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BILLION INDUSTRIAL HOLDINGS LIMITED

百宏實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

- Revenue for the first half of 2017 amounted to RMB3,272 million, representing an increase of 20.1% over the same period last year
- Profit for the first half of 2017 amounted to RMB218 million, representing an increase of 67.8% over the same period last year
- Earnings per share amounted to RMB0.10
- 2017 interim dividend of HK5.9 cents per share is declared

The board of directors (the “**Board**”) of Billion Industrial Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, condensed consolidated cash flow statement of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016, the unaudited consolidated statement of financial position of the Group as at 30 June 2017 together with audited comparative figures as at 31 December 2016, as follows:

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2017 – unaudited

(Expressed in Renminbi)

	<i>Note</i>	Six months ended 30 June	
		2017	2016
		<i>RMB’000</i>	<i>RMB’000</i>
Revenue	4	3,271,633	2,723,695
Cost of sales		<u>(2,799,765)</u>	<u>(2,417,205)</u>
Gross profit		471,868	306,490
Other revenue	5	38,915	32,480
Other net (loss)/gain	6	(5,471)	19,120
Selling and distribution expenses		(42,975)	(29,147)
Administrative expenses		<u>(164,984)</u>	<u>(129,976)</u>
Profit from operations		297,353	198,967
Finance costs	8(a)	<u>(29,365)</u>	<u>(35,678)</u>
Profit before taxation	8	267,988	163,289
Income tax	9	<u>(49,597)</u>	<u>(33,164)</u>
Profit for the period attributable to equity shareholders of the Company		<u>218,391</u>	<u>130,125</u>
Earnings per share	11		
Basic and diluted (<i>RMB</i>)		<u>0.10</u>	<u>0.06</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
Note	RMB'000	RMB'000
Profit for the period attributable to equity shareholders of the Company	218,391	130,125
Other comprehensive income for the period		
<i>Items that may be reclassified subsequently to profit or loss (after tax):</i>		
Exchange differences on translation of financial statements of operations outside mainland China	46,197	(27,865)
Available-for-sale securities:		
Net movement in fair value reserve	<u>14,811</u>	<u>694</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>279,399</u>	<u>102,954</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017 – unaudited

(Expressed in Renminbi)

		At 30 June 2017 <i>RMB'000</i>	At 31 December 2016 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment			
– Other property, plant and equipment	<i>12</i>	4,916,124	4,949,225
– Construction in progress	<i>13</i>	39,565	44,979
– Interests in leasehold land held for own use under operating leases	<i>14</i>	430,471	422,078
		5,386,160	5,416,282
Intangible assets	<i>15</i>	4,176	–
Deposits and prepayments	<i>17</i>	276,789	236,927
		5,667,125	5,653,209
Current assets			
Inventories	<i>16</i>	761,018	496,442
Trade and other receivables	<i>17</i>	1,179,645	598,064
Other financial assets	<i>18</i>	1,023,995	1,255,848
Restricted bank deposits		107,350	165,488
Fixed deposits held at banks with maturity over three months		140,000	150,000
Cash and cash equivalents	<i>19</i>	88,164	315,297
		3,300,172	2,981,139

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017 – unaudited (Continued)

(Expressed in Renminbi)

		At 30 June 2017 <i>RMB'000</i>	At 31 December 2016 <i>RMB'000</i> (audited)
Current liabilities			
Trade and other payables	20	1,194,760	1,632,592
Bank loans		2,188,595	1,592,240
Current portion of deferred income		15,937	17,365
Current taxation	21(a)	73,602	59,793
		3,472,894	3,301,990
Net current liabilities		(172,722)	(320,851)
Total assets less current liabilities		5,494,403	5,332,358
Non-current liabilities			
Bank loans		14,177	15,505
Defer income		556	7,810
Deferred tax liabilities	21(b)	147,070	137,389
		161,803	160,704
NET ASSETS		5,332,600	5,171,654
CAPITAL AND RESERVES	22		
Share capital		18,064	18,112
Reserves		5,314,536	5,153,542
TOTAL EQUITY		5,332,600	5,171,654

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017 – unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
		Share capital	Share premium	Capital redemption reserve	Statutory reserve	Capital reserve	Exchange reserve	Fair value reserve	Retained profits	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note		22(a)	22(b)(i)	22(b)(ii)	22(b)(iii)	22(b)(iv)	22(b)(v)	22(b)(vi)		
	Balance at 1 January 2016	18,317	807,937	1,016	325,126	1,805,631	(112,014)	-	2,317,973	5,163,986
	Changes in equity for the six months ended 30 June 2016									
	Profit for the period	-	-	-	-	-	-	-	130,125	130,125
	Other comprehensive income	-	-	-	-	-	(27,865)	694	-	(27,171)
	Total comprehensive income for the period	-	-	-	-	-	(27,865)	694	130,125	102,954
	Dividends approved in respect of the previous year	10(b)	(54,854)	-	-	-	-	-	-	(54,854)
	Purchase of own shares									
	- par value paid	(106)	-	-	-	-	-	-	-	(106)
	- premium paid	-	(47,843)	-	-	-	-	-	-	(47,843)
	- transfer between reserves	-	(106)	106	-	-	-	-	-	-
	Balance at 30 June 2016	18,211	705,134	1,122	325,126	1,805,631	(139,879)	694	2,448,098	5,164,137
	Balance at 1 January 2017	18,112	589,275	1,221	357,883	1,805,631	(206,102)	5,067	2,600,567	5,171,654
	Changes in equity for the six months ended 30 June 2017									
	Profit for the period	-	-	-	-	-	-	-	218,391	218,391
	Other comprehensive income	-	-	-	-	-	46,197	14,811	-	61,008
	Total comprehensive income for the period	-	-	-	-	-	46,197	14,811	218,391	279,399
	Dividends approved in respect of the previous year	10(b)	(91,127)	-	-	-	-	-	-	(91,127)
	Purchase of own shares	22(a)(ii)								
	- par value paid	(48)	-	-	-	-	-	-	-	(48)
	- premium paid	-	(27,278)	-	-	-	-	-	-	(27,278)
	- transfer between reserves	-	(48)	48	-	-	-	-	-	-
	Balance at 30 June 2017	18,064	470,822	1,269	357,883	1,805,631	(159,905)	19,878	2,818,958	5,332,600

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2017 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
Note	RMB'000	RMB'000
Operating activities		
Cash (used in)/generated from operations	(357,494)	357,555
Tax paid	(29,443)	(18,523)
	<u>(386,937)</u>	<u>339,032</u>
Net cash (used in)/generated from operating activities	(386,937)	339,032
Investing activities		
Payment for the purchase of property, plant and equipment	(684)	(81)
Expenditure on construction in progress	(136,715)	(99,631)
Payment for interests in leasehold land held for own use under operating leases and intangible assets	(36,021)	–
Proceeds from disposal of property, plant and equipment	452	–
Proceeds from the disposal of other financial assets	359,391	–
Payment for other financial assets	(100,000)	(167,000)
Placement of the structured deposits	(500,000)	–
Uplift of restricted bank deposits	126,599	1,014,498
Placement of restricted bank deposits	(68,461)	(65,372)
Uplift of fixed deposits held at banks with maturity over three months	10,000	–
Placement of fixed deposits held at banks with maturity over three months	–	(10,000)
Other cash flows arising from investing activities	10,801	35,551
	<u>10,801</u>	<u>35,551</u>
Net cash (used in)/generated from investing activities	(334,638)	707,965

