

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

2016

Interim Report

Life + Delicacy

SUMMARY

US\$'000	For the three months ended 30 June			For the six months ended 30 June		
	2016	2015	Change	2016	2015	Change
• Revenue	2,091,633	2,549,223	↓ 17.95%	4,191,327	4,870,402	↓ 13.94%
• Gross margin	31.86%	34.02%	↓ 2.16ppt.	31.64%	32.89%	↓ 1.25ppt.
• Gross profit of the Group	666,363	867,179	↓ 23.16%	1,326,302	1,602,049	↓ 17.21%
• EBITDA	206,016	349,914	↓ 41.12%	487,631	679,638	↓ 28.25%
• Profit for the period	18,044	139,515	↓ 87.07%	91,590	273,292	↓ 66.49%
• Profit attributable to owners of the Company	11,665	90,645	↓ 87.13%	69,675	197,659	↓ 64.75%
• Earnings per share (US cents)						
Basic	0.21	1.62	↓ 1.41 cents	1.24	3.53	↓ 2.29 cents
Diluted	0.21	1.62	↓ 1.41 cents	1.24	3.52	↓ 2.28 cents

As at 30 June 2016, cash and cash equivalents was US\$1,482.833 million, representing an increase of US\$459.133 million when compared to 31 December 2015. Gearing ratio was 0.34 times.

2016 INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015. These unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Three Months and Six Months Ended 30 June 2016 (Unaudited)

	<i>Note</i>	April to June 2016 <i>(Unaudited)</i> <i>US\$'000</i>	January to June 2016 <i>(Unaudited)</i> <i>US\$'000</i>	April to June 2015 <i>(Unaudited)</i> <i>US\$'000</i>	January to June 2015 <i>(Unaudited)</i> <i>US\$'000</i>
Revenue	2	2,091,633	4,191,327	2,549,223	4,870,402
Cost of sales		(1,425,270)	(2,865,025)	(1,682,044)	(3,268,353)
Gross Profit		<u>666,363</u>	<u>1,326,302</u>	<u>867,179</u>	<u>1,602,049</u>
Other revenue and other net income		36,482	72,538	70,877	95,926
Distribution costs		(505,975)	(931,442)	(533,140)	(964,075)
Administrative expenses		(76,382)	(159,113)	(91,765)	(174,125)
Other operating expenses		(57,156)	(118,257)	(94,254)	(131,957)
Finance costs	5	(19,809)	(36,302)	(15,882)	(30,890)
Share of results of associates and joint ventures		5,499	11,200	6,132	9,829
Profit before taxation	5	<u>49,022</u>	<u>164,926</u>	<u>209,147</u>	<u>406,757</u>
Taxation	6	(30,978)	(73,336)	(69,632)	(133,465)
Profit for the period		<u><u>18,044</u></u>	<u><u>91,590</u></u>	<u><u>139,515</u></u>	<u><u>273,292</u></u>
Profit attributable to:					
Owners of the Company		11,665	69,675	90,645	197,659
Non-controlling interests		6,379	21,915	48,870	75,633
Profit for the period		<u><u>18,044</u></u>	<u><u>91,590</u></u>	<u><u>139,515</u></u>	<u><u>273,292</u></u>
Earnings per share	7				
Basic		<u><u>US 0.21 cents</u></u>	<u><u>US 1.24 cents</u></u>	<u><u>US 1.62 cents</u></u>	<u><u>US 3.53 cents</u></u>
Diluted		<u><u>US 0.21 cents</u></u>	<u><u>US 1.24 cents</u></u>	<u><u>US 1.62 cents</u></u>	<u><u>US 3.52 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Three Months and Six Months Ended 30 June 2016 (Unaudited)

	April to June 2016 (Unaudited) US\$'000	January to June 2016 (Unaudited) US\$'000	April to June 2015 (Unaudited) US\$'000	January to June 2015 (Unaudited) US\$'000
Profit for the period	18,044	91,590	139,515	273,292
Other comprehensive (loss) income				
Items that are or may be reclassified subsequently to profit or loss:				
Exchange differences on consolidation	(125,161)	(112,227)	(3,809)	(5,607)
Fair value changes in available-for-sale financial assets	1,513	(372)	5,559	6,260
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	(3,525)	(4,153)	(5,736)	(5,736)
Other comprehensive loss for the period	(127,173)	(116,752)	(3,986)	(5,083)
Total comprehensive (loss) income for the period	<u>(109,129)</u>	<u>(25,162)</u>	<u>135,529</u>	<u>268,209</u>
Total comprehensive (loss) income attributable to:				
Owners of the Company	(86,669)	(18,624)	88,803	195,559
Non-controlling interests	(22,460)	(6,538)	46,726	72,650
	<u>(109,129)</u>	<u>(25,162)</u>	<u>135,529</u>	<u>268,209</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Note</i>	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
ASSETS			
Non-current assets			
Investment properties		152,162	154,498
Property, plant and equipment		5,100,677	5,396,574
Prepaid lease payments		584,712	607,822
Intangible asset		26,174	26,551
Interest in associates		32,239	30,065
Interest in joint ventures		93,468	82,741
Available-for-sale financial assets		78,671	92,120
Other non-current assets		15,057	15,400
Deferred tax assets		51,451	49,002
		6,134,611	6,454,773
Current assets			
Inventories		313,609	325,793
Trade receivables	9	275,806	233,403
Tax recoverable		—	14,780
Prepayments and other receivables		354,698	429,057
Pledged bank deposits		9,658	12,048
Bank balances and cash		1,473,175	1,011,652
		2,426,946	2,026,733
Total assets		8,561,557	8,481,506

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Note</i>	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	10	28,014	28,014
Share premium		63,900	63,900
Reserves		2,675,130	2,817,145
Total capital and reserves attributable to owners of the Company		2,767,044	2,909,059
Non-controlling interests		969,363	985,202
Total equity		3,736,407	3,894,261
Non-current liabilities			
Financial liabilities at fair value through profit or loss		6,283	9,080
Long-term interest-bearing borrowings	11	1,035,380	1,326,367
Employee benefit obligations		45,136	42,901
Deferred tax liabilities		235,226	221,807
		1,322,025	1,600,155
Current liabilities			
Trade payables	12	852,535	722,288
Other payables and deposits received		1,183,403	1,008,234
Current portion of interest-bearing borrowings	11	1,401,717	1,123,198
Advance payments from customers		53,375	123,179
Taxation		12,095	10,191
		3,503,125	2,987,090
Total liabilities		4,825,150	4,587,245
Total equity and liabilities		8,561,557	8,481,506
Net current liabilities		(1,076,179)	(960,357)
Total asset less current liabilities		5,058,432	5,494,416

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2016

	<u>Attributable to owners of the Company</u>				Non- controlling interests	Total Equity
	Issued capital (Unaudited)	Share premium (Unaudited)	Reserves (Unaudited)	Total capital and reserves (Unaudited)		
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2015	28,019	65,421	2,940,117	3,033,557	1,062,107	4,095,664
Profit for the period	—	—	197,659	197,659	75,633	273,292
Other comprehensive income (loss):						
Exchange differences on consolidation	—	—	(2,624)	(2,624)	(2,983)	(5,607)
Fair value changes in available-for-sale financial assets	—	—	6,260	6,260	—	6,260
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	—	—	(5,736)	(5,736)	—	(5,736)
Total other comprehensive loss	—	—	(2,100)	(2,100)	(2,983)	(5,083)
Total comprehensive income for the period	—	—	195,559	195,559	72,650	268,209
Transactions with owners: Contributions and distribution						
Equity settled share-based transactions	—	—	6,436	6,436	—	6,436
Shares issued under share option scheme	2	698	(127)	573	—	573
2014 dividend approved and paid	—	—	(200,067)	(200,067)	(39,739)	(239,806)
Shares repurchased	(2)	(433)	2	(433)	—	(433)
Total transactions with owners	—	265	(193,756)	(193,491)	(39,739)	(233,230)
At 30 June 2015	<u>28,019</u>	<u>65,686</u>	<u>2,941,920</u>	<u>3,035,625</u>	<u>1,095,018</u>	<u>4,130,643</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2016

