Sateri Holdings Limited

Stock Code: 1768

2013 Interim Report

About Sateri

Listed on the Hong Kong Stock Exchange, Sateri Holdings Limited ("Sateri"; stock code:1768) is one of the largest specialty cellulose producers in the world. Sateri produces different grades of high-purity dissolving wood pulp and viscose staple fiber, which are natural raw materials and key ingredients to a diverse range of everyday items from textiles, baby wipes and eyeglass frames, to soft ice-cream, sausage casings and pharmaceuticals, as well as industrial products such as high performance tire cords.

Sateri has a vertically integrated business. Its upstream operations in Brazil consist of a secure renewable plantation that grows eucalyptus trees on its 150,000 hectares of freehold land, and a state-of-the-art mill to produce high-purity dissolving wood pulp. Sateri's downstream business in China consists of production facilities that use dissolving wood pulp to produce viscose staple fiber to capture the fast growing consumer market demand in China.

Sateri attaches high priority to its social and sustainability responsibilities and is committed to preserve and protect the environment in every aspect of its operations. Sateri has corporate offices located in Shanghai and Hong Kong.

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Corporate Information

Board of Directors

Independent Non-Executive Directors

John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

Executive Director

TEY Wei Lin (Acting Chief Executive Officer)

Executive Committee

John Jeffrey YING (Chairman)
TEY Wei Lin

Remuneration Committee

Jeffrey LAM Kin Fung (Chairman)
John Jeffrey YING
TEY Wei Lin
LOW Weng Keong

Audit Committee

David YU Hon To (Chairman)
LIM Ah Doo
LOW Weng Keong

Nomination Committee

LIM Ah Doo (Chairman)
David YU Hon To
TEY Wei Lin

Company Secretary

Winnie LUI Mei Yan

Authorized Representatives

TEY Wei Lin
Winnie LUI Mei Yan

Stock Code

1768

Websites

http://www.sateri.com
http://www.irasia.com/listco/hk/sateri

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendan House
2 Church Street
Hamilton HM 11
Bermuda

Principal Bankers

Hong Kong

China Development Bank Corporation Hong Kong Branch
Banco Santander, S.A.
Taishin International Bank

Singapore

ABN AMRO Bank N.V.

China

Bank of China
Industrial and Commercial Bank of China
China Merchants Bank

Brazil

Mizuho Corporate Bank, Ltd.
Banco Santander, S.A.
Banco Itaú BBA, S.A.
Banco Bradesco, S.A.

Auditor

PricewaterhouseCoopers

Place of Business in Hong Kong Registered under Part XI of the Companies Ordinance

21/F, China Building
29 Queen's Road Central
Central, Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

Financial Highlights

Six months ended 30 June (unaudited)

US$ mn	2013	2012	Change
Revenue	**337**	373	(10)%
Cost of sales	**212**	273	(22)%
Gross profit	**125**	100	25%
Gross profit margin	**37%**	27%	
EBITDA[(1)]	**114**	96	19%
EBITDA margin	**34%**	26%	
Profit attributable to shareholders	**23**	13	72%
Net profit margin	**7%**	4%	
Earnings per share (US cents)	**0.7**	0.4	72%
Net cash from operating activities	**97**	80	22%

US$ mn	At 30 Jun 2013	At 31 Dec 2012	Change
Total assets	**2,580**	2,392	8%
Total liabilities	**842**	669	26%
Net assets	**1,738**	1,723	1%
Total debt	**636**	498	28%
Cash and cash equivalents	**218**	195	11%
Net debt	**418**	302	38%
Current ratio	**2.5x**	1.4x	
Net gearing[(2)]	**24%**	18%	

Notes:

(1) EBITDA is calculated as profit before income tax, finance costs, depreciation, amortization of intangible assets and changes in the value of forestation and reforestation assets.

(2) Net gearing is calculated by dividing (i) long-term and short-term borrowings minus pledged bank deposits, bank balances and cash by (ii) total equity (including non-controlling interests).

Management Discussion and Analysis

Sateri Holdings Limited is a leading global specialty cellulose company. The Group produces dissolving wood pulp at its Bahia Specialty Cellulose plant in Brazil using wood resources grown from its captive eucalyptus plantations, and viscose staple fiber in Jiangxi, China using DWP as its main raw material feedstock.

Business Review

Sateri is a leading global specialty cellulose company. The Group produces dissolving wood pulp ("DWP") at its Bahia Specialty Cellulose ("BSC") plant in Brazil using wood resources grown from its captive eucalyptus plantations, and viscose staple fiber ("VSF") in Jiangxi, the People's Republic of China ("China" or "PRC"), using DWP as its main raw material feedstock.

In the first half of 2013, market conditions continued to be challenging and product pricing for rayon-grade DWP and VSF remained weak. Rayon-grade DWP continued to experience a soft product pricing environment driven by new capacity additions since the second half of 2011, coming from new mills, upgrades or conversions. China's slower economic growth also drove weaker prices for VSF. Although the market saw temporary stabilization in the first few months in 2013, spot market prices of rayon-grade pulp and VSF softened to about US$900 and under US$1,900 per metric ton, respectively, as at 30 June 2013.

During the period, the Group continued its ongoing strategy to further penetrate into the specialty-grade DWP segment. Sales volume for this segment, typically sold under multi-year contracts, increased by 5% in the first half of 2013. Discussions on contract terms for 2014 have commenced and the Group expects to make further progress in penetrating this market segment as it continues to refine its product quality according to stringent customer specifications.

The Group's average selling prices ("ASPs") for DWP and VSF for the first six months of 2013 were 12% and 11% lower than the ASP respectively achieved in the corresponding period in 2012. This reflected the lower ASPs of rayon-grade DWP and VSF while the ASP for specialty-grade DWP remained fairly stable. As a result of lower ASPs, the Group's revenue declined by 10% to US$337 million.

Despite the challenging operating environment, the Group recorded a 22% decline in total cost of sales as a result of a drop in the prices of certain key materials for production during the period, the Group's continuing effort to improve cost competitiveness as well as a weaker Brazilian Reais during the period compared to the same period in 2012. This resulted in a 25% increase in gross profit to US$125 million, while consolidated EBITDA also improved by 19% to US$114 million. Gross profit margin and EBITDA margin were 37% and 34% compared to 27% and 26%, respectively, in the corresponding period in 2012.

Profit attributable to shareholders increased by 72% to US$23 million. This is after taking into account an adverse non-cash impact of US$16 million arising from fair value adjustments relating to forestation assets in Brazil mainly as a result of the depreciation of the Brazilian Reais against the US Dollar in the first half of 2013. There was a similar adverse non-cash impact of US$11 million during the same period of 2012.

During the first six months in 2013, the Group continued the ongoing construction of its greenfield VSF project in Fujian, China which is expected to be operational by the end of 2013. Total investment is estimated to be RMB3.5 billion (approximately US$550 million), supported by committed project finance facilities of RMB2.0 billion. Total capital expenditure up to 30 June 2013 amounted to US$355 million. When the project is complete, its additional 200,000 metric tons of VSF per annum will more than double Sateri's downstream capacity to further integrate its upstream and downstream operations, move the Group towards capacity balance along the rayon-viscose value chain, and position it to capture the long-term demand growth in one of the fastest-growing economies in the world.

On 6 February 2013, the Ministry of Commerce of the PRC ("MOFCOM") announced an anti-dumping investigation against dissolving pulp products imported into the PRC originating from the United States of America, Canada and Brazil. BSC has been included in the MOFCOM announcement as one of the manufacturers under consideration in the investigation. The Group's position is that BSC has at all times acted in accordance with all applicable laws, and any allegations of product dumping are entirely without merit. Assisted by external advisors, BSC has submitted to MOFCOM replies to all its questionnaires and other relevant documents. It is now waiting for the response of MOFCOM.

On 15 February 2013, the Group completed a US$500 million senior secured trade related facility agreement consisting of a five-year term loan of US$440 million and a committed revolving credit facility of US$60 million. The proceeds were used to prepay the outstanding balance of US$336 million of the previous US$470 million international syndicated loan facility, as well as for general working capital purposes.