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2017 – unaudited (Continued)

(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
Note	RMB'000	RMB'000
Financing activities		
Payments of repurchase of shares	(27,326)	(47,949)
Dividends paid to equity shareholders of the Company	(91,127)	(54,854)
Proceeds from new bank loans	2,040,215	2,840,166
Repayment of bank loans	(1,399,696)	(3,817,203)
Other cash flows arising from financing activities	<u>(25,885)</u>	<u>(53,785)</u>
Net cash generated from/(used in) financing activities	<u>496,181</u>	<u>(1,133,625)</u>
Net decrease in cash and cash equivalents	(225,394)	(86,628)
Cash and cash equivalents at 1 January	315,297	518,690
Effect of foreign exchange rate changes	<u>(1,739)</u>	<u>9,210</u>
Cash and cash equivalents at 30 June	<u>19</u> <u>88,164</u>	<u>441,272</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 15 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Billion Industrial Holdings Limited (“the Company”) and its subsidiaries (together referred to as “the Group”) since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2016 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 17 March 2017.

As at 30 June 2017, the Group has net current liabilities amounted to RMB172,722,000 (31 December 2016: RMB320,851,000). The directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationships with the banks which enhance the Group's ability to renew the current bank loans upon expiry or to use the undrawn banking facilities to enable the Group to meet its financial obligations as and when they fall due for the twelve months from the reporting date of this interim financial report. Accordingly, the interim financial report has been prepared on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, manufacture and sales of polyester products in a single geographical region, which is the People's Republic of China (the "PRC"). Accordingly, no segmental analysis is presented.

4 REVENUE

The principal activities of the Group are manufacturing and sales of polyester filament yarns products and polyester thin films products.

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). The amount of each significant category of revenue recognised in revenue is as follows:

	Six months ended 30 June	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Polyester filament yarns products	2,699,228	2,575,281
Polyester thin films products	<u>572,405</u>	<u>148,414</u>
	<u>3,271,633</u>	<u>2,723,695</u>

The Group's customer base is diversified. No individual customer (six months ended 30 June 2016: one customer) had transactions which exceeded 10% of the Group's aggregate revenue for the six months ended 30 June 2017.

5 OTHER REVENUE

	Six months ended 30 June	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Bank interest income	11,586	23,024
Government grants	19,308	1,513
Gain on sales of raw materials	7,918	7,937
Others	<u>103</u>	<u>6</u>
	<u>38,915</u>	<u>32,480</u>

Government grants of RMB10,625,000 and RMB1,513,000 for the six months ended 30 June 2017 and 2016 respectively were received from several local government authorities for the Group's contribution to the local economies, of which the entitlement was unconditional and at the discretion of the relevant authorities. The remaining amounted to RMB8,683,000 (for the six months ended 30 June 2016: nil) were transferred from deferred income to consolidated income statement.

6 OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Donations	(85)	(62)
Net exchange loss	(1,153)	(3,918)
Net gain on sale of property, plant and equipment	376	–
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(15,355)	22,763
Available-for-sale securities:		
reclassified from equity	9,391	–
Others	1,355	337
	<u>(5,471)</u>	<u>19,120</u>

7. OTHER COMPREHENSIVE INCOME

(a) Available-for-sale securities

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in fair value recognised during the period	27,538	816
Reclassification adjustments for amounts transferred to profit or loss:		
– gains on disposal	(9,391)	–
Net deferred tax charged to other comprehensive income	(3,336)	(122)
Net movement in the fair value reserve during the period recognised in other comprehensive income	<u>14,811</u>	<u>694</u>

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
(a) Finance costs:		
Interest on bank advances and other borrowings	25,406	27,258
Other interest expenses	<u>3,959</u>	<u>8,420</u>
	<u>29,365</u>	<u>35,678</u>
(b) Staff costs:		
Contributions to defined contribution retirement plans	2,649	2,243
Salaries, wages and other benefits	<u>111,330</u>	<u>103,003</u>
	<u>113,979</u>	<u>105,246</u>
(c) Other items:		
Amortisation of interests in leasehold land held for own use under operating leases and intangible assets	4,977	4,838
Depreciation	162,568	139,906
Operating lease charges in respect of properties	636	252
Research and development costs*	106,981	82,832
Cost of inventories**	<u>2,799,765</u>	<u>2,417,205</u>

* *Research and development costs include RMB46,952,000 and RMB30,148,000 for the six months ended 30 June 2017 and 2016 respectively relating to staff costs in the research and development department and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 8(b) for each of these types of expenses.*

** *Cost of inventories include RMB197,987,000 and RMB195,530,000 for the six months ended 30 June 2017 and 2016 respectively relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 8(b) for each of these types of expenses.*

9 INCOME TAX

	Six months ended 30 June	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax		
Provision for PRC income tax for the period	44,748	21,147
(Over)/under-provision in respect of prior years	<u>(1,496)</u>	<u>986</u>
	43,252	22,133
Deferred tax		
Origination and reversal of temporary differences	<u>6,345</u>	<u>11,031</u>
	<u>49,597</u>	<u>33,164</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits during each of the six months ended 30 June 2017 and 2016.
- (iii) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) (“Billion Fujian”) was granted Advanced and New Technology Enterprise status for a valid period of three years from 2015 to 2017 which entitles Billion Fujian to a reduced income tax rate at 15% during the valid period under the New Tax Law and its relevant regulations.
- (iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion High-tech Material Industrial Co., Ltd.* (福建百宏高新材料實業有限公司) is subject to PRC income tax rate at 25%.

* *The English translation of the name is for reference only. The official name of the entity is in Chinese.*

10 DIVIDENDS

(a) **Dividends payable to equity shareholders of the Company attributable to the interim period:**

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interim dividend declared after the interim period of HK5.9 cents per share (2016: HK3.5 cents per share)	<u>107,340</u>	<u>65,118</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

(b) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period:**

	Six months ended 30 June	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the period, HK4.8 cents per share (2015: HK3.0 cents per share)	<u>91,127</u>	<u>54,854</u>

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB218,391,000 (six months ended 30 June 2016: RMB130,125,000) and the weighted average of 2,151,653,000 ordinary shares (six months ended 30 June 2016: 2,173,126,000 ordinary shares) in issue during the interim period.

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2017 and 2016, and therefore, diluted earnings per share is the same as the basic earnings per share.