	<u>Attributable to owners of the Company</u>				Non- controlling interests	Total Equity
	Issued capital (Unaudited)	Share premium (Unaudited)	Reserves (Unaudited)	Total capital and reserves (Unaudited)		
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2016	28,014	63,900	2,817,145	2,909,059	985,202	3,894,261
Profit for the period	—	—	69,675	69,675	21,915	91,590
Other comprehensive loss:						
Exchange differences on consolidation	—	—	(83,774)	(83,774)	(28,453)	(112,227)
Fair value changes in available-for-sale financial assets	—	—	(372)	(372)	—	(372)
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	—	—	(4,153)	(4,153)	—	(4,153)
Total other comprehensive loss	—	—	(88,299)	(88,299)	(28,453)	(116,752)
Total comprehensive loss for the period	—	—	(18,624)	(18,624)	(6,538)	(25,162)
Transactions with owners:						
<i>Contributions and distribution</i>						
Equity settled share-based transactions	—	—	5,248	5,248	—	5,248
2015 dividend approved	—	—	(128,170)	(128,170)	(9,301)	(137,471)
	—	—	(122,922)	(122,922)	(9,301)	(132,223)
<i>Changes in ownership interests</i>						
Change in ownership interest in a subsidiary that does not result in a loss of control	—	—	(469)	(469)	—	(469)
Total transactions with owners	—	—	(123,391)	(123,391)	(9,301)	(132,692)
At 30 June 2016	<u>28,014</u>	<u>63,900</u>	<u>2,675,130</u>	<u>2,767,044</u>	<u>969,363</u>	<u>3,736,407</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2016

	January to June 2016 (Unaudited) <i>US\$'000</i>	January to June 2015 (Unaudited) <i>US\$'000</i>
OPERATING ACTIVITIES		
Cash generated from operations	736,756	938,250
The People's Republic of China ("PRC") enterprise income tax paid	(45,784)	(82,283)
Interest paid	(35,377)	(30,242)
Net cash from operating activities	655,595	825,725
INVESTING ACTIVITIES		
Interest received	13,733	24,878
Purchase of available-for-sale financial assets	(1,092)	(23,602)
Purchase of property, plant and equipment	(155,309)	(299,278)
Prepaid lease payments	(32,619)	(55,812)
Others	9,860	3,162
Net cash used in investing activities	(165,427)	(350,652)
FINANCING ACTIVITIES		
Dividends paid to owners of the Company	—	(200,067)
Dividends paid to non-controlling interests	(8,417)	(39,739)
Proceeds from bank borrowings	724,018	509,635
Repayments of bank borrowings	(723,309)	(640,696)
Others	(469)	30,140
Net cash used in financing activities	(8,177)	(340,727)
Net increase in cash and cash equivalents	481,991	134,346
Cash and cash equivalents at 1 January	1,023,700	1,183,103
Effect on exchange rate changes	(22,858)	(1,560)
Cash and cash equivalents at 30 June	1,482,833	1,315,889
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	1,473,175	1,294,897
Pledged bank deposits	9,658	20,992
	1,482,833	1,315,889

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The Directors are responsible for the preparation of the Group's unaudited condensed consolidated first quarterly financial statements. These condensed consolidated first quarterly financial statements 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 ("HKICPA"). These condensed consolidated first quarterly financial statements should be read in conjunction with the 2015 annual financial statements. The accounting policies adopted in preparing the condensed interim financial statements for the six months ended 30 June 2016 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the new/revised standard of Hong Kong Financial Reporting Standards ("HKFRS") which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2016.

Amendments to HKFRSs	Annual Improvements Project – 2012-2014 cycle
Amendments to HKAS 1	Disclosure initiative
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The adoption of these amendments to HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

2. Revenue

The Group's revenue represents revenue arising from the sale of goods at invoiced value to customers, net of returns, discounts and value added tax.

3. Segment information

Segment results

	For the Six Months ended 30 June 2016					
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Instant food (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Total (Unaudited) US\$'000
Revenue						
Revenue from external customers	1,542,089	2,534,735	62,777	51,726	—	4,191,327
Inter-segment revenue	41	740	44	81,300	(82,125)	—
Segment revenue	<u>1,542,130</u>	<u>2,535,475</u>	<u>62,821</u>	<u>133,026</u>	<u>(82,125)</u>	<u>4,191,327</u>
Segment results after finance costs	89,497	67,928	(5,308)	(1,046)	738	151,809
Share of results of associates and joint ventures	—	12,331	(1,131)	—	—	11,200
Unallocated income, net	—	—	—	1,917	—	1,917
Profit (loss) before taxation	89,497	80,259	(6,439)	871	738	164,926
Taxation	(28,670)	(40,828)	—	(3,838)	—	(73,336)
Profit (loss) for the period	<u>60,827</u>	<u>39,431</u>	<u>(6,439)</u>	<u>(2,967)</u>	<u>738</u>	<u>91,590</u>

	For the Six Months ended 30 June 2015					
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Instant food (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Total (Unaudited) US\$'000
Revenue						
Revenue from external customers	1,792,100	2,961,883	66,798	49,621	—	4,870,402
Inter-segment revenue	37	226	88	63,371	(63,722)	—
Segment revenue	<u>1,792,137</u>	<u>2,962,109</u>	<u>66,886</u>	<u>112,992</u>	<u>(63,722)</u>	<u>4,870,402</u>
Segment results after finance costs	219,749	188,809	(6,749)	(4,299)	579	398,089
Share of results of associates and joint venture	—	14,035	(4,206)	—	—	9,829
Unallocated expenses, net	—	—	—	(1,161)	—	(1,161)
Profit (loss) before taxation	219,749	202,844	(10,955)	(5,460)	579	406,757
Taxation	(66,538)	(65,791)	—	(1,136)	—	(133,465)
Profit (loss) for the period	<u>153,211</u>	<u>137,053</u>	<u>(10,955)</u>	<u>(6,596)</u>	<u>579</u>	<u>273,292</u>

Segment information is prepared based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The Company's executive directors assess the performance of reportable segments based on the profit (loss) before taxation, share of results of associates and joint ventures and unallocated income (expenses), net.

3. Segment information (continued)

Segment assets and liabilities

	At 30 June 2016					Total (Unaudited) US\$'000
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Instant food (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	
	Segment assets	3,220,004	4,625,173	135,250	1,107,422	
Interest in associates	—	32,172	67	—	—	32,239
Interest in joint ventures	15	83,965	9,488	—	—	93,468
Unallocated assets						78,667
Total assets						<u>8,561,557</u>
Segment liabilities	685,825	2,908,426	53,276	1,808,355	(675,868)	4,780,014
Unallocated liabilities						45,136
Total liabilities						<u>4,825,150</u>

	At 31 December 2015					Total (Audited) US\$'000
	Instant noodles (Audited) US\$'000	Beverages (Audited) US\$'000	Instant food (Audited) US\$'000	Others (Audited) US\$'000	Inter-segment elimination (Audited) US\$'000	
	Segment assets	3,268,452	4,774,066	145,190	1,211,071	
Interest in associates	—	29,998	67	—	—	30,065
Interest in joint ventures	—	72,234	10,507	—	—	82,741
Unallocated assets						92,120
Total assets						<u>8,481,506</u>
Segment liabilities	742,034	3,012,906	56,853	1,797,417	(1,064,866)	4,544,344
Unallocated liabilities						42,901
Total liabilities						<u>4,587,245</u>

Segment assets include all assets with the exception of interest in associates and joint ventures and unallocated assets which include available-for-sale financial assets. Segment liabilities include all liabilities with the exception of employee benefit obligation.

4. Seasonality of operations

Due to the seasonal nature of the beverages segment, higher revenue is usually expected in the second and third quarters. Higher sales during the period from June to August are mainly attributed to the increased demand for packed beverages during the hot season.

5. Profit before taxation

This is stated after charging:

	April to June 2016 (Unaudited) US\$'000	January to June 2016 (Unaudited) US\$'000	April to June 2015 (Unaudited) US\$'000	January to June 2015 (Unaudited) US\$'000
Finance costs				
Interest on bank and other borrowings wholly repayable within five years	19,809	36,302	15,882	30,890
Other items				
Depreciation	140,816	293,290	131,066	258,005
Amortisation	3,533	6,846	6,873	8,864

6. Taxation

	April to June 2016 (Unaudited) US\$'000	January to June 2016 (Unaudited) US\$'000	April to June 2015 (Unaudited) US\$'000	January to June 2015 (Unaudited) US\$'000
Current tax – PRC Enterprise income tax				
Current period	28,089	62,770	59,698	115,151
Deferred taxation				
Origination and reversal of temporary differences, net	1,060	4,190	2,619	4,695
Effect of withholding tax on the distributable earnings of the Group's PRC subsidiaries	1,829	6,376	7,315	13,619
Total tax charge for the period	30,978	73,336	69,632	133,465

The Cayman Islands levies no tax on the income of the Company and the Group.