Segment Review

DWP Business

Six months ended 30 June	2013	2012	Change
Production volume (Note) (metric tons)	**202,662**	209,336	(3)%
Sales volume (Note) (metric tons)	**149,542**	149,816	(-)%
ASP (US$/metric ton)	**1,152**	1,310	(12)%
Revenue (US$'000)	**172,283**	196,337	(12)%
Gross profit (US$'000)	**73,805**	72,707	2%
Gross profit margin (%)	**43%**	37%	
EBITDA (US$'000)	**69,362**	73,551	(6)%
EBITDA margin (%)	**40%**	37%	

Note: Production volume represents total production volume of DWP. Sales volume represents sales of DWP to third parties.

The Group's DWP Business segment comprises sales of rayon-grade pulp and specialty-grade pulp to third parties.

Rayon-grade pulp

Rayon-grade pulp is the principal raw material ingredient used for the production of VSF. China is the largest rayon-grade pulp market by demand and BSC remains its largest supplier by volume, according to RISI (a leading information provider for the global forest products industry), China Chemical Fibers and Textiles Consultancy ("CCF") and China Customs data.

In the first half of 2013, the weak pricing environment resulting from the wave of new supply coming to the industry since the second half of 2011 persisted. Spot market prices temporarily stabilized in the first few months but declined to about US$900 per metric ton by the end of June 2013, compared to a record high of approximately US$2,600 per metric ton in March 2011.

In spite of the current over-supply throughout the rayon-viscose value chain, demand growth for rayon-grade pulp continues to be robust. Total global demand for rayon-grade pulp is approximately 4.3 million metric tons annually, which grew by approximately 10% per year from 2010 to 2012, mainly from China, and is expected to grow at similar rates per year in 2013 and 2014, according to RISI.

Management Discussion and Analysis

The Group sold 100,081 metric tons of rayon-grade pulp to third parties in the first six months of 2013, representing a slight decrease of 3% compared to the corresponding period in 2012. 71,645 metric tons were also sold internally from BSC to Sateri Jiangxi and Sateri Fujian, representing a 10% decline from a year ago.

A large proportion of the Group's sales of rayon-grade pulp to third parties are derived from spot, rather than long term contracts. Therefore, the business is inherently more cyclical than the specialty-grade pulp business. Accordingly, the Group's strategy is to continue to increase its exposure to the specialty-grade pulp market, and to optimize the production and sales mix of rayon grades and specialty grades of pulp in light of prevailing market conditions and customer demand.

Specialty-grade pulp

Specialty-grade pulp is the natural key ingredient of a wide array of everyday use consumer products. Sateri's products are manufactured to a high degree of purity, and are mostly used for applications such as acetate for cigarette filters and eyeglasses frames, pharmaceutical tablets, and high-performance tire cords.

Total global demand for specialty-grade pulp is approximately 1.5 million metric tons annually, and is estimated to grow at 4% to 5% per year from 2012 to 2014, according to RISI. Barriers of entry into this market are high owing to the advanced technological know-how required to produce the high purity products, the stringent customer specifications and long product qualification cycle. As such, market prices of specialty-grade pulp are more stable and less susceptible to market volatility. According to RISI, the market prices of the specialty-grade pulp trended upward at a 8% compound annual growth rate ("CAGR") in the past decade.

In the first half of 2013, sales volume of specialty-grade DWP increased by 5% to 49,461 metric tons from 47,122 metric tons in the corresponding period in 2012. Discussions on contract terms for the next year have commenced and the Group expects to make further progress in penetrating this market segment.

VSF Business

Six months ended 30 June	2013	2012	Change
Production volume (metric tons)	**88,668**	82,189	8%
Sales volume (metric tons)	**87,253**	83,095	5%
ASP (US$/metric ton)	**1,891**	2,132	(11)%
Revenue (US$'000)	**164,968**	177,126	(7)%
Gross profit (Note) (US$'000)	**51,616**	27,677	86%
Gross profit margin (%)	**31%**	16%	
EBITDA (Note) (US$'000)	**47,192**	24,661	91%
EBITDA margin (%)	**29%**	14%	

Note: The costs of producing rayon-grade pulp used by the VSF manufacturing operation are recorded within the VSF Business segment.

The Group's VSF Business segment comprises sales of VSF to third parties. VSF, produced from rayon-grade pulp, is a high purity, high absorbent and biodegradable material typically used in a variety of textile products to enhance comfort, adding a silky touch and color brilliance, and other non-woven products.

The rapidly expanding consumer market in China makes it both the largest producer and customer of VSF in the world. The majority of customers for Sateri's VSF production are textile manufacturers located in China, South East Asia and Europe. Global demand for VSF has grown by approximately 8% per annum in the last decade, and by more than 10% in China, according to Fiber Organon (a statistical journal published by Fiber Economics Bureau in the United States) and the CCF.

Against the backdrop of macroeconomic market uncertainties and slower China economic growth, market prices of VSF fell to under US$1,900 per metric ton by the end of June 2013, compared to a record high of approximately US$3,700 per metric ton in March 2011. The Group's ASP of VSF dropped by 11% to US$1,891 per metric ton in the first half of 2013, from US$2,132 per metric ton in the corresponding period in 2012.

Although product pricing for VSF remained weak, the Group's production of VSF during the period increased by 8% to 88,668 metric tons and sales volume increased by 5% to 87,253 metric tons. Cost of sales for the segment saw a significant decline during the period as a result of the Group's continuing effort to improve cost competitiveness in both rayon-grade pulp and VSF manufacturing as well as a drop in the prices of certain key materials for production. As a result, the segment gross profit and EBITDA were enhanced significantly to US$52 million and US$47 million respectively.

The Group is focused on completing its new greenfield VSF plant in Fujian, China which is scheduled to be operational by the end of this year. The new VSF plant will allow the Group to increase the level of integration between its rayon-grade DWP and VSF operations, and to increase its penetration into the specialty VSF markets (such as non-woven); thus enhancing Sateri's competitive positioning in the VSF market.

Future Development Plan

The Group will continue to target further penetration into the specialty-grade pulp segment which offers more stable pricing and superior positioning in the value chain. The Group is gearing towards becoming a leading global player in this segment, particularly in acetates.

The Group will also focus on completing its greenfield VSF project in Fujian, China. Through the completion of the VSF mill, the Group's capacity balance along the rayon-viscose value chain will be enhanced. Also, the new mill will increase the Group's scale and competitive position of its VSF business.

The Group will continue to manage dynamically the production and sales mix of its DWP and VSF products in order to maximize long-term shareholder value from its integrated business platform.

The Group will also continue to explore the feasibility of further greenfield or brownfield expansions, particularly at its existing manufacturing locations, and/or acquisition opportunities, if they meet the Group's stringent strategic and financial return targets.

Outlook

There will be further new supply coming on in the rayon-grade pulp market, and spot market prices of rayon-grade pulp will continue to be cyclical, as the market works its way toward demand-supply equilibrium. However, economic growth in China and other parts of the world will continue to drive demand for the Group's rayon-grade DWP as well as its VSF products. In the longer term, cotton prices are expected to be maintained at higher levels, especially in China, which will continue to spring demand for VSF driven by the potential substitution effect.

The Group is well-positioned to withstand the short-term headwinds and emerge stronger from the uncertain trading conditions owing to its sustainable source of wood supply from its freehold timberland in Brazil, and its competitive cost structure. The Group will also continue its relentless efforts in penetrating the specialty-grade DWP market which has more stable and premium pricing than rayon-grade DWP, and achieve a better sales mix to maximize profitability from the integrated business platform. The Group will also constantly strive to sustain its operations at a low and competitive cost level. The above, together with its conservative cash flow and balance sheet management, means that the Group is poised to grow further in future and deliver attractive long-term shareholder value.

Financial Review

Consolidated Results

For the six months ended 30 June 2013, the Group's total revenue decreased by 10% to US$337 million from US$373 million in the corresponding period in 2012, mainly as a result of the lower ASPs of both the rayon-grade DWP and VSF. Total cost of sales declined by 22% to US$212 million, resulting in a 25% increase in gross profit to US$125 million. EBITDA increased by 19% to US$114 million. Profit attributable to shareholders increased by 72% to US$23 million and earnings per share also increased to US 0.7 cents from US 0.4 cents.

Management Discussion and Analysis

Cost of Sales

Cost of sales primarily consists of the cost of planting and harvesting wood, DWP purchased from third parties for the Group's VSF business, chemicals, conversion costs including energy, labor costs and depreciation.

