' property, plant and equipment, which are not included in segment information.

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC"), the United Kingdom (the "U.K."), the United States of America (the "U.S.") and Bangladesh.

The Group's revenue from external customers by their geographical location, and information about its non-current assets by geographical location, are detailed below:

	Revenue from external customers Year ended 31 December		Non-current assets (Note) As at 31 December	
	2017	2016	**2017**	2016
	US$'000	*US$'000*	***US$'000***	*US$'000*
PRC, including Hong Kong	**11,788**	12,654	**49,783**	68,905
U.K.	**12,207**	16,756	**1,358**	1,626
U.S.	**446,642**	402,742	**93,008**	59,568
Bangladesh	**–**	–	**4,860**	5,651
Others	**16,904**	1,898	**11,466**	10,941
	487,541	434,050	**160,475**	146,691

Note: Non-current assets excluded the deferred tax assets.

Information about a major customer

During the year ended 31 December 2017, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

During the year ended 31 December 2016, revenue generated from one single customer amounting to approximately US$56,027,000 accounted for over 10% of the Group's revenue.

4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of other income, gains, losses and expenses from continuing operations is as follows:

	Notes	**2017** **US$'000**	2016 US$'000
Other income			
Bank interest income		**996**	1,315
Rental income		**1,256**	1,256
		2,252	2,571
Other gains, losses and expenses			
Foreign exchange difference, net		**3,660**	(8,478)
Loss on disposal of items of property, plant and equipment		**(974)**	(336)
Net loss on derivative financial instruments		**(1,863)**	(6,176)
Net gain on held-for-trading investments		**3,528**	4,234
Gain on disposal of a subsidiary	*13*	**75,301**	–
Gain on bargain purchase	*12*	**2,980**	–
Others		**2,488**	2,904
		85,120	(7,852)
		87,372	(5,281)

5. PROFIT BEFORE TAX

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

	Notes	**2017** **US$'000**	2016 US$'000
Employee benefits expense (excluding directors' remuneration)			
Wages, salaries and allowances		**125,964**	94,357
Equity-settled share options expense		**413**	402
Retirement benefit scheme contributions		**3,111**	3,350
		129,488	98,109
Provision for inventories		**3,624**	3,835
Reversal of inventories provision		**(1,810)**	(108)
Auditors' remuneration		**745**	770
Cost of inventories sold		**322,107**	310,563
Depreciation of investment properties		**228**	228
Depreciation of items of property, plant and equipment		**12,713**	11,470
Amortisation of prepaid land lease payments		**275**	294
Amortisation of an intangible asset		**239**	–
Impairment of trade receivables		**967**	132
Loss on disposal of items of property, plant and equipment*		**974**	336
Minimum lease payments under operating leases		**8,243**	1,922
Net loss on derivative financial instruments*		**1,863**	6,176
Foreign exchange differences, net*		**(3,660)**	8,478
Net gain on held-for-trading investments*		**(3,528)**	(4,234)
Bank interest income*		**(996)**	(1,315)
Rental income from leases*		**(1,256)**	(1,256)
Service income from provision of logistics arrangement services		**(267)**	(268)
Gain on disposal of a subsidiary*	*13*	**(75,301)**	–
Gain on bargain purchase*	*12*	**(2,980)**	–

* These items are included in "Other income, gains, losses and expenses" in the consolidated statement of profit or loss.

6. INCOME TAX

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 34% (2016: 34%).