Hong Kong Profits Tax has not been provided as the Group's entities had no assessable profit subject to Hong Kong Profits Tax for the six months ended June 2016 and 2015.

The applicable PRC enterprise income tax for the PRC subsidiaries is at the statutory rate of 25% (2014: 25%).

According to the Tax Relief Notice (Cai Shui [2011] no. 58) on the Grand Development of Western Region jointly issued by the Ministry of Finance, the State Administration of Taxation and China Customs, foreign investment enterprises located in the western region of PRC ("Western Region") with principal revenue of over 70% generated from the encouraged business activities are entitled to a preferential income tax rate of 15% for 10 years from 1 January 2011 to 31 December 2020. Accordingly, certain subsidiaries located in the Western Region are entitled to a preferential rate of 15% (2014: 15%).

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and jurisdiction of the foreign investors. For the Group's PRC subsidiaries, associates and joint ventures, the applicable rate is 10%. Deferred tax liability is provided on 50% of post-2007 net earnings of the Group's PRC subsidiaries that are expected to be distributed in the foreseeable future. The remaining 50% of post-2007 net earnings of the Group's PRC subsidiaries that are not expected to be distributed in the foreseeable future would be subject to additional taxation when they are distributed. Undistributed earnings of the Group's PRC associates and joint ventures are not subject to withholding tax as these companies are held by a PRC subsidiary.

7. Earnings per share

a) Basic earnings per share

	April to June 2016 (Unaudited)	January to June 2016 (Unaudited)	April to June 2015 (Unaudited)	January to June 2015 (Unaudited)
Profit attributable to ordinary shareholders (US\$' 000)	11,665	69,675	90,645	197,659
Weighted average number of ordinary shares ('000)	5,602,871	5,602,871	5,604,059	5,604,034
Basic earnings per share (US cents)	0.21	1.24	1.62	3.53

b) Diluted earnings per share

	April to June 2016 (Unaudited)	January to June 2016 (Unaudited)	April to June 2015 (Unaudited)	January to June 2015 (Unaudited)
Profit attributable to ordinary shareholders (US\$' 000)	11,665	69,675	90,645	197,659
<i>Weighted average number of ordinary shares (diluted) ('000)</i>				
Weighted average number of ordinary shares	5,602,871	5,602,871	5,604,059	5,604,034
Effect of the Company's share option scheme	—	—	8,137	8,906
Weighted average number of ordinary shares for the purpose of calculated diluted earnings per share	5,602,871	5,602,871	5,612,196	5,612,940
Diluted earnings per share (US cents)	0.21	1.24	1.62	3.52

8. Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

9. Trade receivables

The majority of the Group's sales is cash-on-delivery. The remaining balances of sales are mainly at credit terms ranging from 30 to 90 days. The aging analysis of the trade receivables (net of impairment losses for bad and doubtful debts) based on invoice date, at the end of the reporting period is as follows:

	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
0 - 90 days	257,424	215,529
Over 90 days	18,382	17,874
	<u>275,806</u>	<u>233,403</u>

10. Issued capital

	At 30 June 2016 (Unaudited)		At 31 December 2015 (Audited)	
	No. of shares	US\$'000	No. of shares	US\$'000
Authorised:				
Ordinary shares of US\$0.005 each	7,000,000,000	35,000	7,000,000,000	35,000
Issued and fully paid:				
At the beginning of the period/year	5,602,871,360	28,014	5,603,759,360	28,019
Shares issued under share option scheme	—	—	350,000	2
Shares repurchased	—	—	(1,238,000)	(7)
At the end of the reporting period	5,602,871,360	28,014	5,602,871,360	28,014

11. Interest-bearing borrowings

	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
The maturity of the interest bearing borrowings:		
Within one year	1,401,717	1,123,198
In the second year	208,235	726,015
In the third year to the fifth years, inclusive	827,145	600,352
Portion classified as current liabilities	2,437,097 (1,401,717)	2,449,565 (1,123,198)
Non-current portion	1,035,380	1,326,367

The interest-bearing borrowings consist of unsecured bank loans and notes payable.

On 6 August 2015, the Company issued notes (the "RMB Notes") with an aggregate principal amount of RMB1,000,000,000. The carrying amount of the RMB Notes at the end of reporting period is US\$149,646,000 (2015: US\$152,852,000) and is included in the interest-bearing borrowings with maturity in the third to the fifth years. The RMB Notes are listed on the Singapore Exchange Securities Trading Limited. The fair value of the RMB Notes as at 30 June 2016 was US\$150,924,000 (2015: US\$149,770,000).

The carrying value of the notes issued by the Company on 20 June 2012 (the "US\$ Notes") at the end of the reporting period is US\$498,567,000 (2015: US\$497,852,000) and is included in the interest-bearing borrowings with maturity within one year (2015: In the second year). The US\$ Notes are listed on the Singapore Exchange Securities Trading Limited. The fair value of the US\$ Notes as at 30 June 2016 was US\$507,955,000 (2015: US\$508,000,000).

During the six months ended 30 June 2016, the Group obtained bank loans in aggregate amount of US\$724,018,000 (2015: US\$509,635,000) and recognised amortised interest of the RMB Notes and US\$ Notes (collectively, the "Unsecured Notes") of US\$925,000 (2015: US\$648,000). Repayments of bank loans amounting to US\$723,309,000 (2015: US\$640,696,000) were made in line with previously disclosed repayment term.

12. Trade payables

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

	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
0 - 90 days	817,404	700,892
Over 90 days	35,131	21,396
	852,535	722,288

13. Fair Value Measurements

(a) Financial assets and liabilities carried at fair value

The following table presents the assets and liabilities measured at fair value or required to disclose their fair value in these condensed consolidated financial statements on a recurring basis at 30 June 2016 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

	At 30 June 2016				At 31 December 2015			
	(Unaudited)				(Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Assets								
<i>Available-for-sale financial assets</i>								
– Investment funds	–	–	59,733	59,733	–	12,886	60,282	73,168
– Unlisted equity securities	–	–	15,600	15,600	–	–	15,600	15,600
	<u>–</u>	<u>–</u>	<u>75,333</u>	<u>75,333</u>	<u>–</u>	<u>12,886</u>	<u>75,882</u>	<u>88,768</u>
Liabilities								
<i>Financial liabilities at fair value through profit or loss</i>								
– Derivatives not designated as hedging instruments	–	6,283	–	6,283	–	9,080	–	9,080
	<u>–</u>	<u>6,283</u>	<u>–</u>	<u>6,283</u>	<u>–</u>	<u>9,080</u>	<u>–</u>	<u>9,080</u>

During the six months ended 30 June 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

13. Fair Value Measurements *(continued)*

(a) Financial assets and liabilities carried at fair value *(continued)*

The details of the movements of the recurring fair value measurements categorised as Level 3 of the fair value hierarchy for the six months ended 30 June 2016 and 2015 are shown as follows:

	30 June 2016 (Unaudited)			30 June 2015 (Unaudited)		
	Investment Funds <i>US\$'000</i>	Unlisted equity securities <i>US\$'000</i>	Derivative financial instruments <i>US\$'000</i>	Investment Funds <i>US\$'000</i>	Unlisted equity securities <i>US\$'000</i>	Derivative financial instruments <i>US\$'000</i>
At beginning of the period	60,282	15,600	—	50,708	—	(314)
Purchases	1,093	—	—	8,002	15,600	—
Disposals	(1,311)	—	—	(1,781)	—	—
Total gains or (losses) recognised:						
– in profit or loss	—	—	—	—	—	—
– in other comprehensive income	(331)	—	—	1,594	—	—
At the end of the reporting period	59,733	15,600	—	58,523	15,600	(314)
Total gains or (losses) for the period reclassified from other comprehensive income on disposals	628	—	—	781	—	—
Change in unrealised gain or (losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	—	—	—	—	—	—

Valuation techniques and significant inputs used in Level 2 and Level 3 fair value measurement

(i) Available-for-sale: Investment funds

As at 30 June 2016, the Group's available-for-sale financial assets comprise four investment funds which are categorised as Level 3 of the fair value hierarchy (31 December 2015: one Level 2 and four Level 3).