The Group's cost of sales decreased by 22% to US$212 million for the six months ended 30 June 2013 from US$273 million in the corresponding period in 2012. The decrease was mainly due to a drop in the prices of certain key materials for production, the Group's continuing effort to improve cost competitiveness as well as a weaker Brazilian Reais during the period compared to the same period in 2012.

Other Profit and Loss Account Items

Selling and Distribution and Administrative Expenses

Selling and distribution expenses decreased by 7% to US$29 million for the six months ended 30 June 2013, from US$31 million in the corresponding period in 2012, mainly as a result of a shift in product sales mix. Administrative expenses, in contrast, increased by 24% to US$38 million mainly as a result of increasing expenses in Fujian, China as the construction of the mill progresses towards completion.

Finance Costs

The Group's finance costs increased to US$18 million in the first half of 2013, from US$16 million in the corresponding period in 2012, as a result of the drawdown of the US$440 million term loan tranche of the US$500 million senior secured trade related facility agreement completed on 15 February 2013.

Decrease in Fair Value of Derivative Financial Instruments and Gain on Settlement of Derivative Financial Instruments

The Group manages its interest rate risk through the use of interest rate swaps ("IRS"). Since 2010, the Group adopted hedge accounting for its IRS under International Accounting Standard 39 whereby (i) the changes in fair value of IRS are recorded in the consolidated statement of comprehensive income, and (ii) the gain/loss on settlement of IRS are included in finance costs.

The Group mitigates the currency fluctuations affecting its operations mainly through a hedging program using plain vanilla non-deliverable forward contracts. Effective from 1 July 2012, the Group adopted hedge accounting for its currency hedging risk management program under International Accounting Standard 39 whereby (i) the changes in fair value of derivative financial instruments are recorded in the consolidated statement of comprehensive income, and (ii) the gain/loss on settlement of derivative financial instruments are mainly included in cost of sales.

For the six months ended 30 June 2013, changes in fair value of currency derivative financial instruments amounted to a loss of US$9 million. Following the adoption of hedge accounting, this amount is recorded in the consolidated statement of comprehensive income, under the line item "loss on cash flow hedge". This line item for the six months ended 30 June 2013 included an increase in fair value of IRS of US$4 million, resulting in a net loss of US$5 million.

For the six months ended 30 June 2012, changes in the fair value of currency derivative financial instruments amounted to a loss of US$5 million that is recorded in the consolidated income statement. During the same period, changes in the fair value of IRS amounted to a loss of US$1 million that is recorded in the consolidated statement of comprehensive income under the line item "loss on cash flow hedge".

For the six months ended 30 June 2013, the gain on settlement of derivative financial instruments amounted to US$2 million. Following the adoption of hedge accounting, this is mainly recorded under the line item "cost of sales", compared to US$3 million for the corresponding period in 2012 that was recorded under the line item "gains on settlement of derivative financial instruments" in the consolidated income statement.

Changes in Fair Value of Forestation and Reforestation Assets

Fair value of forestation and reforestation assets in Brazil is estimated using a discounted cash flow model with reference to estimates in growth, harvest, sales prices and costs. The volume of forest harvested and recoverable as estimated by the Group is based on statistical information and data obtained from physical measurements and other information gathering techniques.

The Group assumes a six-year harvest cycle of trees within this model. Such information gathered and data used requires, to a certain extent, estimates and judgments in determining the amount of forest to be harvested and recoverable in the future. If future expectations at any given period end differ from original estimates, the difference will impact the carrying amount of forestation and reforestation assets in the balance sheet, and be taken up in the consolidated income statement in the period.

Revaluation of the Group's forestation and reforestation assets in Brazil is conducted semi-annually at each reporting date. The exchange rate between the Brazilian Reais and US Dollar depreciated from US$1 = BRL2.04 as at 31 December 2012 to US$1 = BRL2.22 as at 30 June 2013. Accordingly, revaluation of the Group's forestation and reforestation assets as at 30 June 2013 resulted in a non-cash loss of US$16 million in the first six months of 2013, compared to a US$11 million loss in the corresponding period in 2012 which was also mainly as a result of the depreciation of Brazilian Reais against US Dollar during the period.

Capital Expenditure

The Group continued to exercise careful control over capital expenditure as appropriate during the first six months in 2013.

The Group incurred US$243 million in capital expenditure for the six months ended 30 June 2013, compared to US$78 million in the corresponding period in 2012. The majority of this capital expenditure was for the continuing construction of the new VSF mill in Fujian, China which totaled US$203 million (1H2012: US$24 million). Of the remaining amount, US$37 million (1H2012: US$50 million) was incurred in Brazil, including US$15 million spent on forestation and reforestation assets, and US$3 million was incurred in Jiangxi, China (1H2012: US$4 million).

Charges on Assets

As at 30 June 2013, certain assets of the Group with an aggregate carrying value of US$1,083 million (31 December 2012: US$1,282 million) were pledged with banks for bank loans used by our subsidiaries.

Cash Flow, Liquidity and Financial Position

The Group continues to be adequately capitalized, with ample liquidity, and is capable of funding its foreseeable capital expenditure requirements with cash flows from operating activities and banking facilities.

As at 30 June 2013, the Group's cash and cash equivalents (including bank balances and cash and pledged bank deposits) amounted to US$218 million, compared with US$195 million as at 31 December 2012. Total debt was US$636 million and net debt was US$418 million as at 30 June 2013, compared with US$498 million and US$302 million, respectively, as at 31 December 2012. The Group's net gearing ratio (which is calculated by dividing (i) long-term and short-term borrowings minus pledged bank deposits, bank balances and cash by (ii) total equity (including non-controlling interests) was 24%, compared to 18% as at 31 December 2012.

As at 30 June 2013, the Group had total undrawn banking facilities of US$446 million.

Net cash from operating activities increased to US$97 million for the six months ended 30 June 2013, from US$80 million in the corresponding period in 2012, mainly due to an increase in operating profit.

Net cash from financing activities for the six months ended 30 June 2013 was US$105 million compared to an outflow of US$89 million for the corresponding period in 2012 mainly because of the drawdown of the US$440 million term loan tranche of the senior secured trade related facility in February 2013 and the drawdown of the Fujian project loan to finance the Fujian project in 2013.

Treasury Policies and Risk Management

The Group has a prudent approach towards treasury management and risk management. Most of the Group's receipts are in US dollars and Chinese Renminbi. The Group's main costs are denominated in Brazilian Reais and Chinese Renminbi where it has its main production facilities are in Brazil and China. As stated above, the Group's approach to currency risk is to mitigate the currency fluctuations affecting its operations mainly through non-deliverable forward contracts. The Group does not issue any put options.

The Group's cash is generally placed in short-term deposits denominated in US Dollars and Chinese Renminbi. Most of its borrowings are in US Dollars and Chinese Renminbi and largely carry floating interest rates and the Group has entered into certain interest rate swap agreements to swap part of its floating rate borrowing for fixed interest rates to mitigate potential increases in future interest rates.

Other Changes Since 31 December 2012

Save as disclosed in the Company's interim results announcement dated 13 August 2013 and the previous announcements made by the Company in 2013, there were no other material changes in the Group's financial position or in the information disclosed under the section headed "Management Discussion and Analysis" in the Company's annual report for the year ended 31 December 2012.

Corporate Governance

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of our shareholders and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Board

The Board currently comprises the following Directors:

Independent Non-executive Directors:

John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong (appointed on 2 April 2013)

Executive Director:

TEY Wei Lin (Acting Chief Executive Officer)

The roles of the Chairman and Chief Executive Officer are segregated. The Chairman, who is an Independent Non-executive Director, is responsible for leadership of the Board, for ensuring that the Board functions effectively and independently. The Chief Executive Officer (or the Acting Chief Executive Officer, as the case may be) is responsible for leading the operations of the Group's businesses to achieve their business and financial targets, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer (or the Acting Chief Executive Officer, as the case may be).

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board is expected to meet regularly and at least four times a year with at least 14 days' notice. Additional meetings with reasonable notice will be held as and when the Board considers appropriate. Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. The Board held four meetings to date in 2013 (with a 100% attendance rate).

