

Interim Report
2015



Zhongtian International Limited
中天國際控股有限公司*

Incorporated in the Cayman Islands with limited liability
Stock Code: 02379

* for identification purposes only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

CHEN Dezhaoh (*Chairman*)
(appointed on 29 May 2015)
CHEN Jun (retired on 29 May 2015)
ZHAO Yun

INDEPENDENT NON-EXECUTIVE DIRECTORS

GUO Qiang
CHEN Wen Ping
LIU Jin Lu

COMPANY SECRETARY

TAI Man Hin, Tony (CPA)

AUDIT COMMITTEE

CHEN Wen Ping (*Chairman*)
GUO Qiang
LIU Jin Lu

REMUNERATION COMMITTEE

CHEN Wen Ping (*Chairman*)
CHEN Dezhaoh
(appointed on 29 May 2015)
CHEN Jun (retired on 29 May 2015)
GUO Qiang

NOMINATION COMMITTEE

CHEN Dezhaoh (*Chairman*)
(appointed on 29 May 2015)
CHEN Jun (retired on 29 May 2015)
CHEN Wen Ping
GUO Qiang

LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung Solicitors

AUTHORISED REPRESENTATIVES

CHEN Dezhaoh
ZHAO Yun

STOCK CODE

02379

COMPANY'S WEBSITE

www.irasia.com/listco/hk/zhongtian

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2001-06, 20th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

AUDITORS

Crowe Horwath (HK) CPA Limited

PRINCIPAL BANKERS

China Construction Bank,
No.3 branch, Shinan District, Qingdao
Hua Xia Bank
Nanjing Road Sub-branch
Qingdao

The Hongkong and Shanghai Banking
Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21st Floor
Huaren International Mansion
No. 2 Shandong Road
Shinan District
Qingdao City
Shandong Province
The People's Republic of China ("PRC")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The board (the “Board”) of directors (the “Directors”) of Zhongtian International Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the Group’s unaudited consolidated results for the six months ended 30 June 2015 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Unaudited Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
	Notes		
Turnover	2	2,813	4,792
Cost of sales		(2,133)	(3,965)
Gross profit		680	827
Other operating income	3	202	2
General and administrative expenses		(1,585)	(2,313)
Loss before income tax	4	(703)	(1,484)
Income tax	5	–	–
Loss for the period		(703)	(1,484)
Attributable to:			
Equity holders of the Company		(703)	(1,484)

Unaudited
Six months ended 30 June

	Notes	2015 RMB'000	2014 RMB'000
Total comprehensive loss for the period		(703)	(1,484)
Attributable to:			
Equity holders of the Company		(703)	(1,484)
Loss per share (RMB Cents)	7		
– Basic		(0.29)	(0.68)
– Diluted		(0.29)	(0.68)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
NON-CURRENT ASSETS			
Fixed assets		8,618	8,710
Investment properties	8	42,600	42,600
		51,218	51,310
CURRENT ASSETS			
Trade and other receivables	9	22,850	76,188
Amount due from a director		45	28
Cash and bank balances		62,473	13,499
		85,368	89,715
CURRENT LIABILITIES			
Trade and other payables	10	17,387	21,115
Amounts due to Directors		936	943
Convertible bonds		26	26
Income tax payable		1,371	1,371
		19,720	23,455
NET CURRENT ASSETS		65,648	66,260
TOTAL ASSETS LESS CURRENT LIABILITIES		116,866	117,570
NON-CURRENT LIABILITIES			
Deferred tax liabilities		10,333	10,333
NET ASSETS		106,533	107,237
CAPITAL AND RESERVES			
Share capital	11	2,243	2,243
Reserves		104,290	104,994
TOTAL EQUITY		106,533	107,237

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital RMB'000	Share premium RMB'000	Warrant Reserve RMB'000	Property revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	2,073	146,801	315	1,652	(58,082)	92,759
Net loss for the period	-	-	-	-	(1,484)	(1,484)
At 30 June 2014	2,073	146,801	315	1,652	(59,566)	91,275
At 1 January 2015	2,243	179,803	-	1,652	(76,462)	107,236
Net loss for the period	-	-	-	-	(703)	(703)
At 30 June 2015	2,243	179,803	-	1,652	(77,165)	106,533

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net cash generated from operating activities	48,974	1,232
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,974	1,232
Cash and cash equivalents at beginning of the period	13,499	50,319
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY CASH AND BANK BALANCES	62,473	51,551

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the unaudited interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2014.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) and amendments to HKFRSs issued by the HKICPA for the first time for the current period’s unaudited interim condensed consolidated financial statements:

1. BASIS OF PREPARATION *(Continued)*

Significant accounting policies *(Continued)*

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013

The application of the new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective for the accounting period of these financial statements.

2. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

The Group's turnover represents external customers' income earned from the sale of information technology products and property rental income.

(b) Business segments

During the Reporting Period, the Group was principally engaged in two major business segments, which were information technology and property investment.

- (i) Information technology – sale of intelligent electronic products
- (ii) Property investment

2. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Business segments *(Continued)*

Business segments for the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Turnover		
Information technology	2,344	4,163
Property investment	468	629
	2,813	4,792
Segment results		
Information technology	412	198
Property investment	468	629
	880	827
Unallocated other operating income	2	2
Unallocated corporate expenses	(1,585)	(2,313)
Loss before income tax	(703)	(1,484)
Income Tax	–	–
Loss for the period	(703)	(1,484)

2. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(c) Geographical segments

No geographical segments information of the Group is shown as the Group's operations, sales by geographical market are located in the People's Republic of China (the "PRC").

3. OTHER OPERATING INCOME

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income on bank deposits	2	2
Income from forfeiture of trade deposits	200	–
	202	2

4. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Cost of inventories sold	2,133	3,965
Depreciation of property, plant and equipment	92	98

5. INCOME TAX

No provision for Hong Kong Profits Tax is made as the Group has no assessable profit for both periods.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the income tax rules and regulations of the PRC, the applicable PRC Enterprise Income Tax of the Group's subsidiaries is 25% (2014: 25%).

6. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share of the Company (the "Share(s)") is based on the loss attributable to equity holders of the Company for the six months ended 30 June 2015 of approximately RMB703,000 (six months ended 30 June 2014: loss of approximately RMB1,484,000) and weighted average number of ordinary Shares in issue during the six months ended 30 June 2015 of 238,509,122 (six months ended 30 June 2014: 217,029,122).

There were no dilutive potential Shares for the six months period ended 30 June 2015 and 30 June 2014, and diluted loss per Share is the same as basic loss per share.

8. INVESTMENT PROPERTIES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Investment properties, at fair value	42,600	42,600

8. INVESTMENT PROPERTIES *(Continued)*

The investment properties are located in Qingdao, the PRC. No fair value adjustment was considered necessary by the directors of the Company for the six month ended 30 June 2015.

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables of RMB22,850,000 (31 December 2014: RMB76,188,000) include trade receivables of RMB9,505,000 (31 December 2014: RMB22,828,000).

The Group has a policy of allowing a credit period ranging from 90 to 180 days.

The aging analysis of trade receivables net of provision for impairment at the end of Reporting Period, based on payment due date, is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
0-30 days	–	–
31-60 days	–	2,958
61-90 days	–	–
91-180 days	–	9,755
181-365 days	5,980	–
Over 365 days	3,525	10,115
	9,505	22,828

10. TRADE AND OTHER PAYABLES

Trade and other payables of RMB17,387,000 (31 December 2014: RMB21,115,000) include trade payables of RMB6,225,000 (31 December 2014: RMB18,150,000).

The aging analysis of trade payables at the end of Reporting Period, based on payment due date, is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
0-30 days	1,074	–
31-60 days	1,421	2,871
61-90 days	2,643	–
91-180 days	–	9,192
181-365 days	1,087	–
Over 365 days	–	6,087
	6,225	18,150

11.SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2015 '000	31 December 2014 '000	30 June 2015 RMB'000	31 December 2014 RMB'000
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	10,000,000	100,000	100,000
Issued and fully paid:				
At 1 January 2015/2014	238,509	217,029	2,243	2,073
Conversion of convertible bonds	-	21,480	-	170
At 30 June 2015/31 December 2014	238,509	238,509	2,243	2,243

12.COMMITMENTS

At the end of the Reporting Period, the Group had no significant commitments.

13.APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board on 25 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the Reporting Period, the Group was principally engaged in two major business segments, namely, information technology and property investment.