12 OTHER PROPERTY, PLANT AND EQUIPMENT

	At 30 June 2017 <i>RMB'000</i>	At 31 December 2016 <i>RMB'000</i>
Net book value, at 1 January	4,949,225	4,211,722
Exchange adjustments	(1,467)	3,156
Additions	684	431
Transfer from construction in progress (<i>note 13</i>)	130,326	1,030,139
Disposals	(76)	(37)
Depreciation charge for the period/year	<u>(162,568)</u>	<u>(296,186)</u>
At 30 June/31 December	<u><u>4,916,124</u></u>	<u><u>4,949,225</u></u>

13 CONSTRUCTION IN PROGRESS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
At 1 January	44,979	832,831
Additions	124,912	242,287
Transfer to property, plant and equipment (<i>note 12</i>)	<u>(130,326)</u>	<u>(1,030,139)</u>
At 30 June/31 December	<u>39,565</u>	<u>44,979</u>

14 INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

Interests in leasehold land held for own use under operating leases represent land use rights with lease terms of 50 years in the PRC.

15 INTANGIBLE ASSETS

Intangible assets represented emission rights of nitrogen oxides. Intangible asset is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the relevant right for 5 years.

16 INVENTORIES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Raw materials	298,494	154,380
Work in progress	25,872	24,420
Finished goods	<u>436,652</u>	<u>317,642</u>
	<u>761,018</u>	<u>496,442</u>

17 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivable with the following ageing analysis, based on the date of billing, as of the end of the reporting period:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	146,411	181,470
1 to 2 months	85,222	89,969
2 to 3 months	68,011	80,682
Over 3 months	22,037	43,392
	<hr/>	<hr/>
Trade debtors and bills receivable	321,681	395,513
Deposits, prepayments and other receivables	631,308	418,018
Structured deposits	500,000	–
Derivative financial assets		
– Forward exchange contracts	3,445	21,460
	<hr/>	<hr/>
	1,456,434	834,991
<i>Less: Non-current portion of deposits and prepayments</i>	(276,789)	(236,927)
	<hr/>	<hr/>
	1,179,645	598,064
	<hr/> <hr/>	<hr/> <hr/>

All of the current trade and other receivables are expected to be recovered or recognised as expenses within one year.

The Group placed principal-guaranteed structured deposits in a reputable bank in the PRC amounting to RMB500,000,000 (31 December 2016: nil) with term of 90 days. The expected annual rate of returns include a fixed rate of 1.55% and floating rates ranged from 2.43% to 2.47% which are indexed to the price of gold in London Gold Market.

The Group made prepayments RMB201,184,000 (31 December 2016: RMB182,710,000) for interests in leasehold land for certain properties held for own use in the PRC and Vietnam. The related ownership certificates are under application as at 30 June 2017.

Current portion of deposits, prepayments and other receivables mainly represents prepayment on raw materials, interest receivable from deposits with banks and value added tax recoverable.

18 OTHER FINANCIAL ASSETS

Other financial assets represent unlisted available-for-sale. As at 30 June 2017, the Group invested in wealth management products issued by reputable banks in the PRC with the aggregate principals amount of RMB1,000,000,000 (31 December 2016: RMB1,250,000,000). There are no fixed or determinable returns of these bank wealth management products and the returns of principals are not guaranteed.

19 CASH AND CASH EQUIVALENTS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Deposits with banks and other financial institutions within three months to maturity when placed	–	200,000
Cash at bank and on hand	88,164	115,297
	<u>88,164</u>	<u>315,297</u>

20 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis, based on the date of invoice, as of the end of the reporting period:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 3 months	610,779	719,697
More than 3 months but within 6 months	73,121	222,686
More than 6 months but within 1 year	1,288	49,453
More than 1 year	1,833	363
	<hr/>	<hr/>
Trade creditors and bills payable	687,021	992,199
Other payables and accrual charges	216,490	209,790
Payables for acquisition of equipment	58,177	50,154
Construction payables	1,054	962
Receipts in advance	231,863	377,710
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	1,194,605	1,630,815
Derivative financial liabilities		
– Forward exchange contracts	155	1,777
	<hr/>	<hr/>
	1,194,760	1,632,592
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other payables are expected to be settled within one year or repayable on demand.

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	At 30 June 2017 <i>RMB'000</i>	At 31 December 2016 <i>RMB'000</i>
Provision of PRC income tax	<u>73,602</u>	<u>59,793</u>

(b) Deferred tax liabilities recognised:

	At 30 June 2017 <i>RMB'000</i>	At 31 December 2016 <i>RMB'000</i>
Deferred tax liabilities arising from:		
Charged/(credited) to profit or loss:		
– Depreciation and amortisation of fixed assets	162,172	153,253
– Others	<u>(19,219)</u>	<u>(16,645)</u>
	142,953	136,608
Charged to reserves:		
– Available-for-sale securities	<u>4,117</u>	<u>781</u>
	<u>147,070</u>	<u>137,389</u>

(c) Deferred tax assets not recognised

At 30 June 2017, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses of RMB140,254,000 (31 December 2016: RMB127,930,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised

From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise.

All of the Group’s subsidiaries incorporated in the PRC are foreign-invested enterprises directly and wholly owned by a Hong Kong incorporated subsidiary. Accordingly, the deferred tax liabilities will be provided for the undistributed profits of the Group’s PRC subsidiaries based on the expected dividends to be distributed from these subsidiaries in the foreseeable future and the expected withholding tax rate of 5%.

As at 30 June 2017, temporary differences relating to the undistributed profits of the Group’s certain subsidiaries in mainland China amounted to RMB2,965,899,000 (31 December 2016: RMB2,767,802,000). Deferred tax liabilities of RMB148,295,000 (31 December 2016: RMB138,390,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

22 CAPITAL AND RESERVES

(a) Share capital

(i) Authorised and issued share capital

	Par value <i>HK\$</i>	Number of shares	Nominal value of ordinary shares <i>HK\$</i>
Authorised			
At 31 December 2016 and 30 June 2017	0.01	<u>10,000,000,000</u>	<u>100,000,000</u>

	<i>Note</i>	Par value HK\$	Number of shares	Nominal value of ordinary shares	
				<i>HK\$</i>	<i>RMB</i>
Issued and fully paid:					
At 1 January 2016		0.01	2,178,160,000	21,781,600	18,317,073
Repurchase of shares		0.01	<u>(12,598,000)</u>	<u>(125,980)</u>	<u>(105,942)</u>
At 30 June 2016		0.01	2,165,562,000	21,655,620	18,211,131
Repurchase of shares		0.01	<u>(11,770,000)</u>	<u>(117,700)</u>	<u>(98,979)</u>
At 31 December 2016 and 1 January 2017		0.01	2,153,792,000	21,537,920	18,112,152
Repurchase of shares	<i>22(a)(ii)</i>	0.01	<u>(5,756,000)</u>	<u>(57,560)</u>	<u>(48,405)</u>
At 30 June 2017		0.01	<u>2,148,036,000</u>	<u>21,480,360</u>	<u>18,063,747</u>

(ii) Purchase of own shares

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>RMB'000</i>
January 2017	444,000	5.64	5.25	2,123
March 2017	730,000	5.49	5.17	3,390
April 2017	1,264,000	5.63	5.29	6,079
May 2017	2,558,000	5.84	5.17	12,092
June 2017	<u>760,000</u>	5.66	5.44	<u>3,642</u>
	<u>5,756,000</u>			<u>27,326</u>

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 5,756,000 shares were repurchased in the six months ended 30 June 2017 and the repurchased shares were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of RMB48,000 was transferred from share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of approximately HK\$30,857,000 (equivalent to RMB27,278,000) was charged to share premium.