The fair value of one of the investment funds in Level 3 is based on the net asset value of the investment fund reported to the investors by the investment manager as of the end of the reporting period. For the remaining three (31 December 2015: three) investment funds in Level 3, their fair values are based on the fair values of the companies invested by the funds. All of the investment funds in Level 3 included both listed investments and unlisted investments. The fair value of listed investments is estimated with reference to quoted market price, while the fair value of unlisted investments which is valued by the respective investment managers are estimated by valuation techniques, mainly including using Price/earning ratio (P/E) multiple model, Price/sales (P/S) multiple model and discounted cash flows model. In estimating the fair value of unlisted investments, assumptions are used that are not supported by observable market prices or rates, including the expected annual growth rates, average P/E multiples of comparable companies, average P/S multiples of comparable companies and discount rates.

13. Fair Value Measurements *(continued)*

(a) Financial assets and liabilities carried at fair value *(continued)*

Valuation techniques and significant inputs used in Level 2 and Level 3 fair value measurement *(continued)*

(ii) Unlisted equity securities

The fair value of the unlisted equity securities in Level 3 are estimated by the investment managers by using Price/sales (P/S) multiple model. In estimating the fair value of the unlisted equity securities, assumptions are used that are not supported by observable market prices or rates, including expected annual growth rates and average P/S multiples of comparable companies.

(iii) Financial liabilities at fair value through profit or loss – Derivatives not designated as hedging instruments

The fair values of cross-currency interest rate swap contracts and interest rate swap contract, which are categorized as Level 2 of the fair value hierarchy, are estimated based on the present value of the estimated cash flows based on the terms and maturity of each contract, taking into account the spot interest rates, spot and forward foreign exchange rates and interest rate curves.

There was no change in valuation techniques during the reporting period. The assumptions of the unobservable inputs used in Level 3 fair value measurement at the end of the reporting period was not significantly different from that those used in the Group's annual financial statements for the year ended 31 December 2015.

Sensitivity to changes in significant unobservable inputs

In the opinion of the directors, the impact of changes in significant unobservable inputs on the Level 3 fair value measurement and the Group's profit and other comprehensive income for the period was not significantly different from that those in the Group's annual financial statements for the year ended 31 December 2015, as there was no significant change in the reasonably possible range of significant unobservable inputs for Level 3 fair value measurements as at 30 June 2016 comparing to 31 December 2015.

Valuation processes used in Level 3 fair value measurement

In estimating the fair value of an asset or a liability within Level 3 of the fair value hierarchy, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group obtains the valuations provided by the respective investment managers or trust administrator for the investment funds and unlisted equity securities.

The Group's finance department includes a team that reviews the valuations performed by the investment managers or trust administrator of the investment funds and unlisted equity securities for financial reporting purposes. The team reports directly to the senior management. Discussions of valuation processes and results are held between the management, investment managers or trust administrator of the investment funds or unlisted equity securities at least once every year. At each financial year end, the finance department works closely with the investment managers or trust administrator of the investment funds or unlisted equity securities to establish the appropriate valuation techniques and inputs to the valuation models, verifies all major unobservable inputs in the valuations, assesses valuations movements when compared to the prior year valuation report and holds discussions with the investment managers or trust administrator of the investment funds and unlisted equity securities. At the end of the reporting period, the finance department assessed fair values of an asset or a liability within Level 3 of the fair value hierarchy based on the valuations performed by investment managers or trust administrator at preceding financial year end taking into account of any significant changes in the assumptions of the unobservable inputs used in fair value measurements during the reporting period.

(b) Fair values of financial assets and liabilities carried at other than fair value

In the opinion of the directors, except for the Unsecured Notes as described in the note 11 to the condensed consolidated financial statements, no other financial assets and liabilities of the Group are carried at amount materially different from their fair values as at 30 June 2016 and 31 December 2015.

14. Capital expenditure commitments

	At 30 June 2016 (Unaudited) US\$'000	At 31 December 2015 (Audited) US\$'000
Contracted but not provided for:		
Expenditures on property, plant and equipment	147,397	147,768
Investment funds	27,097	27,789
	174,494	175,557

15. Related party transactions

In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions in the ordinary course of the Group's business.

	April to June 2016 (Unaudited) US\$'000	January to June 2016 (Unaudited) US\$'000	April to June 2015 (Unaudited) US\$'000	January to June 2015 (Unaudited) US\$'000
(a) Sales of goods to:				
Companies controlled by a substantial shareholder of the Company	5,223	9,564	6,427	11,823
Associates	6,775	10,485	7,229	12,071
Joint ventures	10,990	20,540	25,047	33,622
	17,988	40,589	38,703	57,516
(b) Purchases of goods from:				
A group of companies jointly controlled by the Company's directors and their dependent	111,501	244,949	101,271	214,828
Joint ventures	3,778	4,922	1,520	2,964
	115,279	249,871	102,791	217,792

16. Contingent liabilities

In 2014, the Group announced a voluntary retirement plan (the "Plan") for its employees as a result of an integration programme of its Pepsi beverage business. The Group has made an offer of the Plan to the affected employees who can decide to accept the offer of benefits in exchange for the termination of their employments. The termination benefits of US\$13.827 million have been recognised as expenses during the six-month period ended 30 June 2016. At 30 June 2016, the estimated possible obligation of termination benefits is amounted to approximately US\$17.452 million (31 December 2015: US\$31.279 million) which is expected to be settled in 2016.

17. Approval of interim financial statements

The interim financial statements of 2016 were approved by the board of directors on 29 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview Review

In the first half of 2016, China economy maintained steady development. Prices of palm oil increased slightly. It is expected that a rising trend will be maintained amidst stability in future. Prices of other raw materials remained basically stable. The inflationary pressure was temporary eased. However, affected by the weak international market and the domestic demand trend in the second half of the year, GDP will continue to run at approximately 6.5%. The monetary policy is the focus of attention.

In the first half of 2016, the overall performance of the Group was poor due to the short-term impact of the instant noodle upgrade. However, the Group still focused on long-term upgrade planning and innovation to meet the enquiry from the rise in the middle class consumers. We also continued to pay attention to the optimization of free cash flows. The Group promoted a corporate culture of integrity, pragmatism and innovation, enhanced employees' sense of identity and cohesion towards the enterprise and established a good foundation for generation succeeding, with a view to achieving the objectives of "safety, cost saving, higher efficiency and innovation".

In the first half of 2016, the Group's revenue decreased by 13.94% yoy to US\$4,191.327 million. Revenue of instant noodles and beverages decreased by 13.95% and 14.40% respectively. During the period, gross profit margin of the Group decreased by 1.25 ppt. to 31.64% yoy due to the unfavorable sales. Meanwhile, the Group has increased the investment in advertisement in respect of brand building, distribution costs as a percentage of total revenue was 22.22%, an increase of 2.43 ppt. yoy. EBITDA of the Group for the first half of 2016 decreased by 28.25% to US\$487.631 million and profit attributable to owners of the Company dropped by 64.75% to US\$69.675 million. Earnings per share decreased by 2.29 US cents to 1.24 US cents.

Instant Noodle Business

In the first half of 2016, the revenue of the Group's instant noodle business was US\$1,542.130 million, dropped by 13.95% yoy, representing 36.79% of the Group's revenue. To consolidate the price range of RMB4.0 noodle, the Group started to promote the Classic Series since May this year, and focused on launching upgraded products of the concentrated soup stock series within the price range of above RMB4.5. Revenue has rebounded steadily on a yoy basis in June and the decline has also been narrowed subsequently in the second quarter. During the period, because of the sales decline and an increase in prices of raw materials, the gross profit margin of instant noodle decreased 2.41 ppt. to 27.89% on a yoy basis. Coupled with increased investment in advertisement in respect of brand building during the period, profit attributable to owners of the Company of the instant noodle business dropped 60.30% to US\$60.827 million on a yoy basis in the first half of the year.

For Master Kong instant noodle, we aim to lead the upgrading of the industry in strategic development and will continue to promote the multi pricing policy. During the period, during our product upgrading process, one competitor utilized similar packaging to cause confusion to consumer, therefore, to comply with consumer familiarity with the product packaging, we re-launched the classic series at the end of May. With the tension and thrust, to meet consumer demand for classic products. Overall sales improved significantly and the extent of the decline narrowed substantially on a quarter-on-quarter basis. The trend was improving. Meanwhile, in order to satisfy the lifestyle of small quantity and many varieties for white-collar in cities, cup noodles were launched with a view to satisfy the increasing diversified demand for new and variable products from the middle class. For the high-end product series, we emphasized upgraded products of the concentrated soup stock series: black and white pepper, pork rib, assorted, ZhenLiaoDao (plenty of fine ingredients) and Master Soup, etc. The soup concentrate is extracted by industry-leading technology so as to continuously promote thick soup boiled with real ingredients. The soup is not only thick and aromatic but has also preserved the nutrients of raw soup to the maximum extent, which provides more diversified product choices for consumers in pursuit of high-end and quality products.