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the changes in the information of Directors since the publication of the Company's annual report for the year ended 31 December 2012 are set out below:

(a) Mr. John Jeffrey YING, an Independent Non-executive Director, retired as the chairman and was elected as the chairman emeritus of The Hong Kong Ballet with effect from 1 April 2013;

(b) Mr. LOW Weng Keong (i) was appointed as an Independent Non-executive Director of the Company, and a member of the Audit Committee and the Remuneration Committee of the Company with effect from 2 April 2013; and (ii) ceased being an independent director of Unionmet (Singapore) Limited with effect from 29 July 2013;

(c) Mr. John SETO Gin Chung retired as a Non-executive Director at the annual general meeting of the Company and ceased being a member of the Executive Committee of the Company with effect from 21 May 2013;

(d) Mr. David YU Hon To, an Independent Non-executive Director, (i) was appointed as an independent non-executive director of Keck Seng Investments (Hong Kong) Limited with effect from 1 April 2013; (ii) was appointed as an independent non-executive director of New Century Asset Management Limited (as manager of New Century Real Estate Investment Trust) with effect from 14 June 2013; (iii) ceased being a member of the Remuneration Committee of the Company with effect from 13 August 2013; and (iv) retired as an independent non-executive director of China Datang Corporation Renewable Power Co., Limited with effect from 20 August 2013;

(e) Mr. TEY Wei Lin, an Executive Director, resigned as a non-executive director of Asia Pacific Resources International Limited with effect from 23 July 2013; and

(f) Mr. Jeffrey LAM Kin Fung, an Independent Non-executive Director, ceased being a member of the Audit Committee of the Company with effect from 13 August 2013.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee with written terms of reference approved by the Board. Terms of reference of the above Board committees were made available on the websites of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Company as appropriate. Each of the above Board committees is chaired by an Independent Non-executive Director.

Audit Committee

The Audit Committee currently comprises the following Directors:

Independent Non-executive Directors:

David YU Hon To (Chairman of the Audit Committee)
LIM Ah Doo
LOW Weng Keong (appointed as a committee member on 2 April 2013)

Mr. Jeffrey LAM Kin Fung ceased to be a member of the Audit Committee with effect from 13 August 2013.

The Audit Committee shall meet at least four times a year and meet with the external auditor twice a year in the absence of the management. The Audit Committee met three times to date in 2013 (with a 100% attendance rate) to review with senior management, the Company's internal and external auditors the Group's significant internal controls, risk management and financial matters as set out in the Audit Committee's written terms of reference. The Audit Committee's review mainly covers the audit plans and findings of the internal and external auditors, the external auditor's independence, re-appointment of the external auditor, the Group's accounting principles and practices, the Listing Rules and statutory compliance, internal controls, risk management, financial reporting matters and the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget. The Audit Committee was satisfied that such internal controls system was effective and adequate.

Remuneration Committee

The Remuneration Committee currently comprises the following Directors:

Independent Non-executive Directors:

Jeffrey LAM Kin Fung (Chairman of the Remuneration Committee)
John Jeffrey YING
LOW Weng Keong (appointed as a committee member on 2 April 2013)

Executive Director:

TEY Wei Lin

Mr. David YU Hon To ceased to be a member of the Remuneration Committee with effect from 13 August 2013.

The Remuneration Committee shall meet as and when appropriate, but at least once a year and otherwise as appropriate. The Remuneration Committee met once to date in 2013 (with a 100% attendance rate) to consider and review, inter alia, the policy and structure for the remuneration of Directors and senior management, and to determine, with delegated responsibility, the remuneration packages of the senior management for the year 2013.

Corporate Governance

Nomination Committee

The Nomination Committee currently comprises the following Directors:

Independent Non-executive Directors:

LIM Ah Doo (Chairman of the Nomination Committee)
David YU Hon To

Executive Director:

TEY Wei Lin

The Nomination Committee shall meet as and when appropriate, but at least once a year and otherwise as appropriate. The Nomination Committee met twice to date in 2013 (with a 100% attendance rate) to consider and review, inter alia, the Board composition, the retirement of a Director by rotation, the nomination of an Independent Non-executive Director, the change of composition of the relevant Board committees, and the adoption of the Board Diversity Policy for compliance with the relevant new code provisions of the Listing Rules.

Executive Committee

The Executive Committee currently comprises the following Directors:

Independent Non-executive Director:

John Jeffrey YING (Chairman of the Executive Committee)

Executive Director:

TEY Wei Lin

Mr. John SETO Gin Chung ceased to be a member of the Executive Committee upon his retirement as a Non-executive Director with effect from 21 May 2013.

The Executive Committee met four times to date in 2013 (with a 100% attendance rate) to discuss potential projects and human resource issues and to review the operating performance and financial position of the Group.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and assessment and management of risks. In meeting its responsibility, the Board has put in place policies and procedures which provide a framework for the identification and management of risks.

The Group regards internal audit as an important part of the board oversight function. The Group's internal audit department ("Internal Audit") is authorized by the Board to have access to all records, people and physical properties relevant to the performance of internal audit. The Internal Audit has unrestricted access to the chairman of the Audit Committee and reports directly to the Audit Committee for direction and accountability. This reporting relationship enables the Internal Audit to provide an objective assurance to the effectiveness of the internal control system of the Group.

The Internal Audit prepares and submits an internal audit plan to the Audit Committee for approval on an annual basis, according to a risk-based audit priority weighting policy. Reports to the management are prepared after completion of the audit work, and are summarized for review at each Audit Committee meeting. Continual follow-up work is undertaken by the Internal Audit to establish the extent of completion of remedial actions taken by the management, with follow-up results, audit progress and available resources reviewed by the Audit Committee at each committee meeting.

The Board will continue to identify, evaluate and manage the significant risks faced by the Group, and to enhance the internal control system of the Group with the assistance of its Internal Audit on an ongoing basis.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted its own Guidelines on Securities Transactions regarding securities transactions by Directors, directors of its subsidiaries, and relevant employees on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiries with the Directors, and all Directors confirmed that they have complied with the required standards set out in the Company's Guidelines on Securities Transactions and the Model Code regarding Directors' securities transactions for the six months ended 30 June 2013.

Compliance with the Corporate Governance Code

During the six months ended 30 June 2013, the Company has applied the principles of, and complied with its Corporate Governance Manual and the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as contained in Appendix 14 to the Listing Rules, save for the deviation as disclosed below:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Our Non-executive Directors (including Independent Non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation at the Company's annual general meetings at least once every three years in accordance with the Bye-laws of the Company. The Company in practice has complied with the relevant code provision of the CG Code.

Corporate governance practices adopted by the Company during the six months ended 30 June 2013 are in line with those practices set out in the Company's annual report for the year ended 31 December 2012.

Corporate Governance

Review of Unaudited Financial Information

This unaudited consolidated financial information of the Group for the six months ended 30 June 2013 has been reviewed by the Audit Committee of the Company and the external auditor.

Restricted Share Unit Schemes and Share Option Scheme

The Company adopted the Pre-IPO Restricted Share Unit Scheme ("Pre-IPO RSU Scheme") and the Post-IPO Restricted Share Unit Scheme ("Post-IPO RSU Scheme", collectively the "RSU Schemes") on 8 November 2010. The purpose of the RSU Schemes is to attract skilled and experienced personnel, to incentivize participants to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests of the Company.

As at 30 June 2013, RSUs in respect of 8,165,026 underlying shares were granted to 18 grantees (including a Director and two former Directors) pursuant to the Pre-IPO RSU Scheme. Total RSUs in respect of 5,558,619 underlying shares to 9 grantees had been cancelled since the adoption of the Pre-IPO RSU Scheme. No RSUs were cancelled during the six months ended 30 June 2013. As at 30 June 2013, total RSUs in respect of 2,606,407 underlying shares to 9 grantees (including a Director) were still valid, of which a total of 1,565,767 RSUs were vested under the Pre-IPO RSU Scheme.

As at 30 June 2013, RSUs in respect of 3,177,276 underlying shares were granted to 19 grantees (including a former Director) pursuant to the Post-IPO RSU Scheme. Total RSUs in respect of 602,867 underlying shares to 8 grantees had been cancelled since the adoption of the Post-IPO RSU Scheme, of which 150,000 underlying shares to 2 grantees were cancelled during the six months ended 30 June 2013. As at 30 June 2013, total RSUs in respect of 2,574,409 underlying shares to 11 grantees were still valid, of which a total of 1,814,312 RSUs were vested under the Post-IPO RSU Scheme. On 8 July 2013, a total of 2,600,000 RSUs were granted to 11 grantees pursuant to the Post-IPO RSU Scheme.