(b) Nature and purpose of reserves

(i) *Share premium and distributability of reserves*

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregate amount of distributable reserves, including share premium but after offsetting the accumulated losses, of the Company as at 30 June 2017 was HK\$421,273,000 (equivalent to RMB401,219,000); as at 31 December 2016 was HK\$559,910,000 (equivalent to RMB523,657,000).

(ii) *Capital redemption reserve*

Capital redemption reserve represents the nominal amount of the shares repurchased.

(iii) *Statutory reserve*

Pursuant to applicable PRC regulations, Billion Fujian is required to appropriate 10% of their profit-after-tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary.

(iv) *Capital reserve*

The capital reserve of the Group mainly represented the difference between the paid-up capital of Billion Fujian and the nominal value of shares issued by the Company in exchange during the Group's reorganisation in 2011.

(v) *Exchange reserve*

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside mainland China.

(vi) **Fair value reserve**

The fair value reserve comprises the net change in the fair value of available-for-sale securities held at the end of the reporting period.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2017 RMB'000	Fair value measurements as at 30 June 2017 categorised into		
		(Level 1) RMB'000	(Level 2) RMB'000	(Level 3) RMB'000
Recurring fair value measurement				
Other financial assets:				
Available-for-sale equity instruments:				
– Unlisted	1,023,995	–	1,023,995	–
Derivative financial instruments:				
– Forward exchange contracts	3,445	–	3,445	–
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	155	–	155	–

	Fair value at 31 December 2016 <i>RMB'000</i>	Fair value measurements as at 31 December 2016 categorised into		
		(Level 1) <i>RMB'000</i>	(Level 2) <i>RMB'000</i>	(Level 3) <i>RMB'000</i>
Recurring fair value measurement				
Other financial assets:				
Available-for-sale equity instruments:				
– Unlisted	1,255,848	–	1,255,848	–
Derivative financial instruments:				
– Forward exchange contracts	21,460	–	21,460	–
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	1,777	–	1,777	–

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period. The discount rate used is derived from the relevant onshore Renminbi Swap curve as at the end of the reporting period plus an adequate constant credit spread.

The fair value of forward exchange contracts in Level 2 is measured using quoted prices in active markets for similar financial instruments.

24 CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the interim financial report are as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Contracted for	771,000	284,792
Authorised but not contracted for	<u>1,421,298</u>	<u>250,325</u>
	<u>2,192,298</u>	<u>535,117</u>

25 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for directors and key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Short-term employee benefits	3,075	2,664
Post-employment benefits	<u>47</u>	<u>39</u>
	<u>3,122</u>	<u>2,703</u>

Total remuneration is included in "staff costs" (see note 8(b)).

(b) **Transactions with a related party**

The Group entered into the following significant transactions with a related party:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Sales of goods		
CECEP Costin New Materials Group Limited* 中國節能海東青新材料集團有限公司 and its subsidiaries (“CECEP Costin Group”)	<u><u>5,626</u></u>	<u><u>10,628</u></u>
Purchase of materials		
CECEP Costin Group	<u><u>–</u></u>	<u><u>47</u></u>

The related party transactions in respect of sales of goods to CECEP Costin Group and purchase of materials from CECEP Costin Group above constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

* *The English translation of the name is for reference only. The official name of the entity is in Chinese.*

(c) **Balances with a related party**

	At 30 June	At 31 December
	2017	2016
	RMB'000	RMB'000
Trade payable from CECEP Costin Group	6	50
Receipt in advance from CECEP Costin Group	<u><u>1</u></u>	<u><u>3,126</u></u>

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group is in the process of making an assessment of the impact of the new standard is expected to be in the period of initial application. As the Group has not completed its assessment, further impacts may be identified in due course.

(b) *Impairment*

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services.

The Group is in the process of making an assessment of the impact of the new standard is expected to be in the period of initial application. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. At 30 June 2017 the Group’s future minimum lease payments under non-cancellable operating leases amount to RMB10,565,210 for properties, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its 2018 consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN MACRO-ECONOMIC ENVIRONMENT

The global economy continued to improve in the first half of 2017. The developed economies recovered stably overall with the economies in the U.S., Eurozone and Japan recovering in general. Among the emerging economies, China and India continued to spearhead the growth. However, the imbalance global recovery without any sign of robust structural growth still posed some risks and uncertainties. In the first half of 2017, international bulk commodity trading recovered but with increasing volatility. Both U.S. crude oil futures and Brent crude oil futures gave a short and strong rebound, reaching US\$50 per barrel from approximately US\$45 per barrel, followed by decline in oil price. The primary focus of oil price trend in the second half of the year will remain on changes in production capacity and inventory of crude oil.

In the first half of 2017, China's GDP represented a year-on-year increase of 6.9%, continuing its stable economic trend in the first half of the year. Sales and purchases in commodity markets recorded strong recovery. Various economic indicators recorded stable growth with employment improving continuously, commodity price maintaining at a reasonable range and international balance of payments improving persistently. From an internal perspective of China's economic development, the "three-phase aggregated" challenges from the simultaneous dealing of slowing down in economic growth, making difficult structural adjustments, and absorbing the effects of previous economic stimulus policies continued to exist. According to the data from the National Bureau of Statistics of the PRC, retail sales of apparel, footwear, hats and textile products amounted to RMB717.2 billion in the first half of 2017, representing a year-on-year increase of 7.3%. The pace of economic growth corresponded with the development momentum of "making stability while making progress slowly, making progress while maintaining stability".

INDUSTRY REVIEW

The textile industry in China is closely related to the macro-economic development of the country. The accelerating global economic recovery and bouncing back of international market demand stimulated the export of textile products in the PRC. The stable growth in domestic macro-economy provided positive support for demand in domestic market. The growth in urban and rural resident income, construction of new types of urbanization and full implementation of the Two-Child Policy had facilitated the growth in consumption of upgraded textile products, and laid the foundation for stable industry operation. Moreover, the pace of “going out” in relation to the overseas layout of textile enterprises was accelerated and the progress of the “One Belt One Road” in China created favorable conditions for expanding international markets of textile industry and maintaining its market share. In addition, the continuous recovery in polyester filament yarns industry had driven the stable increase in polyester filament yarns price and saw further growth in the profitability of enterprises.

The downstream industry of polyester thin films comprise mainly businesses engaged in production and sale of plastic soft packages which are primarily used in food and beverages, consumer goods and pharmaceutical industries. With the constant application expansion of polyester thin films in downstream industry, product differentiated development is the trend of industry development. Inventing and producing various functional thin films products with special features will become the direction of development for polyester thin films enterprises. After the Group had completed the entire expansion plan for the functional and environmentally friendly polyester thin films production in 2016, it has become the largest polyester thin films manufacturer in Southern China. The Group will proactively deploy resources to research and develop various differentiated products, targeting at building a flagship enterprise in the polyester new material industry, further expanding the scale, sharpening its competitive edge and leverage on its manufacturing advantages to enter into the high-end thin film products sector from a high starting point.