According to the latest market share analysis data from AC Nielsen, in January to June of 2016, the market shares of Master Kong instant noodle in terms of sales amount and sales volume were 51.9% and 43.0% respectively, maintained their market leading positions. We will actively implement the arrangement for "Back to Classic". Together with the existing upgraded products, we satisfied the demand of consumers with product portfolios of various price ranges and developed new product to create new opportunities for the industry.

Upgraded products of the concentrated soup stock series: “Black and White Pepper” series soon became highly popular with its innovative flavours and cool package design and style. Combining consumer groups’ favourite social media and entertainment platforms and integrating and disseminating product features, the series achieved sales of more than one million boxes in March immediately following its launch for sale in the market during the Spring Festival. Even if during slack seasons, the series was able to maintain good monthly average sales and became a highly popular cool online product which aroused hot discussions among youngsters. To shape an international style, ZhenLiaoDao, a fashionable cup noodle with many ingredients delivering a foreign feeling tailored for young students and the white-collar, joined hands with Kim Woo-bin (金宇彬) to engage in endorsement to introduce the fine ingredients in Chinese in the latest commercial, which was well-received by the entire audience. With the broadcasting of the TV series “Uncontrollably Fond (任意依戀)” and a continued increase in microblogging topics, both brand recognition and the first attempt rate experienced a rapid increase.

Major products: “Braised Brand” joined hands with TFBOYS and Yu Quan (羽泉) to launch the new single MV “Dream Sky Lanterns 2016” to create the New Year intellectual property right belonging to the Braised Brand itself. It joined with the NetEase media to produce the programme with the theme to communicate the brand spirit of active and positive energy of “Persisting in Dreams, Supporting You All the Way”. “Pickled Mustard”, “Fresh Shrimp Fish Pan” and “Spicy Beef/Fried Pepper Beef/Pickled Pepper Beef/Pungent Beef” all continued to communicate with young consumers in an entertaining manner. Apart from the high number of views on micro films, we made great efforts in communication on online platforms to fully implement online dissemination and offline promotion together with promotional activities, and continued to enhance the brand vitality and gradually established our own brand intellectual property rights.

With respect to supply chain management, the robot 4.0 automatic energy conservation and emission reduction project was promoted to reduce energy consumption. A management mechanism for shortages of product items was established to ensure safe stocks, reduce the shortage rate and increase the efficiency of coordinating production and sales. Production technology and equipment for new products (types) were actively prepared to ensure the smooth launch of new products. The upgrade and transformation of the new second generation plant was conducted on a continued basis. Food safety check was strengthened to provide consumers with products of higher quality to enhance the corporate image.

Beverage Business

In the first half of 2016, the overall revenue of the beverage business was US\$2,535.475 million, dropped by 14.40% yoy, representing 60.49% of the Group’s total revenue. The revenue declined was mainly due to the adjustment in channel inventory. During the period, gross profit margin of beverages dropped 0.76 ppt. to 33.98% on a yoy basis. To accumulate medium-to-long-term brand assets, efforts were continuously stepped up in brand building, resulting in an increase in advertising expenses. Profit attributable to owners of the Company of the beverage business dropped 70.16% to US\$18.548 million on a yoy basis in the first half of the year.

An overview performance in the second quarter showed that the beverage industry in China exhibited small growth, with 1.4% sales volume growth on a yoy basis. In the first half of the year, sales performance of the Group’s beverage business has not reached the expected target and still needed to be improved. In response to the rise in the middle class and the development of urbanization, the beverage business continued to increase brand investment during the period and enhanced the management of modern sales channel. Multi price range product planning and management was optimized. The alliance formed by Master Kong-Pepsi continued to improve organizational ability, implemented online counselling and offline nurturing, timely replenished early retired employees and guaranteed the stable organizational ability of Pepsi beverages.

According to the research data provided by AC Nielsen for January to June of 2016, the RTD tea (including milk tea) of the Group accounted for 53.1% of the sales volume in the market, representing a decrease of 2.3 ppt. as compared to the same period last year but still ranked the first in the market steadily. By leveraging on the fruit juice brands under Master Kong (Master Kong juice, Fresh Daily C, New Taste for Traditional Drink, Crystal Sugar Series and Light Fruit Mix) and Pepsi’s Tropicana, the market share in the overall juice drink market was 17.0%, ranking No. 2 in the market. Market share of sales in the milk tea market was 15.4%, ranked No.2 in the market. Market share for the Group’s bottled water was 14.5%, ranking No. 3 in the market.

According to the data of Canadean’s database for January to June of 2016, the overall market share of Pepsi Cola CSD drinks increased by 0.9 ppt. yoy to 30.4% in the market and gained 48.4% in the cola drink market for January to June of 2016. In the juice flavour CSD market, the market share was 33.1%, ranking the second.

RTD tea: Micro films were continuously used to communicate with young groups, create online and offline relevant activities and expand the opportunities for consumers to consume and drink the product. Meanwhile, we continued to put the focus on the multi price range strategy. Apart from launching the new quality product, NongNong Lemon Tea, using premium tea leaves and high-end tea leaf extraction technology and with fresh lemon added to satisfy the market demand of consumers for enjoying the upgrade products, we also launched grapefruit green tea by using the concept of health. In the first half of the year, supported by the “One More Bottle” lucky draw event, green tea experienced substantial growth to seize the green tea market. The relevant marketing implemented by Master Kong, as the official partner of Disney, coupled with the “A Bottle of Greeting Tea” event launched during the opening ceremony activity, presented the Master Kong brand and a wide range products as the representatives of the oriental tea culture to consumers. The enhancement of commercial values inherent in it was self-evident. To celebrate the opening of Shanghai Disneyland, Master Kong launched a limited edition ice tea of the ice tea commemorative edition with the images of Mickey and Minnie dolls on 20 June, which was launched in FamilyMart in the markets of East China and Shanghai only and attracted great attention among Disney fans. The Jasmine series created the creative activity of the online and offline confession platform with “Encountering Romance” to drive the attention of consumers towards the products of the Jasmine series and expand the overall jasmine product market with the launch of the jasmine fruit tea.

Bottled Water: Since the beginning of last year, Master Kong was under official review on all aspects of its plants, equipment and environment, production process, management and control mechanism, raw water and quality management system for nearly 10 months. The review standards covered as many as 90 types including HACCP, GMP and US FDA, the 74 plants under review attained the IBWA standard during site inspections. It formally became a member of the International Bottled Water Association (IBWA) in May. Now, Master Kong’s “Youyue purified water” and “Master Kong bottled drinking water” are attached with the IBWA certification labels. “Youyue purified water” passed the US FDA testing process at the NSF international laboratories in May this year and was granted the NSF certification label. Both certifications show that the bottled water manufactured locally by Master Kong are fully in compliance with the standards prescribed by the Food and Drug Administration (FDA) of the United States and the brand is enhanced through “Nano-grade filtration, international certification”. Master Kong’s drinking water is focused on impulse momentum, enhancing the utilization rate of production capacity and diversification of specifications with a view to increase the satisfaction of consumers’ needs in drinking opportunities.

Juice drink: In the first half of 2016, apart from developing the family size product market and the continued promotion of specification satisfaction, with respect to product innovation and brand revitalization, we launched the new flavor of Master Kong Fragrant Lychee juice and the new package of New Taste for Traditional Drink sour plum soup. In the first half of the year, sales for sour plum soup achieved substantial growth, consolidating the leading position of Chinese-style fruit juice. In the area of Westem-style fruit juice Light Fruit Mix communicated with young groups with “Mixed Flavours (混搭趣味)” and launched Mango Xiaolao (芒果小酪) in the second quarter and increased the brand attempt rate through tasting and we media dissemination. Tropicana fruit cocktail launched a promotional video online with popular Taiwanese singer Jolin Tsai, which attracted overwhelming online attention and discussions. Offline sponsorship for the touring concert of the spokesperson was also provided to bring out the brand attitude and annual theme of communication of “Colorful Mix”.