The Company also adopted a share option scheme on 8 November 2010 ("Share Option Scheme"). As at 30 June 2013, no options have been granted by the Company pursuant to the Share Option Scheme.

For more information on the RSU Schemes and the Share Option Scheme, please refer to pages 50 to 53 and 115 and 116 of the Company's annual report for the year ended 31 December 2012.

Investor Relations and Communications

The Group maintains continuous communications with shareholders, analysts and the media to ensure fair disclosure through regular meetings, conference calls and investor events. The Group also maintains investor relations websites (www.sateri.com and www.irasia.com/listco/hk/sateri) to disseminate information to investors and shareholders on a timely basis. The Company has adopted a shareholders' communication policy and will review the same on a regular basis to ensure its effectiveness. The procedures for shareholders to propose a person for election as a Director are also published on the Company's website.

Employees

As at 30 June 2013, the Group had 2,957 employees in total. Total staff costs for the Group for the six months ended 30 June 2013 amounted to approximately US$35.8 million (for the six months ended 30 June 2012: approximately US$28.2 million). Remuneration for employees is based upon their qualification, experience, job nature, performance and market conditions. The Group may also pay discretionary year end bonuses to employees based on individual performance. Other benefits to employees include medical insurance, retirement schemes and training programs. Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company as well as RSU units in accordance with the terms and conditions of the Share Option Scheme and the RSU Schemes.

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures

As at 30 June 2013, the interests of the Directors and chief executive of the Company in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Number of Shares held	Number of Shares underlying RSUs granted under the Pre-IPO RSU Scheme	Vesting period of RSUs granted	Approximate % of the issued share capital of the Company
John Jeffrey YING ("Mr. Ying")(1)	Beneficial owner	576,354	384,237	15 February 2014	0.03%

Note:

1. On 15 February 2012, 288,177 Shares under the Pre-IPO RSU Scheme were vested to Mr. Ying. On 15 February 2013, 288,177 Shares under the Pre-IPO RSU Scheme were further vested to Mr. Ying.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2013, the following persons, other than the Director whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures" above, had interests in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO as follow:

Long positions in the Shares and underlying Shares

Name	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company
Gold Silk Holdings Limited ("Gold Silk")(1)	Beneficial owner	2,863,496,750	83.83%
Fiduco Trust Management AG ("Fiduco")(1)(2)	Interest in a controlled corporation	2,863,496,750	83.83%
Mr. Sukanto Tanoto ("Mr. Tanoto")	Person who set up a discretionary trust	2,863,496,750	83.83%

Notes:

1. The entire issued share capital of Gold Silk is held by Fiduco, as the trustee of a discretionary trust established by Mr. Tanoto as settlor. The beneficiaries of such discretionary trust include Mr. Tanoto and certain members of his family. Mr. Tanoto is deemed to be interested in the 2,863,496,750 Shares held by Gold Silk pursuant to Part XV of the SFO.

2. Fiduco is the trustee of a discretionary trust established by Mr. Tanoto as settlor and whose beneficiaries include Mr. Tanoto and certain members of his family.

Save as disclosed above, as at 30 June 2013, no other person, other than the Director whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures" above, had any interests or short positions in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Purchase, Sale or Redemption of Shares

Other than the issue of 500,000 new ordinary shares of the Company pursuant to the Pre-IPO RSU Scheme and the annual mandate of the Company, details of which are set out in the Company's announcement dated 15 March 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2013. The Group will review the possibility of a final dividend for the year ending 31 December 2013 in light of its financial position, the prevailing economic climate and expectations about the future macroeconomic environment, business performance and future investment opportunities, prior to the announcement of the Group's 2013 annual results for the year ending 31 December 2013.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF SATERI HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 18 to 39, which comprises the condensed consolidated statement of financial position of Sateri Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 August 2013

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Condensed Consolidated Income Statement

For the six months ended 30 June 2013

	Notes	Unaudited Six months ended 30 June 2013 US$'000	2012 US$'000
Revenue	6	**337,251**	373,463
Cost of sales	7	**(211,830)**	(273,079)
Gross profit		**125,421**	100,384
Selling and distribution expenses		**(29,053)**	(31,201)
General and administrative expenses		**(38,101)**	(30,658)
		58,267	38,525
Other income and gains/(losses), net			
Decrease in fair value of derivative financial instruments		**–**	(4,854)
Gains on settlement of derivative financial instruments		**–**	2,671
Decrease in fair value of forestation and reforestation assets		**(16,313)**	(11,069)
Others	8	**7,888**	4,307
		(8,425)	(8,945)
Operating profit	9	**49,842**	29,580
Finance costs	10	**(17,740)**	(16,190)
Profit before income tax		**32,102**	13,390
Income tax (expense)/credit	11	**(6,022)**	107
Profit for the period		**26,080**	13,497
Profit attributable to:			
Owners of the Company		**23,091**	13,405
Non-controlling interests		**2,989**	92
		26,080	13,497
Earnings per share			
Basic and diluted (US cents)	12	**0.7**	0.4

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Unaudited Six months ended 30 June	
	2013	2012
	US$'000	US$'000
Profit for the period	**26,080**	13,497
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Currency translation differences	**5,032**	(1,051)
Loss on cash flow hedge	**(5,022)**	(1,159)
Other comprehensive income/(loss) for the period	**10**	(2,210)
Total comprehensive income for the period	**26,090**	11,287
Total comprehensive income for the period attributable to:		
Owners of the Company	**22,542**	10,199
Non-controlling interests	**3,548**	1,088
	26,090	11,287

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	Unaudited 30 June 2013 US$'000	Audited 31 December 2012 US$'000
Non-current assets			
Forestation and reforestation assets	14	**172,798**	185,678
Property, plant and equipment	14	**1,733,548**	1,539,447
Prepaid lease payments	14	**32,711**	30,978
Investment properties	14	**1,736**	1,762
Intangible assets	14	**525**	575
Deferred income tax assets	15	**47,631**	52,783
Other non-current assets	16	**66,356**	89,829
		2,055,305	1,901,052
Current assets			
Inventories		**149,910**	143,634
Trade, bills and other receivables	17	**157,662**	151,104
Derivative financial instruments		**–**	1,043
Pledged bank deposits		**–**	73
Bank balances and cash		**217,598**	195,403
		525,170	491,257
Current liabilities			
Trade and other payables	18	**179,053**	147,267
Derivative financial instruments		**8,157**	–
Current income tax payable		**18,478**	18,780
Bank borrowings	19	**7,428**	195,792
Obligations under finance leases		**89**	689
		213,205	362,528
Net current assets		**311,965**	128,729
Total assets less current liabilities		**2,367,270**	2,029,781

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	Unaudited 30 June 2013 US$'000	Audited 31 December 2012 US$'000
Non-current liabilities			
Bank borrowings	19	**628,679**	301,980
Derivative financial instruments		**323**	4,501
		629,002	306,481
		1,738,268	1,723,300
Capital and reserves			
Share capital	20	**170,921**	170,896
Share premium and reserves		**1,531,087**	1,519,692
Equity attributable to owners of the Company		**1,702,008**	1,690,588
Non-controlling interests		**36,260**	32,712
		1,738,268	1,723,300

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

For the six months ended 30 June 2013

	Unaudited										
	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Special reserve US$'000 (note a)	Other non-distributable reserves US$'000 (note b)	Translation reserve US$'000	Cashflow hedging reserve US$'000	Awarded shares compensation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2013	170,896	425,521	277,394	3,438	34,910	(3,458)	839	781,048	1,690,588	32,712	1,723,300
Total comprehensive income for the period	–	–	–	–	4,473	(5,022)	–	23,091	22,542	3,548	26,090
Transactions with owners											
Issue of new shares	25	170	–	–	–	–	(195)	–	–	–	–
Transfers	–	–	–	2,023	–	–	–	(2,023)	–	–	–
Dividend	–	–	–	–	–	–	–	(11,000)	(11,000)	–	(11,000)
Awarded shares compensation expense	–	–	–	–	–	–	(258)	136	(122)	–	(122)
Total transactions with owners	25	170	–	2,023	–	–	(453)	(12,887)	(11,122)	–	(11,122)
At 30 June 2013	170,921	425,691	277,394	5,461	39,383	(8,480)	386	791,252	1,702,008	36,260	1,738,268