BUSINESS REVIEW

The Group continued to strive for product quality improvement and development of differentiated products during the period under review. The market demand for the Group's products remained strong. Also, with the continuous recovery in the differentiated polyester filament yarn industry, the sales of the Group recorded a stable growth during the period under review.

The prominent research and development as well as our innovation capacity are the foundation of our sustainable development. We emphasize on and persist to pursuing the technology innovation approach of a combination of "Production, Learning, Research and Application", strive to research and develop new products and enhance product added value. Through our strong research and development team, the Group continued to: (i) co-operate with colleges and institutions, continuously contribute substantial funds and resources in research and development to form a multi-disciplinary project research and development chain; (ii) obtain patent and proprietary technology results; (iii) vigorously support the implementation of the differentiated operating philosophy; and (iv) ensure the on-going launching of new products which served as a guidance to the market.

The management team of the Group applied scientific management software to (i) achieve networking and informationization management during the course of production; (ii) arrange production allocation among various products; and (iii) allocate equipments between production and research and development to maximize the usage of production capacity. The scientific production management process enhanced the production efficiency of the Group, which enables the Group to constantly launch new production on time targeting at market demand with a view to increase the strengths of product differentiation. During the period under review, the Group's research and development expenses amounted to RMB106,981,000, representing 3.3% of its revenue. Our research and development efforts mainly focus on improving product quality, improving production efficiency, and enhancing the innovation capability of the Group in every aspect from chemical fiber to textile fabrics.

The Group strived to establish a digital and intelligent automatic chemical fiber production workshop, and is the front runner of realizing the full process of intelligent automatic production in the industry. Moreover, the second fully automated storage and retrieval system of the Group have commenced operation during the period under review. The automated storage and retrieval system adopts the double-shelf set-up to further shorten the time spent for stock in or stock out, improving space utilization, increasing management efficiency and saving labour costs. In addition, the automated three-dimensional storage and retrieval system was designed based on the specific environmental conditions. For example, in order to accommodate local temperature and humidity in Quanzhou, it is designed with rust removal and four-proof measures, namely lightning-proof, damp-proof, typhoon-proof and storm-proof, to ensure the system life and stable operation.

The Group has all along been paying great attention to marketing channel expansion and customer services. Our flexible sales strategies enable us to understand market situations in time with a focus on customers' experience. Feedback from customers is communicated to the technology and production center in a timely manner to ensure two-way interaction, providing fast and effective product after-sales services. By taking the advantage of having the biggest polyester fiber production base in Southern China, while consolidating our market share in Fujian and Guangdong Provinces, we also strived to develop international markets and continued to improve our response to the market whilst expanding the emerging markets. Based on the feedback of downstream users in the emerging markets, we made functional improvement and technology upgrade to our existing product lines with suitable marketing strategy, strengthened quality control on export products, and maintained cost advantages. The Group's export sales for the period under review increased by RMB60,211,000 or 13.7% compared to the same period in 2016, which represents a further increase in the Group's brand popularity and market share in overseas markets.

The Group intends to achieve high-end upgrade from manufacturing to "intelligent manufacturing" by focusing on technology innovation and to realize the traditional industry transformation and upgrading to high efficiency with low consumption through the automatic equipment digitalization, networking and modularization, so as to present a sound momentum with steady improvement in quality and production. Accordingly, the Group plans to invest approximately US\$222,000,000 in expansion of polyester filament yarns business. It is expected that the annual production capacity of polyester filament yarns products of the Group will increase by approximately 220,000 tons upon the completion of the expansion plan.

The Group will continue to strengthen its effort to facilitate innovation and enhance new market expansion, and integrate with national planning and policies for the chemical fiber industry and polyester thin film industry and the opportunities brought by “One Belt One Road”. The Group established Billion Industrial (Vietnam) Co., Ltd. in Vietnam during the period under review for development of the Vietnam production business, and believed that these new investments will benefit the Group and record favorable financial returns.

FINANCIAL REVIEW

Operational Performance

1. Revenue

Total revenue of the Group for the period under review amounted to RMB3,271,633,000 (for the first half of 2016: RMB2,723,695,000), representing an increase of 20.1% as compared to the same period of last year. Revenue attributable to the sales of polyester filament yarns, the Group’s main products, was RMB2,699,228,000, accounting for 82.5% of the total revenue. Revenue attributable to the sales of polyester thin films was RMB572,405,000, accounting for 17.5% of the total revenue. The revenue analysis of the two products is as follow:

Polyester filament yarns

The Group adopts melt-direct spinning differentiated chemical fiber production line which is technologically advanced by global standard, and possesses the leading spinning and texturing equipment and technology in the industry. The Group positions its polyester filament yarn products in the middle and high-end markets both domestically and abroad, a majority of which are differentiated products and have special physical features and functionalities such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame resistant, abrasion-resistant, super-soft, super-shining and antibacterial. The products are widely used in the production of high-end fabrics and textiles for various apparel, footwear, home furnishings and industrial use.

Revenue attributable to the sales of polyester filament yarns products for the period under review was RMB2,699,228,000, representing an increase of RMB123,947,000 as compared to the revenue of RMB2,575,281,000 in the first half of 2016 or an increase of 4.8%. The average selling price of polyester filament yarns during the period under review was RMB9,108 per ton, representing an increase of RMB1,664 or 22.4% as compared to the average selling price of RMB7,444 per ton in the first half of 2016. Although the sales volume of the Group's polyester filament yarns products during the period under review decreased from 345,969 tons in the first half of 2016 to 296,349 tons during the period under review or a decrease of 14.3%, the overall revenue of the Group's polyester filament yarns products maintained a stable growth.

Polyester thin films

The Group's polyester thin films can be widely used in various sectors including packaging, magnetic materials, imaging, industry, electronics and electrical appliances, with its principal products positioned at the middle and high-end markets both domestically and abroad. The Group re-engineered its polyester thin film production lines to conduct research and development on various categories of thin film products under different raw material formulae and various technological conditions. For its products, the Group passed the ISO9001 quality control system and national QS audit certification, and obtained the "food use plastic packaging material" product permit, thereby having fulfilled entirely the standardized and regulating corporate management standard.

The Group completed the entire expansion plan for producing functional and environmentally friendly polyester thin films in the second half of 2016, and with the second to fifth production lines officially put into operation. Therefore, revenue attributable to the sales of polyester thin film products during the period under review was RMB572,405,000, representing an increase of RMB423,991,000 or 285.7% as compared to RMB148,414,000 in the first half of 2016. The average selling price of polyester thin film during the period was RMB7,766 per ton, representing an increase of RMB46 or 0.6% as compared to RMB7,720 per ton in the first half of 2016.