Carbonated Drinks: Pepsi and Mirinda launched the Pepsi opening commemorative can by taking advantage of the craze of the opening of Shanghai Disneyland and planned Disney with the relevant features and made use of marketing activities under the “Disney” theme to create the nationwide Disney activity of “Act Now, Open the Cap to Win Millions of Surprises (渴望就現在, 揭蓋贏億份驚喜)” to attract the attention of a large number of fans. Participation by consumers reached a historical new high. Mirinda’s online and offline integrated marketing “Happy Daren (開心達人)” selective trial was held in various campuses. The new approach attracted much discussions and was sought after among students. Meanwhile, the online drama, “Happy Force (開心原力)”, broadcast exclusively online attracted the attention of a large number of fans. The joyful image of the brand gained wide popularity. 7-up continued the “Open the Cap for Double Surprises (開瓶有驚喜, 喜上加喜)” bringing another bottle activity to create a hot online drama that attracted overwhelming attention.

Sports Drinks: The national audition of “One Shot, One Million” of Gatorade started in April and was widely disseminated and acclaimed among the core consumer groups. Vitamin Power implanted “Run Brothers (奔跑吧兄弟)”, a top variety show programme in Mainland China, in April to deeply communicate the concept of the product.

Among milk drinks: “Weichuan Lactic Acid Drinks” developed the room temperature milk drink market to break through the cold chain restriction. The exclusive LPF beneficial bacteria formulation satisfied the demand of consumers for nutritious, healthy, high-end and diversified drinks. In the second half of the year, we will make efforts for sustainable growth. The Classical Milk Tea operated mainstream public milk tea with aromatic strong and nutritious tastes. Sales continued to grow, consolidating the second brand position in the milk tea market.

Apart from promoting the internal process optimization project in connection with the supply chain strategy, the beverage business still continued to place the focus on implementing the overall food safety policy and traceability system and implemented our commitment towards food safety by completing the screening of raw materials/packaging materials in the aspects of safety and compliance to ensure the compliance of products with the regulations and standards.

Instant Food Business

According to the latest data of Nielsen, the overall performance of the traditional biscuit market in the first half of the year was poor. The overall sales volume in the biscuit market declined by 2.1% on a yoy basis in the second quarter of 2016, while the sales amount slightly declined by 0.6% yoy. The decline in sandwich cracker was more obvious, sales volume decreased by 3.6% yoy and sales amount decreased by 3.2% yoy. In terms of sales amount, the market share of Master Kong egg rolls was 18.7% and ranking the first in the market in April to June of 2016, while the market share of sandwich cracker was 12.5% and ranking the second highest in the market, representing an increase of 1.5 and 2.5 ppt. respectively on a quarter-on-quarter basis.

With an overall slowdown in the whole industry, the Company still continued to promote various reforms under the overall strategy of “Reform, Focus, Re-start”. Relatively obvious achievement was attained further in creating results and saving costs during the quarter. By actively adjusting the operational strategy of some product items, the Group effectively managed the development and market promotion of new products, optimized the production bases and the production line structure, managed and controlled the selling and administrative expenses stringently and reduced the losses significantly during the period. With respect to the external marketing strategy, the Company actively explored and sought quality international partners for strategic alliance cooperation to create business opportunities for future international business platforms.

In the first half of 2016, the revenue of the group’s instant food business was US\$62.821 million, dropped by 6.08% yoy, representing 1.50% of the Group’s total revenue. During the period, benefited by sound cost control and raw material price decline, gross profit margin grew by 2.11 ppt. to 35.35% yoy. In the first half of 2016, the instant food business recorded a loss of US\$6.439 million, improved 41.22% when compared to same period last year.

To cope with the change in market demand brought by a demographic change and the rise of the middle class and further expand the efficiency of the business reform, instant food will continue to put great efforts on strictly controlling operating costs and capture the business opportunity of market transformation through the following strategies:

1. Focusing on the core product categories of cakes and snacks, accelerating product improvement and new product development capitalizing on upgrade and innovation such as the high end presentation of products, the diversification of package specification and healthiness, and increasing market share and consolidated gross profit by applying different product portfolios, channel structure portfolios and geographical area portfolios.
2. Promoting the development of emerging channels, strengthening the development and operation of e-commerce, convenience stores and special channels, and actively cooperating with other industries to satisfy the demand of consumers and channel customers.
3. Activating fixed assets, maximizing the utilization of existing machinery, promoting production process automation and labour saving to increase capacity utilization and enhance cost competitiveness.

In response to the new business situation, the instant food business put more focus on the core cake business and focused on and returned to core brand building. Two new specifications for 3+2 sandwich crackers and four new flavours for sharing packages were launched to meet consumers’ demand of small volume, various choices, and multi-frequency. Meanwhile, new product development was actively carried out with a view to expanding the 3+2 product category to meet the different consumption scenarios of the target consumers. Besides, 3+2 high-end gift box product planning was implemented simultaneously to satisfy the demand of consumers for high-end gift giving. One new product and two specifications for muffin cakes were launched on schedule with the concept of healthiness and nutrition to meet the new breakfast choices of white-collar consumer groups and constantly expanded the product line to meet different consumption timings. One high-end new product and two specifications for egg rolls were launched. An innovative gift box was launched during the Chinese New Year to satisfy the demand of consumers for visiting relatives and friends.

FINANCING

The Group continued to maintain a stable and healthy financial structure through effective control of trade receivables, trade payables, bank balances and cash and inventories. As at 30 June 2016, the Group's cash and bank deposits totaled US\$1,482.833 million, an increase of US\$459.133 million from 31 December 2015. A sufficient amount of cash holding was still maintained. As at 30 June 2016, the Group's total assets and total liabilities amounted to approximately US\$8,561.557 million and US\$4,825.150 million respectively. This showed increases in US\$80.051 million and US\$237.905 million respectively compared to 31 December 2015. The debt ratio increased by 2.27 ppt. to 56.36% compared to 31 December 2015. Gearing ratio was 0.34 times lower than the ratio on 31 December 2015.

As at 30 June 2016, the Group's total interest bearing borrowings decreased by US\$12.468 million to US\$2,437.097 million. During the period, the Group's proportion of the total borrowings denominated in foreign currencies and Renminbi were 74% and 26% respectively, as compared to 79% and 21% respectively as at 31 December 2015. The proportion between the Group's long-term borrowings and short-term borrowings was 42% and 58% respectively, as compared to 54% and 46% respectively as at 31 December 2015. Considering the diverged trends of the interest rates between Renminbi and the US dollars and the Group itself, the Group has adjusted its financing strategy since September 2015 to increase its proportion of onshore financing and to reduce its foreign currencies financing. The Group expects to increase its Renminbi borrowing, and the proportion of Renminbi borrowing of the Group's total borrowings will be increased gradually.

In the first half of the year, the depreciation in Renminbi against US dollar by 2.28%, due to the fluctuation of exchange rate, brought realized/unrealized exchange losses of US\$7.078 million in the Group's income statement.

In 2014, the Group announced a voluntary retirement plan (the "Plan") for its employees as a result of an integration programme of its Pepsi beverage business. The Group has made an offer of the Plan to the affected employees who can apply to accept the offer of benefits in exchange for the termination of their employments. The termination benefits of US\$13.827 million have been recognised as expenses during the six-month period ended 30 June 2016. At 30 June 2016, the estimated possible obligation of termination benefits is amounted to approximately US\$17.452 million which is expected to be settled in 2016 and disclosed as contingent liabilities.

The joint ventures and associates in the Pepsi beverage business of the Group (the "Joint Ventures and Associates") have, based on their own operation requirements, also implemented a compensation plan (the "Compensation Plan") which is similar to the Plan. During the six-month period ended 30 June 2016, the Group has committed for the payment of US\$9.020 million arising from the Compensation Plan and such payment has been recognized as expenses by the Group. At 30 June 2016, the possible amount of liabilities which arises from the Compensation Plan but not yet committed by the Group is amounted to approximately US\$9.245 million.

Financial Ratio

	As at 30 June 2016	As at 31 December 2015
Finished goods turnover	10.64 Days	10.87 Days
Trade receivables turnover	11.06 Days	9.46 Days
Current ratio	0.69 Times	0.68 Times
Debt ratio (Total liabilities to total assets)	56.36%	54.09%
Gearing ratio (Net debt to equity attributable to owners of the Company)	0.34 Times	0.49 Times

HUMAN RESOURCES

As of 30 June 2016, the Group had 66,500 employees. Tingyi Holding implemented the strategic transformation of its human resources and planned a human resources sharing service centre, continued to improve the high-level talent development platform and promoted strategic talent development, and implemented the plan for the development and cultivation of high-level leader reserve. Moreover, the Group has promoted the echelon building of leaders at various levels and established long-term cooperation relationship with major domestic and foreign universities and colleges to establish a talent supply chain system.