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

For the six months ended 30 June 2012

	Unaudited										
	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Special reserve US$'000 (note a)	Other non-distributable reserves US$'000 (note b)	Translation reserve US$'000	Cashflow hedging reserve US$'000	Awarded shares compensation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2012	170,794	424,930	277,394	3,423	35,354	(3,421)	963	736,228	1,645,665	30,870	1,676,535
Total comprehensive income for the period	–	–	–	–	(2,047)	(1,159)	–	13,405	10,199	1,088	11,287
Transactions with owners											
Issue of new shares	102	610	–	–	–	–	–	–	712	–	712
Cost of issuing new shares	–	(19)	–	–	–	–	–	–	(19)	–	(19)
Transfers	–	–	–	15	–	–	–	(15)	–	–	–
Dividend	–	–	–	–	–	–	–	(11,000)	(11,000)	–	(11,000)
Awarded shares compensation expense	–	–	–	–	–	–	645	–	645	–	645
Total transactions with owners	102	591	–	15	–	–	645	(11,015)	(9,662)	–	(9,662)
At 30 June 2012	170,896	425,521	277,394	3,438	33,307	(4,580)	1,608	738,618	1,646,202	31,958	1,678,160

Notes:

(a) Special reserve represents the sum of the deemed contribution of US$38,769,000 from shareholders mainly arising from interest-free advances and the excess of the aggregate nominal amount of the share capital and share premium of a subsidiary acquired by the Company over the nominal amount of shares of the Company issued to the then shareholders amounting to US$238,625,000.

(b) Other non-distributable reserves mainly represent statutory reserves required to be appropriated from net profit after tax of subsidiaries established in the People's Republic of China (the "PRC") under the relevant laws and regulations at an amount determined by the respective boards of directors of the subsidiaries annually, but must not be less than 10% of the net profit after tax, until such reserves reach 50% of the registered capital of the relevant subsidiaries. The reserve may be used to offset accumulated losses and/or converted to increase capital of the relevant subsidiaries subject to certain restrictions set out in the Company Law of the PRC.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Unaudited Six months ended 30 June	
	2013 US$'000	2012 US$'000
Net cash from operating activities	**97,439**	80,108
Cash flows from investing activities		
Purchases of property, plant and equipment	**(165,412)**	(63,253)
Additions of forestation and reforestation assets	**(14,636)**	(16,304)
Additions to prepaid lease payments	**(1,406)**	(399)
Decrease in pledged bank deposits	**73**	989
Addition of unlisted equity investment	**–**	(1,610)
Proceeds on disposal of subsidiaries	**–**	2,701
Interest received	**677**	1,359
Proceeds on disposal of property, plant and equipment	**120**	331
Net cash used in investing activities	**(180,584)**	(76,186)
Cash flows from financing activities		
Drawdown of bank borrowings	**569,355**	99,980
Repayment of bank borrowings	**(440,760)**	(164,382)
Interest paid	**(11,925)**	(13,390)
Repayment of finance leases obligations	**(600)**	(537)
Net proceeds from issuance of shares	**–**	693
Payment of dividend	**(11,000)**	(11,000)
Net cash generated from/(used in) financing activities	**105,070**	(88,636)
Net increase/(decrease) in cash and cash equivalents	**21,925**	(84,714)
Currency translation differences	**270**	2,250
Cash and cash equivalents at 1 January	**195,403**	323,705
Cash and cash equivalents at 30 June		
Represented by bank balances and cash	**217,598**	241,241

Notes to the Interim Financial Information

1 General information

Sateri Holdings Limited (the "Company") was incorporated on 8 June 2010 and registered as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended). The Company is controlled by Gold Silk Holdings Limited, a limited liability company incorporated in Cayman Islands and 100% owned and controlled by Mr. Sukanto Tanoto and certain members of his family (the "Major Shareholder"). The address of the principal place of business of the Company is 21/F, China Building, 29 Queen's Road Central, Central, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This interim financial information is presented in United States dollars, unless otherwise stated. This interim financial information was approved for issue on 13 August 2013.

2 Basis of preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. It should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 Significant accounting policies

The interim financial information has been prepared under the historical cost convention, as modified by the forestation and reforestation assets which are carried at fair value less estimated costs to sell, and derivative financial instruments which are carried at fair value.

The accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2013 are consistent with those used in the Group's annual financial statements for the year ended 31 December 2012.

In 2013, the Group adopted the standards and amendments of IFRS below, which are relevant to its operations.

IAS 1 (Amendment)	Presentation of Financial Statements
IAS 19	Employee Benefits
IAS 27	Separate Financial Statements
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair Value Measurements
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

Notes to the Interim Financial Information

3 Significant accounting policies (continued)

Annual improvements published in May 2012

Amendment to IAS 1	Presentation of Financial Statements
Amendment to IAS 16	Property, Plant and Equipment
Amendment to IAS 32	Financial Instruments: Presentation
Amendment to IAS 34	Interim Financial Reporting

The adoption of these standards and amendments has no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, presentation and disclosures of the financial information except for certain additional disclosures required by IAS 1 (Amendment) and IFRS 13.

New or revised standards that have been issued and relevant to the Group but are not yet effective:

New standards and amendments		Effective for accounting periods beginning on or after
IAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 (Amendment)	'Impairment of assets' on recoverable amount disclosures	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Consolidation for investment entities	1 January 2014
IFRS 7 and IFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
IFRS 9	Financial Instruments	1 January 2015

The Group has not early adopted the above standards and amendments and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of financial information will result.

4 Critical accounting estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, fair value and cash flow interest rate risk), credit risk and liquidity risk.

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

5.2 Fair value estimation

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Management of the Company uses their judgment in selecting an appropriate valuation technique for derivative financial instruments not quoted in an active market. Valuation technique commonly used by market practitioners are applied. Fair values of the forward foreign exchange contracts have been arrived at using the forward rates of similar instruments as at the end of the reporting period. Fair values of interest rate swaps have been determined based on valuations provided by the counterparty banks as at the end of each reporting period with reference to market data such as settlement prices and interest rates. Actual results may differ when the assumptions and selections of valuation technique changes. In addition, the Group has unlisted investment where the directors of the Company are of the opinion that the fair value cannot be measured reliably.

The Group's financial assets and liabilities were all measured at fair value under level 2 at 30 June 2013 and 31 December 2012.

6 Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Company's Board of Directors is the chief operating decision maker for the purposes of IFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing performance.

Notes to the Interim Financial Information

6 Segment information (continued)

The Group is organized into the following two major operating divisions, each of which represents an operating and reportable segment of the Group:

DWP Business — This segment derives its revenue from selling dissolving wood pulp ("DWP"), including rayon-grade pulp and specialty-grade pulp, which are manufactured by the Group, to third parties.

VSF Business — This segment derives its revenue from selling viscose staple fiber ("VSF"), which are manufactured by the Group, to third parties. Rayon-grade pulp used to produce VSF is sourced internally, from related parties, and from third parties at prices agreed by the parties involved.

The costs of producing rayon-grade pulp used by the VSF manufacturing operation are recorded within the VSF Business segment.