Breakdown of Revenue and Sales Volume (By Product)

	Revenue				Sales volume			
	For the six months ended 30 June				For the six months ended 30 June			
	2017		2016		2017		2016	
	RMB'000	Percentage	RMB'000	Percentage	Tons	Percentage	Tons	Percentage
Polyester filament yarns								
DTY	1,879,868	57.4%	1,832,565	67.3%	188,919	51.1%	230,521	63.1%
FDY	569,299	17.4%	556,450	20.5%	67,073	18.1%	80,512	22.0%
POY	44,620	1.4%	40,424	1.5%	5,912	1.6%	6,499	1.8%
Other polyester filament yarn product*	205,441	6.3%	145,842	5.3%	34,445	9.3%	28,437	7.8%
Sub-total	2,699,228	82.5%	2,575,281	94.6%	296,349	80.1%	345,969	94.7%
Polyester thin films								
BOPET thin films	459,026	14.0%	140,789	5.1%	55,641	15.0%	17,832	4.9%
Other polyester thin film products**	113,379	3.5%	7,625	0.3%	18,064	4.9%	1,392	0.4%
Sub-total	572,405	17.5%	148,414	5.4%	73,705	19.9%	19,224	5.3%
Total	3,271,633	100.0%	2,723,695	100.0%	370,054	100.0%	365,193	100.0%

* Other polyester filament yarn products represent polyethylene terephthalate (“PET”) chips and wasted filament generated during the production process.

** Other polyester thin film products represent polyester chips, polyester films and wasted filament generated during the production process.

Sales by geographic region

During the period under review, the Group actively expanded and consolidated its market share in overseas market by improving its products and service quality and increasing its brand recognition. Although the percentage of export sales revenue of the Group declined slightly from 16.1% in the first half of 2016 to 15.3% during the period under review, the export sales revenue increased by 13.7% from RMB439,705,000 in the first half of 2016 to RMB499,916,000 during the period under review. Approximately 84.7% of the Group’s revenue was generated from domestic market sales, of which 50.5% was from sales to customers in Fujian Province and 24.4% to customers in the adjacent Guangdong Province. In addition, the Group’s polyester chips shops were equipped with professional marketing staff in Ningbo in order to explore other provincial markets, where it provided customized product development services to its customers and developed strategic partners.

Geographic Breakdown of Revenue

	For the six months ended 30 June			
	2017		2016	
	RMB'000	Percentage	RMB'000	Percentage
Domestic sales				
Fujian Province	1,651,516	50.5%	1,683,673	61.8%
Guangdong Province	798,548	24.4%	494,201	18.2%
Other Provinces	321,653	9.8%	106,116	3.9%
Export sales*	499,916	15.3%	439,705	16.1%
Total	<u>3,271,633</u>	<u>100.00%</u>	<u>2,723,695</u>	<u>100.0%</u>

* Export sales were mainly made to countries such as Turkey, Italy, Belgium, Brazil, United States, Spain, Russia and Poland.

2. Cost of Sales

Cost of sales of the Group for the period under review was RMB2,799,765,000, representing an increase of 15.8% as compared to the cost of sales of RMB2,417,205,000 in the first half of 2016. Such an increase was mainly attributable to the increase in sales volume and raw materials prices. The cost of sales for polyester filament yarns was RMB2,304,759,000, accounting for 82.3% of the total cost of sales. The cost of sales for polyester thin films was RMB495,006,000, accounting for 17.7% of total cost of sales. The percentages of costs of sales of these two types of products were generally in-line with the percentages of their respective sales volumes.

Polyester filament yarns

Average cost of sales for polyester filament yarns increased from RMB6,603 per ton in the first half of 2016 to RMB7,777 per ton during the period under review, representing an increase of RMB1,174 or 17.8% per ton, which was mainly due to the increase in the selling prices of purified terephthalic acid (“PTA”) and mono ethylene glycol (“MEG”), the raw materials of polyester filament yarns products. The average price of raw materials for polyester filament yarns increased from RMB4,927 per ton in the first half of 2016 to RMB5,915 per ton during the period under review, representing an increase of RMB988 or 20.1% per ton.

Polyester thin films

Average cost of sales for polyester thin films dropped from RMB6,910 per ton in the first half of 2016 to RMB6,716 per ton during the period under review, representing a decrease of RMB194 or 2.8% per ton, which was mainly due to the decrease in manufacturing costs upon the completion of the entire expansion plan for producing functional and environmentally friendly polyester thin films.

Breakdown of Cost of Sales

	For the six months ended 30 June			
	2017		2016	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
Cost of raw materials				
PTA	1,083,134	38.7%	1,132,772	46.8%
MEG	581,443	20.8%	490,351	20.3%
POY and other raw materials	88,369	3.1%	81,638	3.4%
Sub-total	1,752,946	62.6%	1,704,761	70.5%
Manufacturing costs	541,216	19.3%	570,917	23.6%
Other costs	10,597	0.4%	8,689	0.4%
Sub-total	2,304,759	82.3%	2,284,367	94.5%
Polyester thin films				
Cost of raw materials				
PTA	273,961	9.8%	59,515	2.4%
MEG	154,251	5.5%	26,359	1.1%
Chips and other raw materials	15,416	0.6%	23,771	1.0%
Sub-total	443,628	15.9%	109,645	4.5%
Manufacturing costs	50,351	1.8%	23,032	1.0%
Other costs	1,027	–	161	–
Sub-total	495,006	17.7%	132,838	5.5%
Total	2,799,765	100.0%	2,417,205	100.0%

3. Gross Profit

Gross profit of the Group for the period under review was RMB471,868,000, which increased by RMB165,378,000, representing an increase of 54.0% as compared to RMB306,490,000 in the first half of 2016. Sales volume of the Group during the period under review increased by 4,861 tons, representing an increase of 1.3% as compared to the first half of 2016. Average selling price of products per ton increased by an average of RMB1,383 per ton, representing an increase of 18.5% from RMB7,458 per ton in the first half of 2016 to RMB8,841 per ton during the period under review, while average cost of products per ton during the period also increased by an average of RMB947 per ton, representing an increase of 14.3% from RMB6,619 per ton in the first half of 2016 to RMB7,566 per ton during the period under review. Therefore, the average gross profit of products per ton increased from RMB839 in the first half of 2016 to RMB1,275 during the period under review. As the increase in the average selling price of products per ton was much higher than the increase in average cost of products per ton, gross profit margin increased by 3.1 percentage points from 11.3% in the first half of 2016 to 14.4% during the period under review.

Polyester filament yarns

Average selling price of polyester filament yarn products increased by an average of RMB1,664 per ton, representing an increase of 22.4% from RMB7,444 in the first half of 2016 to RMB9,108 during the period under review. The average gross profit of polyester filament yarn products per ton increased from RMB841 in the first half of 2016 to RMB1,331 during the period under review. The gross profit margin increased by 3.3 percentage points from 11.3% in the first half of 2016 to 14.6% during the period under review.

Polyester thin films

Average selling price of polyester thin films products per ton increased by an average of RMB46 per ton, representing an increase of 0.6% from RMB7,720 per ton in the first half of 2016 to RMB7,766 per ton during the period under review. The average gross profit of polyester thin films products per ton increased from RMB810 in the first half of 2016 to RMB1,050 during the period. The gross profit margin increased by 3.0 percentage points from 10.5% in the first half of 2016 to 13.5% during the period under review.