Information Technology

After years of operation, the development and sales of intelligent electronic products began to generate revenue for the Group and became a business with fewer transformation obstructions within the Group's diversified operation policy. Attributed to the advantage of a relatively high output comparing with the relatively low investment, the Board believes that the sales of intelligent electronic products, to which the Group attaches great importance, will have a steady and promising prospect for development. Meanwhile, as the competition in this business segment is keen and the overall costs for exploring new customers had increased, the Group is fully aware of the fact that the information technology segment cannot be the only source of income.

Property Investment

The commercial property rentals in Qingdao City, the PRC have continued to rise and the property lease market keeps thriving recently. In the previous years, the Group acquired quality properties with long term appreciation potential, and after renovation and rearrangement of their interior layouts, the properties had been leased out during the Reporting Period and generated stable rental incomes.

FINANCIAL REVIEW

TURNOVER AND GROSS PROFIT MARGIN

The Group's total turnover for the six months ended 30 June 2015 was approximately RMB2,813,000, representing a decrease of approximately 41% from approximately RMB4,792,000 for the corresponding period ended 30 June 2014. This was mainly attributable to the decline in sales of intelligent electronic products in the information technology segment. The gross profit margin increased by 7% from 17% in 2014 to 24% in 2015. The major reason was mainly due to the increase in proportional contribution from the property investment segment which had a relatively higher gross profit margin.

Distribution Costs

During the Reporting Period, the Group postponed all marketing activities due to the lack of large-scale tender projects. There is no distribution cost for the six months ended 30 June 2015 (30 June 2014: Nil).

General and Administrative Expenses

The Group's general and administrative expenses for the six months ended 30 June 2015 were approximately RMB1,585,000 (corresponding period ended 30 June 2014: approximately RMB2,313,000) representing a decrease of approximately 31% over the corresponding period ended 30 June 2014. This was mainly attributable to the decrease in rental expenses.

Net Loss

During the Reporting Period, the Group recorded a net loss of approximately RMB703,000, which decreased by approximately 53% as compared to the net loss of approximately RMB1,484,000 for the corresponding period ended 30 June 2014. The decrease of net loss was mainly attributable to the increase in other income and decrease in general and administrative expenses relative to the corresponding period ended 30 June 2014.

BUSINESS REVIEW

Analysis by Business Segment

During the Reporting Period, the Group's principal source of income was derived from the sales of intelligent electronic products from the Group's information technology segment, which accounted for approximately 83% of the total turnover of the Group whereas the rental income from property investment segment accounted for approximately 17% respectively of the Group's total turnover.

During the Reporting Period, all of the Group's income was derived from Shandong Province, the PRC which accounted for 100% of the Group's total turnover.

FUTURE OUTLOOK

The Group will continue to focus on its development and sales of intelligent electronic products business, and will endeavour to consolidate its existing customer base as well as to fully explore its profit generation potential.

In the property investment segment, the Group's properties have been leased out and continue to generate rental income. The rental income is anticipated to increase steadily in the future.

Foreseeing a prosperous commercial estate industry in Mainland China in future and leveraging on its experience in leasing and managing commercial properties and the integrated operation team, the Group will continue to seriously consider the possibility to invest in the operation and management of commercial properties for further development.

DEBTS

As at 30 June 2015, the Group had convertible bonds of approximately RMB26,000. (31 December 2014: RMB26,000).

Save as disclosed above, the Group had no debt securities that were issued, outstanding, approved or otherwise created but unissued, or term loans or other borrowings or debts of borrowing nature, including bank overdrafts, acceptance liabilities or acceptance credits, obligations under financing lease, mortgages or charges.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's capital requirement represents mainly working capital in relation to the sales of information technology products, costs of business expansion and investment. The Group principally finances its operation and investment from operating income and internal resources.

As at 30 June 2015, the Group had cash and bank balances of approximately RMB62,473,000 (31 December 2014: approximately RMB13,499,000) of which 97.5% and 2.5% was held in RMB and HK\$ respectively. The gearing ratio (defined as total interest-bearing debts divided by shareholder's equity) was 0.02% (31 December 2014: 0.02%).

During the Reporting Period, the Group did not employ any material financial instrument for hedging purposes.