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2016: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2017	2016
	US$'000	*US$'000*
Current tax:		
U.S.	**2,906**	6,157
Elsewhere	**1,312**	854
Under provision in prior years	**7,207**	–
	11,425	7,011
Deferred tax	**4,124**	(2,228)
	15,549	4,783

7. DIVIDENDS

	2017	2016
	US$'000	*US$'000*
Interim – HK$0.035 (2016: RMB0.03) per share	**13,635**	13,756
Final – RMB0.03 per share for 2016 (2016: RMB0.05 per share for 2015)	**13,249**	23,314
Special – HK$0.14 per share during the year (2016: Nil)	**55,877**	–
	82,761	37,070

Final dividend of HK$0.035 per share amounting to approximately HK$109.1 million in respect of the year ended 31 December 2017 (2016: RMB0.03 per share amounting to approximately RMB91.3 million) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share for the year are based on:

	2017	2016
	US$'000	*US$'000*
Profit for the year and earnings for the purpose of basic and diluted earnings per share	**90,062**	6,545

	2017	2016
	Number of shares	*Number of shares*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,056,977,218**	3,043,609,773
Effect of dilutive potential ordinary shares:		
Share options	**12,184,459**	–
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**3,069,161,677**	3,043,609,773

9. TRADE AND OTHER RECEIVABLES

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

	2017	2016
	US$'000	*US$'000*
Trade receivables:		
Within 1 month	**48,863**	32,671
1 to 2 months	**14,594**	29,850
Over 2 months	**14,359**	18,690
	77,816	81,211
Other receivables and prepayments	**28,922**	19,734
	106,738	100,945

10. HELD-FOR-TRADING INVESTMENTS

	2017	2016
	US$'000	*US$'000*
Debt securities, at fair value:		
Listed in the U.S. with average yield rate of 2.43% to 4.58% and maturity from April 2017 to November 2041	**7,289**	16,394
Listed in Hong Kong with average yield rate of 2.50% to 6.80% and maturity from January 2017 to November 2024	**15,724**	17,277
Listed in Singapore with average yield rate of 3.25% to 6.13% and maturity from June 2017 to November 2027	**11,665**	14,076
Listed in the U.K. with average yield rate of 4.24% to 5.70% and maturity from January 2017 to January 2022	**647**	2,055
Listed in other jurisdictions with average yield rate of 2.38% to 6.02% and maturity from January 2017 to November 2041	**6,483**	7,757
Structured deposits with interest rate of 5.75% to 7.70% and maturity from February 2017 to March 2017	**–**	6,638
Others	**–**	32,256
	41,808	96,453

The above investments at 31 December 2016 and 2017 were classified as held-for-trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

11. TRADE AND OTHER PAYABLES

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

	2017	2016
	US$'000	*US$'000*
Trade payables:		
Within 1 month	**16,910**	12,173
1 to 2 months	**5,542**	4,429
Over 2 months	**3,456**	4,704
	25,908	21,306
Other payables and accruals	**60,328**	38,990
	86,236	60,296

12. BUSINESS COMBINATION

On 28 February 2017, the Group acquired a 100% interest in Baker Interiors Group, LTD. (formerly known as "Kohler Interiors Group, LTD.") and its subsidiaries (collectively referred to as "BIG") at a consideration of US$35,000,000. BIG is engaged in the manufacture and sale of a range of casual and luxury lifestyle furniture and home accessories. The acquisition was made as part of the Group's strategy to expand its business into the high-end furniture market. The purchase consideration was fully settled by cash of US$35,000,000 on 28 February 2017.

The fair values of the identifiable assets and liabilities of BIG as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	US$'000
Property, plant and equipment	27,304
Intangible assets (trademark)	4,600
Deferred tax assets	7,271
Inventories	11,862
Trade and other receivables	5,505
Trade payables	(2,256)
Other payables and accruals	(16,306)
Total identifiable net assets at fair value	37,980
Gain on bargain purchase recognised in other income, gains, losses and expenses in the consolidated statement of profit or loss	(2,980)
Satisfied by cash	35,000

The fair values and gross contractual amounts of the trade and other receivables as at the date of acquisition amounted to US$5,505,000.