During the period under review, the increase in gross profit and gross profit margin of the Group was primarily attributable to the decrease in average manufacturing cost of products per ton arising from the completion of entire expansion plan of the polyester thin film production, as well as the continuous recovery of the differentiated polyester filament yarn industry.

Analysis of gross profit by product

	For the six months ended 30 June			
	2017		2016	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
DTY	296,017	62.7%	206,225	67.3%
FDY	87,942	18.7%	70,943	23.1%
POY	2,440	0.5%	1,518	0.5%
Other polyester filament yarn products*	8,070	1.7%	12,228	4.0%
Sub-total	394,469	83.6%	290,914	94.9%
Polyester thin films				
BOPET thin films	73,982	15.7%	15,576	5.1%
Other polyester thin film products**	3,417	0.7%	–	–
Sub-total	77,399	16.4%	15,576	5.1%
Total	471,868	100.0%	306,490	100.0%

* *Other polyester filament yarn products represent PET chips and wasted filament generated during the production process.*

** *Other polyester thin film products represent polyester chips, polyester films and wasted filament generated during the production process.*

Breakdown of Product Selling Price, Cost and Gross Profit (Average per ton)

	For the six months ended 30 June	
	2017	2016
	RMB	<i>RMB</i>
Polyester filament yarns		
Average selling price per ton	9,108	7,444
Average cost of sales per ton	<u>7,777</u>	<u>6,603</u>
Average gross profit per ton	<u>1,331</u>	<u>841</u>
Average gross profit margin	<u>14.6%</u>	<u>11.3%</u>
Polyester thin films		
Average selling price per ton	7,766	7,720
Average cost of sales per ton	<u>6,716</u>	<u>6,910</u>
Average gross profit per ton	<u>1,050</u>	<u>810</u>
Average gross profit margin	<u>13.5%</u>	<u>10.5%</u>

4. *Other revenue*

Other revenue of the Group for the period under review amounted to RMB38,915,000, representing an increase of 19.8% as compared to RMB32,480,000 in the first half of 2016. Other revenue mainly included gain from government grants, bank interest income and gain on sales of raw materials. Such change was mainly attributable to the combined effect of an increase in gain from government grants and a decrease in bank interest income as compared to that of the same period last year.

5. Other net (loss)/gain

Other net loss of the Group during the period under review amounted to RMB5,471,000 (for the first half of 2016: other net gain amounted to RMB19,120,000). Other net loss mainly comprised the loss on financial assets and liabilities at fair value through profit or loss and the net exchange loss. Such change was mainly attributable to the combined effect of an increase in loss on financial assets and liabilities at fair value through profit or loss and a decrease in net exchange loss.

6. Selling and distribution expenses

Selling and distribution expenses of the Group for the period under review amounted to RMB42,975,000, representing an increase of 47.4% as compared to RMB29,147,000 in the first half of 2016. Selling and distribution expenses mainly comprised transportation costs, wages of our sales staff, operating expenses and promotion expenses. Such increase was mainly due to the increase in relevant transportation costs resulted from the increase in sales volume in other provinces and overseas during the period under review.

7. Administrative expenses

Administrative expenses of the Group for the period under review amounted to RMB164,984,000, increased by 26.9% as compared to RMB129,976,000 in the first half of 2016. Administrative expenses mainly comprised research and development costs, depreciation on office equipment, staff wages, general office expenses, professional and legal fees etc. Such change was mainly due to the increase in the costs of research and development on polyester thin films products of the Group during the period under review.

8. Finance costs

Finance costs of the Group for the period under review amounted to RMB29,365,000, decreased by 17.7% as compared to RMB35,678,000 in the first half of 2016. Such change was mainly due to the decrease in interests on bank advances and other borrowings resulted from a decrease in average bank loans during the period under review.

9. Income tax

Income tax of the Group for the period under review amounted to RMB49,597,000, increased by 49.6% as compared to RMB33,164,000 in the first half of 2016. Such change was mainly due to an increase of profit before income tax of the Group resulting from the recovery of the differentiated polyester filament yarn industry and the increase in sales volume of polyester thin film products upon the completion of entire expansion plan for the Group's polyester thin films production.

10. Profit for the period

Profit of the Group for the period under review amounted to RMB218,391,000, increased by RMB88,266,000 or 67.8% as compared to RMB130,125,000 in the first half of 2016, which was mainly attributable to the recovery of the differentiated polyester filament yarn industry and the increase in sales volume of polyester thin film products upon the completion of entire expansion plan for the Group's polyester thin films production.

Financial position

1. Liquidity and capital resources

As at 30 June 2017, cash and cash equivalent of the Group amounted to RMB88,164,000, decreased by RMB227,133,000 or 72.0% as compared to RMB315,297,000 as at 31 December 2016.

During the period under review, net cash outflow from operating activities amounted to RMB386,937,000 which was mainly attributable to the Group increased inventory to meet the demand of the second half as a result of promising prospects. Also the Group shortened the payment time to secure more discounts. Net cash outflow from investing activities amounted to RMB334,638,000, which mainly comprised the combined effect of the capital expenditure of RMB173,420,000, increase in placement of the structured deposit RMB500,000,000, decrease in other financial assets of RMB259,391,000 and the decrease in restricted bank deposits of RMB58,138,000. Net cash inflow generated from financing activities amounted to RMB496,181,000, which mainly comprised the net increase in bank loans of RMB640,519,000, repurchase of shares of RMB27,326,000 and the payment of 2016 final dividends amounting to RMB91,127,000 during the period.

During the period under review, inventory turnover days were 40.7 days (for the first half of 2016: 34.8 days), an increase of 5.9 days as compared to the same period last year, which was mainly due to the increased stocks by the Group for sales activities in the second half of the year due to the recovery of the industry. The trade receivable turnover days were 19.8 days (for the first half of 2016: 40.3 days), representing a decrease of 20.5 days as compared to the same period last year, which was mainly due to the efficiency gains resulting from improved accounts receivable collection procedures. The trade payable turnover days were 48.9 days (for the first half of 2016: 33.1 days), representing an increase of 15.8 days as compared to the same period last year.

As at 30 June 2017, the Group had capital commitments of RMB2,192,298,000, which were mainly used for the expansion of domestic production capacity as well as development of the Vietnam production business.