The corporate culture was deepened to build a 100% Master Kong team and implement the corporate culture of “Forward-looking, Scientific, Performance driven and Harmony”.

PROSPECTS

Looking ahead to the second half of the year, the monetary policy is stable. The effect of the stabilization of housing prices on boosting commodity prices weaken, which will cause the annual CPI to maintain a steady rising trend. As for the economy, investment and export remain sluggish. The growth rate of consumption is relatively stable. The overall economy is stable but the basis is unstable. In the second half of the year, there still exists relatively great pressure on economic development. During the period, apart from the weather factor, insufficient confidence of channels and consumers in upgraded products and the launch of new products not as fast as planned were also factors affecting the overall growth of the Group in the first half of the year. In the second half of the year, under continued long-term planning, the Group will continue to launch more product portfolios of various product ranges focusing on the demand of customers to satisfy consumer groups with different demands. To this end, the Group will adjust its product strategy in accordance with the demand of consumers for classic products. Overall, the Group will still maintain its existing strategy of products with various price ranges and enhance online and offline brand communication of channels and end-consumers. As at the announcement day, when compared to the second quarter, the Group’s third quarter sales performances continued to improve. The generation heritage and transformation change of the Group’s management will lead to continuous and planned development of the collective leadership process. When we enter the next period of development and transformation stage, in addition to focusing on the development of our well-established competitive advantages, continuity and sustainability of our business will also be ensured, we are able to focus on the long-term development opportunities and strive to bring stable business development, sound and solid growth for the Group.

CORPORATE SOCIAL RESPONSIBILITY

As a leading enterprise in the food industry, Master Kong always adheres to the principles of “sustainable operation, contribution to society” in performing its social responsibilities as a corporate citizen. Promotion of transformation and upgrading of enterprises, has been noticed.

For food safety science popularization, Master Kong has responded actively to the call from central government and has fully performed corporate responsibilities by consolidating various resources to promote the dissemination of scientific knowledge in food safety. Master Kong continues to be the sole sponsor in the second Public Food Safety Science Innovation Contest. We visited key universities in seven cities, by gathering more quality resources from 64 university organizations, social communities and enterprises, a dissemination and sharing platform is jointly built to share popular science resources in food safety, featuring the creativity and dynamic force of the new generation in popular science of food safety. Meanwhile, Master Kong has specially built a food safety popular science education base – the dream exploration paradise (夢想探索樂園) - for youths in Hangzhou during this year, with primary students of 6 to 12 years old as major targets, children and parents are educated on the production process of instant noodles and health knowledge through virtual visual technology, interactive games and experience. The dream exploration paradise has been recognized as the “Youth Science Demonstration Base (青少年科普示範基地)” in Jianggan District of Hangzhou City by the Science and Technology Society of Hangzhou Economic and Technology Development Zone (杭州經濟技術開發區科學技術協會), which is also an international tourism visiting spot supported by social resources in Hangzhou.

In addition, Master Kong Instant Noodle Museum and Master Kong Beverage Pavillion located in the Tianjin Development Zone are also functioning as a “National Food Safety Popular Science Education Base (全國食品安全科普教育基地)” and receives nearly 80,000 visitors per year, including domestic and foreign government leaders, cadres of private associations, general public and groups from primary and secondary schools. Especially during the National Food Safety Week in June this year, Master Kong has become one of the first enterprises joining the China Nutrition and Health Food Association in launching the “Food Safety Transparency Consumption Plan (食品安全透明消費計劃)” and is one of the first three enterprises which have been granted the title of “Popular Science Education Base for Consumers in China (中國消費者科普教育基地)”

Master Kong strongly promoted the Cooperation between Universities and Enterprises. For continuous nurturing of more professionals for the food industry in China, Master Kong collaborated with four top-notch universities in the food field, to conduct thematic research studies on food science and engineering cultivated by Master Kong over the years, nutrition of instant food products and food safety. The group continued to develop different programs for Cooperation between Universities and Enterprises, in order to foster win-win cooperation in the areas of research and development on food engineering technology and nurturing of talents.

On international cooperation, Master Kong also established academic and enterprise cooperation relationship with a number of top-notch international education institutions including Stanford University in United States and Tsinghua University Schwarzman Scholars Program.

For emergency and disaster relief: Affected by abnormal climatic changes during this year, rainstorms, floods and landslides occurred in several regions, and large-scale natural disasters such as tornadoes, hailstorms and thunder storms also occurred in some place. Master Kong organized labour force and supplies rapidly to arrange the emergency relief vehicle “Caring Refuel Station (愛心加油站)” to transport urgent supplies such as Master Kong’s instant noodles and bottled water to the badly disrupted disaster area and provide warmly cooked instant noodles and pure drinking water to the needy people. Employees of Master Kong from different regions also cooperated with the local governments in emergency measures and performed corporate social responsibilities by taking practical actions, they also contributed their efforts in fighting floods and rescue work, providing a strong support to disaster relief and restoration in the local regions.

Awards and Honors

In January 2016, Tingyi (Cayman Islands) Holding Corp. won the “Executing Innovation Award” of “Best Innovator China (中國最佳創新企業)” Awards presented by A.T. Kearney global strategy and management consulting company by leveraging on its deep insight on consumers and practice-oriented innovation strategy. In May Master Kong won the “Grand Prize of Content Marketing in Integrated Communication (內容營銷整合傳播全場大獎)” from the “Content Marketing Conference of China (中國內容營銷盛典大會)” with its marketing campaign of “Family Spring Festival Flavour with You (加你加年味)”, representing another recognition of Master Kong’s upgraded branding strategy and innovative marketing strategy by the marketing sector in recent years. In the same month, Master Kong ranked as one of the top three Most Chosen Brands (消費者選擇最多品牌) for the fourth consecutive year in the Brand Footprint Report (全球足跡報告) of Kantar Worldpanel (凱度消費者指數).

CORPORATE GOVERNANCE

The Company has, throughout the period ended 30 June 2016, complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviation from code A.4.1 of the CG Code. The reason for the deviation is explained below.

Code provision A.4.1

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from this provision because the non-executive Directors and independent non-executive Directors of the Company do not currently have specific terms of appointment. However, the articles of association of the Company provide that all the Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of the Directors for the time being or, if the number is not a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation and offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure the Company’s corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with that of the code.

The Company will continue to periodically review and improve its corporate governance practices with reference to the latest corporate governance developments.

Directors' responsibility for the financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance and Accounting Department which is under the supervision of the Chief Financial Officer of the Company, the Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

Audit Committee

The Audit Committee currently has three Independent Non-executive Directors, Mr. Lee Tiong-Hock, Mr. Hsu Shin-Chun and Mr. Hiromu Fukada. Mr. Lee Tiong-Hock is the chairman of the Committee. The latest meeting of the Audit Committee was held to review the results of the Group for the period under review.

Remuneration and Nomination Committee

The remuneration and nomination committee of the Company (the "Remuneration and Nomination Committee") now comprises three Independent Non-executive Directors, Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada. Mr. Hsu Shin-Chun is the chairman of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee was established to consider and approve the remuneration packages of the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The Remuneration and Nomination Committee also reviews the structure, size and composition of the Board from time to time and recommends to the Board on appointments of Directors and the succession plan for Directors.

Internal Control and Risk Management

The Board has overall responsibility for maintaining a sound and effective internal control and risk management system of the Group. The Group's internal control and risk management system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, to safeguard assets against unauthorised use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

Compliance with the Model Code

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 own code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There were no purchases, sales or redemptions of the Company's securities by the Company or any of its subsidiaries during the period.