The Group incurred acquisition expenses of US$338,000 for this acquisition. These acquisition expenses have been expensed and included in other expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	US$'000
Cash consideration	(35,000)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(35,000)

13. DISPOSAL OF A SUBSIDIARY

On 1 September 2017, (i) Samson Pacific Company Limited ("SPC"), an indirect wholly-owned subsidiary of the Company; and (ii) New Success (HK) Limited ("New Success"), a company wholly-owned by Auson Group, being a company wholly-owned by Mr. Shan Huei Kuo and Ms. Yi-Mei Liu, the executive directors and controlling shareholders of the Company, entered into a shares transfer agreement, pursuant to which SPC agreed to sell and New Success agreed to acquire the entire issued share capital of Lacquer Craft Manufacturing Co., Ltd. (Dongguan) ("LCDG").

The transaction was completed on 27 November 2017 at a total consideration of approximately US$72,215,000. Upon completion, LCDG ceased to be a subsidiary of the Company and its financial results, assets and liabilities were ceased to be consolidated with those of the Group.

Upon completion of the transaction, the Group recorded gain on disposal of a subsidiary of approximately US$75,301,000. The gain was mainly derived from (i) the premium of the consideration of US$72,215,000 over the net assets of LCDG recorded as at 27 November 2017 of US$9,696,000; and (ii) the exchange and the other reserves that were released as a result of the disposal for the amount of approximately US$12,782,000.

This constitutes a connected transaction under The Rules Governing the Listing of Securities on the Stock Exchange and details of the transaction were set out in the announcements of the Company dated 1 September 2017 and 27 November 2017, and the circular of the Company dated 17 October 2017.

Details of the aggregate net liabilities of LCDG disposed of in the current year and their financial impacts are summarised below:

	2017
	US$'000
Net liabilities disposed of:	
Property, plant and equipment	**14,196**
Prepaid land lease payments	**5,431**
Cash and bank balances	**755**
Trade and other receivables	**1,685**
Trade payables	**(2,290)**
Other creditors and accruals	**(8,008)**
Tax payable	**(2,073)**
	9,696
Statutory reserve	**(1,174)**
Exchange fluctuation reserve	**(11,608)**
	(3,086)
Gain on disposal of a subsidiary	**75,301**
	72,215
Satisfied by:	
Cash	**72,215**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	US$'000
Cash consideration	72,215
Cash and bank balances disposed of	(755)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	71,460

The gain on the disposal of a subsidiary was included in revenue, other income, gains, losses and expenses (note 4) in the consolidated statement of profit or loss.

BUSINESS REVIEW

Samson is now proud to be the holding company that possesses perhaps the best wholesale furniture branding portfolio in the U.S. after the successful acquisition of Baker Interiors Group, LTD. (formerly known as Kohler Interiors Group, LTD.) and its subsidiaries (collectively referred to as "BIG").

We are proud to build a fully integrated U.S. wholesale furniture branding, including Universal Furniture, Smartstuff by Universal Furniture, Paula Deen Home, Legacy Classic Furniture, Legacy Classic Kids, Wendy Bellissimo, Craftmaster Furniture, Lacquer Craft Hospitality, Willis & Gambier (United Kingdom), Universal Furniture China and Athome, backed up by Lacquer Craft Furniture with its unparalleled China manufacturing operations in Jia Shan. BIG brings in three global luxury furniture brands, namely, "Baker", "Milling Road" and "McGuire", and each with a long history of leading design, quality and craftsmanship, backed up by its advanced manufacturing plants, consisting of approximately 36 acres of beautiful land and the building in Hickory, North Carolina, United States.

2017 was a great year for the Group's business progress as well as shareholders of the Group. In February 2017, we have successfully completed the acquisition of Kohler Interiors Group, LTD. (now known as Baker Interiors Group, LTD.). The acquisition will not only bring in luxury furniture business, which is complementary to the Company's existing business, but also complete the Company's strategic goal to offer a wide range of furniture brands from mid-low-end to ultra-high-end. In October 2017, the Group declared and distributed a special cash dividend of HK$0.14 per share, or around HK$436 million to shareholders of the Group, resulted from a one-time cash gain of approximately US$75 million, with reference made to a discloseable and connected transaction in relation to the disposal of subsidiary.