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the six months ended 30 June 2013

	DWP Business US$'000	VSF Business US$'000	Unallocated US$'000	Consolidated US$'000
Segment revenue from external customers	172,283	164,968	–	337,251
Segment gross profit	73,805	51,616	–	125,421
EBITDA	69,362	47,192	(2,497)	114,057
Depreciation of property, plant and equipment	(19,020)	(18,322)	(85)	(37,427)
Depreciation of investment properties	–	–	(56)	(56)
Amortization of intangible assets	–	–	(50)	(50)
Decrease due to harvest charged to profit or loss	(7,010)	(3,359)	–	(10,369)
Decrease in fair value of forestation and reforestation assets	(11,029)	(5,284)	–	(16,313)
Finance costs	(11,121)	(6,619)	–	(17,740)
Segment results and profit/(loss) before income tax	21,182	13,608	(2,688)	32,102

6 Segment information (continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2012

	DWP Business US$'000	VSF Business US$'000	Unallocated US$'000	Consolidated US$'000
Segment revenue from external customers	196,337	177,126	–	373,463
Segment gross profit	72,707	27,677	–	100,384
EBITDA	73,551	24,661	(2,254)	95,958
Depreciation of property, plant and equipment	(20,042)	(19,325)	(101)	(39,468)
Depreciation of investment properties	–	–	(57)	(57)
Amortization of intangible assets	–	–	(50)	(50)
Decrease due to harvest charged to profit or loss	(10,285)	(5,449)	–	(15,734)
Decrease in fair value of forestation and reforestation assets	(7,235)	(3,834)	–	(11,069)
Finance costs	(8,279)	(7,911)	–	(16,190)
Segment results and profit/(loss) before income tax	27,710	(11,858)	(2,462)	13,390

Unallocated items consist of other income and gains/(losses) (including primarily rental income and certain bank interest income) and certain general and administrative expenses.

Management does not provide an analysis of segment assets and liabilities to the Company's Board of Directors as it is not practicable or meaningful to produce such information. Evaluation of the Group's assets and liabilities is undertaken on a consolidated basis. Therefore, the allocation of total assets and liabilities for each operating and reportable segment is not presented.

Notes to the Interim Financial Information

6 Segment information (continued)

Geographical information

The Group's customers are mainly located in the Americas, the PRC, other Asian countries and Europe.

An analysis of the Group's revenue from external customers by geographical market based on where the goods are delivered to is as below:

	Six months ended 30 June	
	2013 US$'000	2012 US$'000
The PRC	215,418	234,760
Asia (excluding the PRC)	26,267	37,452
The Americas	69,825	68,036
Europe	24,978	32,915
Others	763	300
	337,251	373,463

The Group's non-current assets by geographical location are detailed below:

	30 June 2013 US$'000	31 December 2012 US$'000
The Americas (primarily Brazil)	1,206,926	1,230,000
The PRC	734,329	528,380
Europe (primarily Switzerland)	38	38
Asia (excluding the PRC)	25	22
	1,941,318	1,758,440

Note: Non-current assets exclude deferred income tax assets and other non-current assets.

7 Cost of sales

	Six months ended 30 June	
	2013 US$'000	2012 US$'000
Wood	35,866	42,089
Pulp products	20,254	31,551
Chemicals	39,113	62,093
Conversion	62,309	82,547
Labor costs	18,654	16,869
Depreciation	35,634	37,930
	211,830	273,079

8 Other income and gains/(losses), net – others

	Six months ended 30 June	
	2013 US$'000	2012 US$'000
Commission income from a related party	780	1,853
Foreign exchange gain/(loss)	2,343	(4,701)
Rental income in respect of investment properties	93	90
Bank interest income	677	1,461
Loss on disposals of property, plant and equipment	(69)	(105)
Insurance claim received and receivable	–	5,540
Gain on disposal of subsidiaries	–	794
Sales of electricity	3,863	526
Others	201	(1,151)
	7,888	4,307

9 Operating profit

	Six months ended 30 June	
	2013 US$'000	2012 US$'000
Operating profit has been arrived at after charging:		
Salaries, wages and allowances	34,618	26,810
Retirement benefit scheme contributions – defined contribution plans	1,005	763
Awarded shares compensation expense, net	206	645
Total staff costs	35,829	28,218
Depreciation of property, plant and equipment	37,427	39,468
Depreciation of investment properties	56	57
Amortization of intangible assets	50	50
Impairment loss recognized in respect of other receivables	810	–
Operating lease expense of land and building	117	92

10 Finance costs

	Six months ended 30 June	
	2013 US$'000	2012 US$'000
Interest expenses on:		
– bank borrowings	13,214	12,861
– obligations under finance leases	58	219
	13,272	13,080
Other finance costs	8,059	3,198
Total borrowing costs	21,331	16,278
Less: amounts capitalized	(3,591)	(88)
	17,740	16,190

Notes to the Interim Financial Information

11 Income tax (expense)/credit

Income tax expense has been provided on the estimated assessable profit for the period at the appropriate tax rates prevailing in the countries/locations in which the Group operates.

	Six months ended 30 June	
	2013 **US$'000**	**2012** **US$'000**
Current income tax		
– Provision for the period	**(870)**	(2,265)
Deferred income tax	**(5,152)**	2,372
	(6,022)	107

12 Earnings per share

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to the owners of the Company divided by the weighted average number of ordinary shares.

	Six months ended 30 June	
	2013 **US$'000**	**2012** **US$'000**
Earnings for the purposes of basic and diluted earnings per share		
Profit attributable to owners of the Company	**23,091**	13,405
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,418,022,178**	3,417,416,349
Effect of dilutive potential ordinary shares:		
Awarded shares compensation scheme	**694,096**	695,506
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,418,716,274**	3,418,111,855

13 Dividends

Final dividend of HK2.5 cents per share for the year ended 31 December 2012 was declared and paid during the six months ended 30 June 2013. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

14 Forestation and reforestation assets, property, plant and equipment, prepaid lease payments, investment properties and intangible assets

	Forestation and reforestation assets US$'000	Property, plant and equipment US$'000	Prepaid lease payments US$'000	Investment properties US$'000	Intangible assets US$'000
Balance at 1 January 2012	187,797	1,455,966	29,811	1,867	675
Currency translation differences	–	1,204	74	5	–
Decrease in fair value	(14,808)	–	–	–	–
Additions	36,788	166,158	1,308	–	–
Disposals	–	(6,542)	–	–	–
Decrease due to harvest	(24,099)	–	–	–	–
Depreciation and amortization	–	(77,339)	(215)	(110)	(100)
Balance at 31 December 2012	185,678	1,539,447	30,978	1,762	575
Currency translation differences	–	8,123	535	30	–
Decrease in fair value	(16,313)	–	–	–	–
Additions	14,636	226,929	1,406	–	–
Disposals	–	(189)	–	–	–
Decrease due to harvest	(11,203)	–	–	–	–
Depreciation and amortization	–	(40,762)	(208)	(56)	(50)
Balance at 30 June 2013	**172,798**	**1,733,548**	**32,711**	**1,736**	**525**

As at 30 June 2013 and 31 December 2012, management of the Group adopted discounted cash flow model in determining the fair value of forestation and reforestation assets, assuming a six-year harvest cycle of the trees. The fair value measurement is under level 3 which has significant unobservable inputs. Other than disclosed below, the principal valuation methodology and assumptions adopted by the Group as at 30 June 2013 have no material changes from 31 December 2012:

- reference wood price in Brazilian Reais ("BRL") is BRL37.22 (31 December 2012: BRL36.58) (equivalent to US$16.8 and US$17.9 respectively) per cubic meter, based on the prices paid under contracts entered into with local farmers during the six months ended 30 June 2013 and year ended 31 December 2012. The higher the reference wood price used in US dollars, the higher the fair value of the forestation and reforestation assets will be; and

- exchange rate between US dollars and BRL is US$1.00 = BRL2.22 as at 30 June 2013 and US$1.00 = BRL2.04 as at 31 December 2012. The stronger the US dollars against BRL, the lower the fair value of the forestation and reforestation assets will be.

Notes to the Interim Financial Information

15 Deferred income tax assets and liabilities

The following are the deferred income tax assets/(liabilities) recognized by the Group and the movements thereon during the current and prior period/year:

	Accelerated tax depreciation US$'000	Fair value of forestation and reforestation assets US$'000	Unrealized profit on inventories US$'000	Provisions US$'000	Tax losses US$'000	Others US$'000 (Note)	Total US$'000
At 1 January 2012	(50,123)	(5,122)	3,273	4,983	96,488	752	50,251
Foreign exchange differences	–	–	–	–	2	1	3
Credited/(charged) to the consolidated income statement for the year	12,868	5,035	(154)	770	(16,601)	611	2,529
At 31 December 2012	(37,255)	(87)	3,119	5,753	79,889	1,364	52,783
(Charged)/credited to the consolidated income statement for the period	(1,534)	5,546	(2,144)	(420)	(5,867)	(733)	(5,152)
At 30 June 2013	**(38,789)**	**5,459**	**975**	**5,333**	**74,022**	**631**	**47,631**

Note: Others represent deferred income tax assets and liabilities in respect of accruals and other miscellaneous items.