SHARE OPTION SCHEME

At the extraordinary general meeting of the Company held on 20 March 2008, the shareholders approved the adoption of the share option scheme (the “Share Option Scheme”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Detail arrangement for the Share Option Scheme shown as below:
(Table A)

Date of grant	Number of share options granted	Exercisable period	Exercise price (HK\$)
20 March 2008	11,760,000	21 March 2013 to 20 March 2018 (1)	\$9.28
22 April 2009	26,688,000	23 April 2014 to 22 April 2019 (2)	\$9.38
1 April 2010	15,044,000	1 April 2015 to 31 March 2020 (3)	\$18.57
12 April 2011	17,702,000	12 April 2016 to 11 April 2021 (4)	\$19.96
26 April 2012	9,700,000	26 April 2017 to 25 April 2022 (5)	\$20.54
27 May 2013	11,492,000	27 May 2018 to 26 May 2023 (6)	\$20.16
17 April 2014	12,718,500	17 April 2019 to 16 April 2024 (7)	\$22.38
5 June 2015	17,054,000	5 June 2020 to 4 June 2025 (8)	\$16.22

The summary below sets out the details of movement of the share options during the six months ended 30 June 2016 pursuant to the Share Option Scheme: (Table B)

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Balance as at 1 January 2016	Number of share option			Balance as at 30 June 2016	Weighted average closing price immediately before exercise HK\$	Note	
					Granted during the period	Exercisable/ exercised during the period	Cancelled/ lapsed during the period				
Executive Director											
Wei Ing-Chou	20 March 2008	9.28	8.55	2,000,000	—	—	—	2,000,000	—	Table A (1)	
	22 April 2009	9.38	9.37	2,816,000	—	—	—	2,816,000	—	Table A (2)	
	1 April 2010	18.57	18.42	2,200,000	—	—	—	2,200,000	—	Table A (3)	
	12 April 2011	19.96	19.96	2,264,000	—	—	—	2,264,000	—	Table A (4)	
	26 April 2012	20.54	19.88	1,368,000	—	—	—	1,368,000	—	Table A (5)	
	27 May 2013	20.16	20.05	1,390,000	—	—	—	1,390,000	—	Table A (6)	
	17 April 2014	22.38	22.35	1,486,000	—	—	—	1,486,000	—	Table A (7)	
	5 June 2015	16.22	15.92	1,726,000	—	—	—	1,726,000	—	Table A (8)	
Chief Executive Officer											
James Chun-Hsien	27 May 2013	20.16	20.05	904,000	—	—	—	904,000	—	Table A (6)	
	Wei	17 April 2014	22.38	22.35	1,148,000	—	—	—	1,148,000	—	Table A (7)
		5 June 2015	16.22	15.92	2,006,000	—	—	—	2,006,000	—	Table A (8)
Other employees in aggregate											
Other employees in aggregate	20 March 2008	9.28	8.55	2,864,000	—	—	—	2,864,000	—	Table A (1)	
	22 April 2009	9.38	9.37	11,214,000	—	—	—	11,214,000	—	Table A (2)	
	1 April 2010	18.57	18.42	9,879,000	—	—	—	9,879,000	—	Table A (3)	
	12 April 2011	19.96	19.96	12,820,000	—	—	—	12,820,000	—	Table A (4)	
	26 April 2012	20.54	19.88	7,500,000	—	—	—	7,500,000	—	Table A (5)	
	27 May 2013	20.16	20.05	8,160,000	—	—	—	8,160,000	—	Table A (6)	
	17 April 2014	22.38	22.35	9,284,500	—	—	—	9,284,500	—	Table A (7)	
		5 June 2015	16.22	15.92	13,322,000	—	—	—	13,322,000	—	Table A (8)
Total				94,351,500	—	—	—	94,351,500			

For the period of six months ended 30 June 2016, no option had been granted nor exercised during the period.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER IN SHARES

As at 30 June 2016, the interests and short positions of the Directors and Chief Executive Officer in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in Shares and underlying Shares

Name	Number of ordinary shares		Percentage of the issued share capital	Number of underlying shares held under share options (Note 2)
	Personal interests	Corporate interests (Note 1)		
Directors				
Wei Ing-Chou	13,242,000	1,882,927,866	34.12%	15,250,000
Wei Hong-Ming	—	1,882,927,866	33.61%	—
Chief Executive Officer				
James Chun-Hsien Wei	—	—	—	4,058,000

(b) Long position in shares of associated corporation

Name of Directors	Name of associated Corporation	Number of shares of the associated corporation (Note 3)	Percentage of the issued share capital (Note 3)	Nature of interest (Note 3)
Wei Ing-Chou	Tingyi-Asahi Beverages Holding Co. Ltd.	180,008 shares	17.10%	Corporate
Wei Hong-Ming	Tingyi-Asahi Beverages Holding Co. Ltd.	180,008 shares	17.10%	Corporate

Note:

- These 1,882,927,866 shares are held by and registered under the name of Ting Hsin (Cayman Islands) Holding Corp. (“Ting Hsin”). Ting Hsin is beneficially owned as to approximately 44.761% by Ho Te Investments Limited (“Ho Te”), as to approximately 30.239% by Rich Cheer Holdings Limited (“Rich Cheer”), as to 17.835% by Itochu Corp., and 6.482% by China Foods Investment Corp., a subsidiary of Asahi Group Holdings, Ltd., and as to the remaining 0.683% by unrelated third parties. Ho Te and Rich Cheer were owned as to 100% by Profit Surplus Holdings Limited (“Profit Surplus”). Profit Surplus is the trustee of a unit trust, which is in turn held by four discretionary trusts in equal proportions. HSBC International Trustee Limited is the trustee of each of the above four discretionary trusts, the settlors and discretionary objects of the above four discretionary trusts are as follows:
 - Wei Chang Lu-Yun is the settlor of one of the above discretionary trusts with Wei Chang Lu-Yun’s family members (including Wei Hong-Ming) as discretionary objects;
 - Lin Li-Mien is the settlor of one of the above discretionary trusts with Lin Li-Mien’s family members as discretionary objects;
 - Wei Hsu Hsiu-Mien is the settlor of one of the above discretionary trusts with Wei Hsu Hsiu-Mien’s family members as discretionary objects; and
 - Wei Tu Miao is the settlor of one of the above discretionary trusts with Wei Tu Miao’s family members as discretionary objects.
- Wei Ing-Chou is also personally interested in 13,242,000 shares and holds 15,250,000 share options (details shown as Table B on page 28) under the share option scheme of the Company passed by an extraordinary general meeting of the Company held on 20 March 2008. Wei Chang Lu-Yun, being the spouse of Wei Ing-Chou, is also deemed to be interested in the shares and the underlying shares held by Wei Ing-Chou.

James Chun-Hsien Wei holds 4,058,000 share options (details shown as Table B on page 28) under the share option scheme of the Company passed by an extraordinary general meeting of the Company held on 20 March 2008.
- These 180,008 shares are held by and registered under the name of Ting Hsin. Please refer to note 1 for the shareholding structure of Ting Hsin.

Save as disclosed above, at no time during the period ended 30 June 2016 there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in or any other body corporate.

Save as disclosed in this paragraph, as at 30 June 2016, none of the Directors and Chief Executive Officer had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

Substantial Shareholders and Other Persons' Interests in Shares

So far as was known to any Director or Chief Executive Officer of the Company, as at 30 June 2016, the interests or short positions of substantial shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Name of shareholder	Capacity	Number of shares held	% of the issued share capital
Interest of Substantial Shareholders			
Ting Hsin (see note 1)^	Beneficial owner	1,882,927,866 (L)	33.61
Ho Te Investments Limited (see note 1)^	Interest of controlled company	1,882,927,866 (L)	33.61
Rich Cheer Holdings Limited (see note 1)^	Interest of controlled company	1,882,927,866 (L)	33.61
Profit Surplus Holdings Limited (see note 1)^	Trustee of a unit trust	1,882,927,866 (L)	33.61
HSBC International Trustee Limited (see note 1)^	Trustee of discretionary trusts	1,882,927,866 (L)	33.61
Wei Chang Lu-Yun (see notes 1 & 2)^	Settlor of a discretionary trust	1,911,419,866 (L)	34.12
Lin Li-Mien (see note 1)^	Settlor of a discretionary trust	1,882,927,866 (L)	33.61
Wei Hsu Hsiu-Mien (see note 1)^	Settlor of a discretionary trust	1,882,927,866 (L)	33.61
Wei Tu Miao (see note 1)^	Settlor of a discretionary trust	1,882,927,866 (L)	33.61
Sanyo Foods Co., Ltd.	Beneficial owner	1,882,927,866 (L)	33.61

^: Note 1 and 2 are set out on page 29

Note: (L): Long Position

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in register required to be kept under section 336 of the SFO as at 30 June 2016.

BOARD OF DIRECTORS

As at the date of this report, Mr. Wei Ing-Chou, Mr. Junichiro Ida, Mr. Wu Chung-Yi, Mr. Teruo Nagano, Mr. Wei Hong-Ming and Mr. Koji Shinohara are Executive Directors of the Company. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada are Independent Non-executive Directors of the Company.

By Order of the Board
Wei Ing-Chou
Chairman

Shanghai, the PRC, 29 August 2016

Website: <http://www.masterkong.com.cn>
<http://www.irasia.com/listco/hk/tingyi>

* For identification purpose only