The furniture and home furnishings (F&HF) industry in the U.S. is experiencing new dynamics as the non-traditional channels, especially e-commerce, will continue to reshape the industry. With clear strategy to invest in Enterprise Resource Planning ("ERP") system and product design, the Group is expanding both its business and profit margins by benefiting from the growth of non-traditional channels including e-commerce, designer channels, model home and hospitality, while reducing its reliance on lower-margins business.

We are pleased with the continuing margins increase as a result of favourable product mix change, effective cost and marketing expense control, and business expansion in the non-traditional channels that the Group has made great achievements and built sound foundations. The integration and combination of BIG is expected to produce fruitful and exciting synergy to the Group.

FINANCIAL REVIEW

Net sales for the year was US$487.5 million compared to US$434.1 million in 2016, an increase of US$53.4 million or 12.3%. The increase in net sales was attributable to the growth of sales of the mid-to-high end furniture brand of the Group due to the launch of successful new products, the expansion of non-traditional channels and the new acquisition of BIG. In the meantime, the Group is also reducing its reliance on low margins business in Mass Merchandise.

Gross profit for the year was US$163.6 million, a significant increase from that of US$119.8 million for 2016. Gross profit margin for the year jumped to 33.6% from 27.6% for 2016. The improvement in margin was driven by the favourable business mix change, category expansion in high margins business and improving manufacturing efficiency.

Compared with US$101.5 million in 2016, total operating expenses were recorded at US$143.8 million in 2017. The increase was mainly due to the increased expenses of the newly acquired company.

The profit for this year increased to US$90.1 million from US$6.5 million in 2016. Net profit margin increased to 18.5% from 1.5% in 2016. The increase in profit was mainly due to increase in high margins business, continued good control in sales and marketing expenses and the one-time non-cash profit from the bargain purchase.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2017, the Group's cash and cash equivalents decreased by US$38.2 million to US$68.4 million from US$106.6 million as at 31 December 2016, and no short term bank deposits compared with US$1.5 million as at 31 December 2016. Interest-bearing bank borrowings decreased from US$110.4 million as at 31 December 2016 to US$43.6 million as at 31 December 2017. The gearing ratio (total bank borrowings/shareholders' equity) decreased to 11.6% as at 31 December 2017 from 29.7% as at 31 December 2016. The Group's cash position remains strong and the Group possesses sufficient cash and available banking facilities to meet working capital requirements and further enable us to expand through acquisitions with confidence.

Cash and cash equivalents held by the Group are mainly denominated in U.S. dollars, Renminbi, U.K. Pound Sterling and Hong Kong dollars. As at 31 December 2017, interest-bearing bank borrowings of US$39.0 million (31 December 2016: US$105.9 million) bore interest at floating rates and fixed rate ranging from 1.6% to 2.4% respectively and long term bank borrowing of US$4.6 million bore interest at a floating rate (31 December 2016: US$4.5 million).

Our sources of liquidity include cash and cash equivalents, short term bank deposits, cash from operations and general banking facilities granted to the Group. The Group maintains strong and prudent liquidity for day-to-day operations and business development.

As a result of our international operations, we are exposed to foreign exchange risk arising from various currency exposures primarily with respect to Renminbi and U.K. Pound Sterling. Although the majority of our total revenues is denominated in U.S. dollars, a substantial portion of our cost of sales is paid in Renminbi and part of the sales are denominated in U.K. Pound Sterling. The exchange rates of U.K. Pound Sterling and Renminbi to U.S. dollars have fluctuated substantially in recent years and may continue to fluctuate in the future. In order to manage the risks arising from fluctuations in foreign currency exchange rates, we entered into forward foreign currency contracts to help manage currency exposures associated with certain sales and cost of sales. Most of the forward exchange contracts have generally ranged from one to twelve months in maturity whereas all foreign currency exchange contracts are recognised in the balance sheet at fair values. As at 31 December 2017, outstanding forward exchange contracts with notional value amounted to US$242.6 million (31 December 2016: US$97.4 million).