As at 30 June 2013, the Group has unused tax losses of approximately US$247,784,000 (31 December 2012: US$273,619,000), available for offsetting against future profits. The unused tax losses of US$219,448,000 (31 December 2012: US$236,850,000) have been recognized as deferred income tax assets. The tax effect on these recognized unused tax losses is US$74,022,000 (31 December 2012: US$79,889,000). The majority of unused tax losses may be carried forward indefinitely.

16 Other non-current assets

	30 June 2013 US$'000	31 December 2012 US$'000
Tax recoverable (note a)	**39,638**	39,055
Unlisted equity investment (note b)	**15,988**	15,988
Others (note c)	**10,730**	34,786
	66,356	89,829

Notes:

(a) This represents mainly value-added tax ("VAT") recoverable in respect of acquisition of property, plant and equipment and raw materials in Brazil that are expected to be recovered beyond the next twelve months from the end of each reporting period, and are accordingly classified as non-current assets. The balance is expected to be utilized by offsetting against VAT payable on future domestic sales, transferring of the VAT recoverable to third parties and/or offsetting with other tax payable.

(b) The unlisted investment represents 5.7% equity investment in Cetrel S.A. Empresa de Proteção Ambiental ("Cetrel S.A."), a company which is incorporated in Brazil and is responsible for operating the environmental protection systems in Camaçari industrial complex, within which the Group's Bahia Specialty Cellulose mill is located. The Group invested into Cetrel S.A. for strategic reason as Cetrel S.A. provide effluent treatment for Bahia Specialty Cellulose. The unlisted investment is measured at cost less impairment at 30 June 2013 and 31 December 2012 as the directors of the Company are of the opinion that the fair value cannot be measured reliably. In the opinion of the directors, no impairment loss is required for the six months ended 30 June 2013 and the year ended 31 December 2012.

(c) This represents primarily prepayments and deposits paid to contractors and equipment suppliers in relation to the construction of the Group's new plant in Fujian province.

17 Trade, bills and other receivables

	30 June 2013 US$'000	31 December 2012 US$'000
Trade and bills receivables	**109,620**	109,401
Other receivables:		
Prepayments and deposits paid	**4,006**	6,924
Advance to suppliers	**4,894**	9,136
VAT recoverable	**29,265**	15,098
Others	**1,527**	1,986
	39,692	33,144
Less: Impairment loss recognized in respect of other receivables	**(810)**	–
	38,882	33,144
Amount due from a related company (note)	**9,160**	8,559
Trade, bills and other receivables	**157,662**	151,104

Note: Balance with a related company is trade in nature, unsecured and non-interest bearing.

Notes to the Interim Financial Information

17 Trade, bills and other receivables (continued)

The Group generally allows an average credit period ranging from 30 to 90 days to its customers. The ageing analysis of the Group's trade and bills receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2013 US$'000	31 December 2012 US$'000
0 – 60 days	64,737	82,226
61 – 90 days	25,842	14,591
91 – 180 days	19,041	12,573
Over 180 days	–	11
	109,620	109,401

18 Trade and other payables

	30 June 2013 US$'000	31 December 2012 US$'000
Trade payables	23,418	32,883
Other payables:		
Accruals and other payables	32,450	31,683
Advance from customers	7,408	15,034
Construction payables	85,107	47,069
Other taxes payables	4,264	2,969
Provisions (note a)	15,579	13,596
	144,808	110,351
Amounts due to related companies (note b)	10,827	4,033
Trade and other payables	179,053	147,267

Notes:

(a) The provisions represent the Group's liabilities for probable losses on civil, labour and tax lawsuits. Management considers that these provisions are sufficient and appropriate to cover the corresponding contingencies. Additionally, the Group is a party to certain lawsuits and administrative proceedings in the amount of approximately US$34,918,000 (31 December 2012: US$26,712,000), which are considered as possible but not probable future losses. No provision has been made in this interim financial information for these possible losses.

(b) Balances with related companies are unsecured and non-interest bearing.

18 Trade and other payables (continued)

The ageing analysis of the Group's trade payables at the end of the reporting period is as follows:

	30 June 2013 US$'000	31 December 2012 US$'000
0 – 90 days	**23,138**	31,830
91 – 180 days	**179**	462
Over 180 days	**101**	591
	23,418	32,883

19 Bank borrowings

During the six months ended 30 June 2013, the Group obtained new bank borrowings amounting to approximately US$569,355,000 (six months ended 30 June 2012: US$99,980,000), net of loan raising cost. The new bank borrowings, net of loan raising cost, comprise secured loans of approximately US$430,413,000 (six months ended 30 June 2012: US$65,980,000) and unsecured loans of approximately US$138,942,000 (six months ended 30 June 2012: US$34,000,000).

20 Share capital

	Number of shares	Amounts US$'000
Authorized:		
At 1 January 2012, 31 December 2012 and 30 June 2013, at US$0.05 each	15,000,000,000	750,000
Issued and fully paid:		
At 1 January 2012, at US$0.05 each	3,415,882,250	170,794
Issue of new shares (note a)	2,038,000	102
At 31 December 2012, at US$0.05 each	3,417,920,250	170,896
Issue of new shares (note b)	500,000	25
At 30 June 2013, at US$0.05 each	3,418,420,250	170,921

Notes:

(a) On 15 February 2012, the Company issued 2,038,000 shares at the subscription price for a total cash consideration of approximately US$712,000 (equivalent to approximately HK$5,380,000).

(b) On 15 March 2013, the Company issued 500,000 shares with a par value of US$0.05 each pursuant to the Group's restricted share unit schemes to satisfy restricted share units granted by the Company to employees.

Notes to the Interim Financial Information

21 Pledge of assets

The carrying values of assets pledged to various banks for securing bank loans are:

	30 June 2013 US$'000	31 December 2012 US$'000
Property, plant and equipment	**1,066,091**	1,267,684
Prepaid lease payments	**16,820**	4,605
Inventories	**–**	6,345
Bills receivable	**–**	3,671
Bank deposits	**–**	73
	1,082,911	1,282,378

22 Commitments

	30 June 2013 US$'000	31 December 2012 US$'000
Contracted but not provided for		
– acquisition of property, plant and equipment	**72,770**	170,985
Authorized but not contracted for		
– acquisition of property, plant and equipment	**40,437**	140,502

23 Related party disclosures

The Group entered into the following significant transactions with the following related parties:

Name of related parties	Nature of transactions	Six months ended 30 June 2013 US$'000	2012 US$'000
Companies under the common control of the Major Shareholder			
DP Marketing International Limited	Purchase of goods	**14,889**	8,276
– Macao Commercial Offshore	Commission income	**780**	1,853
Pec-Tech Engineering and Consulting (Suzhou) Co., Ltd.	Consulting service expense	**680**	–
Averis Sdn. Bhd.	Service fee expense	**1,568**	2,213
RGE Limited	Proceeds on disposal of subsidiaries (note)	**–**	2,701
Asian Resources Development Limited	Rental expense	**–**	76
East Trade Limited	Rental expense	**101**	–

Note:

Sateri International Co. Ltd, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement dated 25 May 2012 to transfer Fengdu Project to RGE Limited through a sale of the entire issued share capital of Sateri China Investment Limited (a special purpose vehicle set up to undertake the Fengdu Project). The consideration for the transfer was approximately US$2.7 million, which was paid in cash on completion on 25 May 2012. The gain on disposal of US$794,000 was recognized in the condensed consolidated income statement. The terms of the transfer (including the basis of the consideration) are determined on an arm's length basis.

Information For Investors

Listing Information

Listing: Stock Exchange of Hong Kong
Stock code: 1768
Ticker symbol: 1768.HK (Reuters)
1768 HK Equity (Bloomberg)

Key Dates

15 March 2013
(Announcement of 2012 Annual Results)

13 August 2013
(Announcement of 2013 Interim Results)

Registrar & Transfer Offices

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Share Information

Board lot size: 500 shares

Shares outstanding as at 30 June 2013
3,418,420,250

Market Capitalization as at 30 June 2013
HK$4,581 million (approximately US$587 million)

Investor Relations Contact

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