FOREIGN EXCHANGE

Since the Group mainly operates in the PRC and most of the revenue and transactions arising from its operations were settled in Renminbi, and the Group's assets and liabilities are primarily denominated in Renminbi, the Directors believe that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group had not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

CHARGE ON ASSET AND CONTINGENT LIABILITIES

The Group had no material pledge of assets and contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had 9 employees (31 December 2014: 9). Most of the Group's employees are based in the head office of the Group in Qingdao City of Shandong Province in the PRC.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from social insurance and in-house training programmes, discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the Reporting Period was approximately RMB363,000 (30 June 2014: approximately RMB299,000).

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events since the end of the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 June 2014: Nil).

CORPORATE GOVERNANCE

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Reporting Period.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee"), comprises three independent non-executive Directors, namely Mr. Guo Qiang, Mr. Liu Jin Lu and Mr. Chen Wen Ping. Mr. Chen Wen Ping serves as the chairman of the Audit Committee. The Audit Committee is primarily responsible for reviewing and supervising the financial reporting process and internal control system of the Group as well as external auditor of the Group.

The Audit Committee had held a meeting to review the financial results and reports of the Group for the Reporting Period. Financial controls, internal controls, risk management systems of the Group had also been reviewed by the Audit Committee at the meeting.

The Audit Committee had reviewed this interim report and had confirmed that this interim report is complete, accurate and complies with all applicable rules and regulations, including but not limited to the Listing Rules.

REMUNERATION COMMITTEE

The Company established a remuneration committee (“Remuneration Committee”) on 25 April 2005, which comprises two independent non-executive Directors namely Mr. Guo Qiang and Mr. Chen Wen Ping and one executive Director, namely Mr. Chen Dezhao. Mr. Chen Wen Ping serves as the chairman of the Remuneration Committee.

The Remuneration Committee had made recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration, reviewing and approving management’s remuneration proposal by reference to corporate goals and objectives resolved by the Board. No individual Director or any of his/her associates is allowed to involve in deciding his/her own remuneration.

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) on 28 March 2012, which comprises two independent non-executive Directors, namely Mr. Chen Wen Ping and Mr. Guo Qiang and one executive Director, namely Mr. Chen Dezhao who serves as the chairman of the Nomination Committee.

During the period, the Nomination Committee had

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- identified individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assessed the independence of independent non-executive Directors; and
- made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

A) Long Positions in ordinary Shares

Name of Directors	Capacity/Nature	Number of Shares interested/held	Approximate shareholding percentage
Mr. Chen Jun	Interest of a controlled corporation (Note)	108,042,781	45.30%
	Beneficial owner	5,525,000	2.32%
		113,567,781	47.62%

Note:

Mr. Chen Jun is the beneficial owner of 100% of the issued shares in Fine Mean Investments Limited, and therefore, Mr. Chen Jun is deemed, or taken to be, interested in the shares of the Company which are beneficially owned by Fine Mean Investments Limited for the purposes of the SFO.

B) Long Positions in shares of associated corporations

Name of Directors	Name of the associated corporation	Capacity	Number of Shares interested/held	Approximate shareholding percentage
Mr. Chen Jun	Fine Mean Investments Limited	Beneficial owner	1	100%

Save as disclosed above, as at 30 June 2015, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, as far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in ordinary shares of the Company

Name	Capacity/Nature	Number of Shares interested/held	Approximate shareholding percentage
------	-----------------	----------------------------------	-------------------------------------

Substantial Shareholder

Fine Mean Investments Limited (Note 1)	Beneficial owner	108,042,781	45.30%
Ms. Su Haiqing (Note 2)	Interest of spouse	113,567,781	47.62%

SUBSTANTIAL SHAREHOLDER *(Continued)*

Notes:

- (1) Fine Mean Investments Limited is wholly-owned by Mr. Chen Jun. Mr. Chen Jun is the sole director of Fine Mean Investments Limited.
- (2) Ms. Su Haiqing is the spouse of Mr. Chen Jun. Under the SFO, Ms. Su Haiqing is deemed or taken to be interested in all the 113,567,781 Shares in which Mr. Chen Jun is interested.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other persons (other than a Director and chief executive of the Company) who had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

By Order of the Board
CHEN Dezhao
Chairman

Qingdao City, Shandong Province, the PRC
25 August 2015