The Group's current assets decreased by 14.2% to US$350.1 million compared to US$407.9 million as at 31 December 2016 and the Group's current liabilities decreased by 24.9% to US$137.0 million compared with US$182.5 million as at 31 December 2016. The current ratio (current assets/current liabilities) is 2.6 times (31 December 2016: 2.2 times).

PLEDGE OF ASSETS

As at 31 December 2017, certain of the Group's property, plant and equipments, investment properties, other intangibles, inventories, trade and other receivables and bank deposits with carrying value of US$167.3 million (31 December 2016: US$9.9 million) have been pledged to banks to secure the general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditures for the year ended 31 December 2017 amounted to US$50.5 million compared to US$10.6 million in 2016, which was mainly incurred for the acquisition of BIG (now became an indirect wholly owned subsidiary of the Company) in order to further expand the Company's business to luxury furniture brands. Furthermore, the Company's investment in pollution control equipment was enhanced to reduce the impact on the China environment with its increased concern of the environmental protection.

OUTLOOK

The U.S. economy grew 2.3% in 2017, which was well ahead of the 1.5% growth in 2016. Overall, the U.S. economy is healthy. Consumer confidence is the highest since 2000, unemployment is the lowest in 17 years, and the U.S. has added jobs every month for more than 7 years.

On 22 December 2017, the U.S. 2017 Tax Cuts and Jobs Act (the Tax Act) was enacted into law, The Tax Act contains significant changes to corporate taxes, including a permanent reduction of the corporate tax rate from 35% to 21% effective 1 January 2018. The Tax Act will benefit Samson Holding Ltd's long term profits to shareholders.

The strong foundation we have built across our business models over the years has positioned us well to capitalise on continuing improvements in the economy. We believe our strong capital, our management, category expansion, diversified customer base, growing distribution channels and continuing operational efficiency will be winning factors for the recovery cycle.

DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.035 per share for the year ended 31 December 2017 (2016: RMB0.03 per share), amounting to approximately HK$109.1 million (2016: RMB91.3 million), subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM"). Upon approval of the shareholders, the proposed final dividend will be paid on 28 May 2018 to the shareholders of the Company whose names appear on the Company's register of members as at 17 May 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 3 May 2018 to Tuesday, 8 May 2018, both days inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 May 2018.

For determining the entitlement to the proposed final dividend (subject to the approval of the Company's shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 16 May 2018 to Thursday, 17 May 2018, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible for the entitlement to the proposed final dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 May 2018.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standard of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2017, save as mentioned below.

Mr. Shan Huei KUO is the Chairman of the Board and also the Chief Executive Officer of Lacquer Craft Mfg. Co., Ltd. (Zhejiang). The Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. KUO in his management of the Board and the business of the Company.

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own "Code for Securities Transactions by Directors and Employees" (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code and the Company's Code throughout the year ended 31 December 2017.

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

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

AUDIT COMMITTEE REVIEW

The financial results for the year ended 31 December 2017 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is posted on the websites of the Company (www.samsonholding.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report will be despatched to the shareholders and posted on the aforementioned websites in due course.

For and on behalf of the Board
SAMSON HOLDING LTD.
Shan Huei KUO
Chairman

22 March 2018

As at the date of this announcement, Mr. Shan Huei KUO (Chairman), Ms. Yi-Mei LIU and Mr. Mohamad AMINOZZAKERI are the executive directors of the Company; Mr. Sheng Hsiung PAN is the non-executive director of the Company; and Mr. Ming-Jian KUO, Mr. Siu Ki LAU and Mr. Sui-Yu WU are the independent non-executive directors of the Company.