2. Capital Structure

As at 30 June 2017, the total liabilities of the Group amounted to RMB3,634,697,000, whereas capital and reserves amounted to RMB5,332,600,000. The gearing ratio (total liabilities divided by total equity) was 68.2%. Total assets amounted to RMB8,967,297,000. The debt-to-assets ratio (total assets divided by total liabilities) was 2.5 times. Bank loans of the Group amounted to RMB2,202,772,000, of which RMB2,188,595,000 were repayable within one year, and RMB14,177,000 were repayable after one year. Among the bank borrowings, 67.5% were guaranteed by the Company, Billion Fujian and Billion High-Tech.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or acquiring capital assets

As at 30 June 2017, as disclosed in note 18 under the section headed “Notes to the Financial Statements” of this interim results announcement, the Group held unlisted available-for-sale securities (collectively, the “Investments”) totaling approximately RMB1,023,995,000. Information of the Investments as at 30 June 2017 is stated as follows:

Name of the wealth management products issuer	Name of the wealth management products	Initial investments cost <i>RMB'000</i>	Unrealised gains on fair value change for the six months ended 30 June 2017 <i>RMB'000</i>	Fair value as at 30 June 2017 <i>RMB'000</i>	Percentage to the Group's net assets as at 30 June 2017
China Construction Bank	Qianyuan-Fubao Wealth Management Product	600,000	15,909	615,909	11.5%
China Construction Bank	Qianyuan-Fuli Wealth Management Product	250,000	5,041	255,041	4.8%
China Merchants Bank	Dianjin-Zengli Wealth Management Product	150,000	3,045	153,045	2.9%

Qianyuan-Fubao Wealth Management Product and Qianyuan-Fuli Wealth Management Product (collectively, “CCB Wealth Management Product”) and Dianjin-Zengli Wealth Management Product (collectively, “CMB Wealth Management Product”) represented 9.7% and 1.7% respectively of the total assets of the Group as at 30 June 2017.

China Construction Bank and China Merchants Bank do not guarantee the principal or any return on the Investments. In the event that the value of the underlying asset in the respective relevant investment portfolio of China Construction Bank or China Merchants Bank falls below the principal amount of the Investments purchased by the Group at the time of the redemption or maturity of the Investments, the Group may lose the entire amount of principal invested in the Investments.

We believe that the Investments offer better returns when compared to the fixed-term deposit interest rates offered by commercial banks in China and the Investments are for the purpose of optimizing the use of the Group's idle cash without adversely affecting the Group's working capital and operations of the main business of the Group. The directors are of the view that the terms of the Investments are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review.

The Group will continue to seek opportunities in utilising its idle cash by investing in appropriate financial products. The Company's future plan in the coming year for other material investments and additions of capital assets are primarily related to the expansion of domestic production capacity as well as development of the Vietnam production business. The Company intends to finance such plan through internally generated funds and bank loans.

Charges on assets

Save as disclosed in this interim results announcement, there was no other charge on Group's assets as of 30 June 2017.

Contingent liabilities

As at 30 June 2017, the Group did not have any contingent liabilities (2016: Nil).

Foreign currency risk

As most of the Group's operating costs and expenses are denominated in Renminbi, the Group's operation is not exposed to significant foreign currency risk. As at 30 June 2017, the Group's foreign currency risk exposure was mainly derived from the net assets exposure denominated in United States Dollars of RMB132,107,000 and net liabilities exposure denominated in Euro of RMB4,547,000.

Employees and remuneration

As at 30 June 2017, the Group had a total of 4,088 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policies and arrangements on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

BUSINESS OUTLOOK

As the largest polyester filament yarns manufacturer in Southern China and China's top 500 private enterprises, the Group is devoted to the integration of differential and functional polyester filament with high quality to satisfy the demands of both domestic and foreign brand enterprises. We drive the technical upgrades of textile products in surrounding regions, enrich and expand the industrial chains of textile-related industries, and explore opportunities for expanding its competitive products such as super textile-cotton to the local markets in the PRC nationwide as well as overseas markets. Through integrating with the national planning and policies for the chemical fiber industry and polyester thin film industry and the opportunities brought by "One Belt One Road", the Group established Billion Industrial (Vietnam) Co., Ltd. in Vietnam during the period under review for expanding its overseas polyester bottle chip and polyester filament yarns businesses. Moreover, as disclosed in the announcement of the Company dated 12 April 2017, the Group is expected to invest approximately US\$222,000,000 in aggregate for the expansion plan of polyester filament yarns and the estimated annual production capacity of which will be approximately 220,000 tons.

The Group will facilitate its industry to achieve high-end upgrade from manufacturing to "intelligent manufacturing" by relying on technology innovation and to realize the traditional industry transformation and upgrading to high efficiency with low consumption through the automatic equipment digitalization, networking and modularization, so as to present a sound momentum with steady improvement in quality and production. We will continue to improve the processing system of functional differentiated products, improve labour productivity, product quality, research and development capacity of new products and energy efficiency utilization, so as to form a new model of reproducible polyester filament yarn melt-direct spinning intelligent manufacturing and promote for industry application, as well as lead the industry transformation and upgrade.

The continuous launching of new products enables the products of the Company to cover wider application segments and penetrate into more differentiated segmented market. By leveraging on higher value-to-cost, certain products replaced similar imported products and alternative products in other materials, effectively resisted the risks brought by competition, and ensured the profitability and growth of the Group while integrating the technology and cost advantages whilst forming new sectors for profit growth. Upon the completion of expansion plan for functional and environmentally friendly polyester thin films production of the Group, the sales volume and sales of polyester thin films products recorded a significant growth, further increase is expected to the sales of polyester thin films products and also its proportion to the total revenue of the Group.

INTERIM DIVIDEND

The board (“Board”) of directors (“Directors”) of the Company resolved to declare an interim dividend of HK5.9 cents per share in cash for the six months ended 30 June 2017. The dividend will be paid on or around 12 September 2017 to those shareholders whose names appear on the Company’s register of members on 1 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 August 2017 to Friday, 1 September 2017, both days inclusive, during which no transfer of shares will be made. In order to qualify for the interim dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m., on Tuesday, 29 August 2017.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2017, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the directors, the Company has confirmed with all directors that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process, risk management and internal control system of the Group. The audit committee comprises three members: Mr. Chan Shek Chi, Mr. Ma Yuliang and Mr. Lin Jian Ming. All of them are independent non-executive Directors. The chairman of the audit committee is Mr. Chan Shek Chi. The audit committee of the Company has met and discussed with external auditors of the Group, KPMG, and has reviewed the accounting principles and practices adopted by the Group and the unaudited financial results of the Group for the six months ended 30 June 2017 and this interim results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the six months ended 30 June 2017, the Company repurchased its own shares on the Stock Exchange, details of which are as follows:

Month/year	Number of shares bought back	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>RMB'000</i>
January 2017	444,000	5.64	5.25	2,123
March 2017	730,000	5.49	5.17	3,390
April 2017	1,264,000	5.63	5.29	6,079
May 2017	2,558,000	5.84	5.17	12,092
June 2017	760,000	5.66	5.44	3,642
	<u>5,756,000</u>			<u>27,326</u>

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 5,756,000 shares were repurchased during the six months ended 30 June 2017 and the repurchased shares were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of approximately RMB48,000 was transferred from share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of approximately HK\$30,857,000 (equivalent to approximately RMB27,278,000) was charged to share premium.

The purchase of the Company's shares during the period under review was effected by the Directors pursuant to the mandate from shareholders received at the annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

By Order of the Board
Billion Industrial Holdings Limited
Sze Tin Yau
Co-chairman

Hong Kong, 15 August 2017

As at the date of this announcement, the Board comprises Mr. Sze Tin Yau, Mr. Wu Jinbiao, Mr. Wang Li, Mr. Wu Zhongqin and Mr. Liu Jingui as executive directors, Mr. Zeng Wu as non-executive director and Mr. Chan Shek Chi, Mr. Ma Yuliang and Mr. Lin Jian Ming as independent non-executive directors.