宏太控股有限公司
Wang Tai Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1400

2017 INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lin Qingxiong *(Chairman)*
Mr. Qiu Zhiqiang
Mr. Deng Qinghui

Independent non-executive directors

Mr. Yu Yubin
Mr. Ma Chongqi
Mr. Chan Sui Wa

AUDIT COMMITTEE

Mr. Chan Sui Wa *(Chairman)*
Mr. Yu Yubin
Mr. Ma Chongqi

REMUNERATION COMMITTEE

Mr. Ma Chongqi *(Chairman)*
Mr. Chan Sui Wa
Mr. Yu Yubin

NOMINATION COMMITTEE

Mr. Yu Yubin *(Chairman)*
Mr. Ma Chongqi
Mr. Chan Sui Wa

REGULATORY COMPLIANCE COMMITTEE

Mr. Qiu Zhiqiang *(Chairman)*
Mr. Deng Qinghui
Mr. Siu Kai Chun

COMPANY SECRETARY

Mr. Siu Kai Chun

AUTHORISED REPRESENTATIVES

Mr. Qiu Zhiqiang
Mr. Siu Kai Chun

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Rural Commercial Bank of Shishi
China Merchants Bank, Quanzhou Shishi Branch
Bank of Quanzhou
Wing Lung Bank
Bank of China (Hong Kong) Limited
Xiamen International Bank

REGISTERED OFFICE

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

HEADQUARTERS IN CHINA

Wubao Science and Technology Park
Hongshan Town
Shishi City
Fujian
China

PLACE OF BUSINESS IN HONG KONG

Unit 02, 15th Floor
Convention Plaza Office Tower
1 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTER

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

COMPANY'S WEBSITE

www.texitm.com

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1400

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The board of directors (the "Board") of Wang Tai Holdings Limited (the "Company" and together with its subsidiaries, the "Group") presents the results of the Group for the six months ended 30 June 2017 to the Company's shareholders. During the six months ended 30 June 2017 under review, the Group's revenue decreased by 59.5% to approximately RMB132.6 million when compared to the six months ended 30 June 2016. The decrease was mainly attributable to decrease in sales volume of fabrics and yarns as well as trading of PEI arising from decreasing demand of the customers. Loss attributable to the owners of the Company for the six months ended 30 June 2017 increased to loss of approximately RMB46.5 million when compared to the corresponding period last year. Loss per share also increased to loss of RMB0.03 cent for the six months ended 30 June 2017 from profit of RMB0.02 cents for the corresponding period last year. From 2017, the Group suspended the trading of polytherimide ("PEI") and the sales of yarns.

INDUSTRY REVIEW

The PRC textile market is highly competitive which limits the growth of the selling prices of fabric and yarn products. Limited increase in the sales of fabric and yarns products in the first half year of 2017 was broadly in line with the increase in the PRC textile market as a whole. The sales slightly increased to approximately 34.6 million meters for fabrics products but slight increase of approximately 20.5 million tonnes for yarns respectively for the six months ended 30 June 2017 in the Mainland China based on the information provided by China Cotton Textile Association.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The Group's revenue decreased from approximately RMB327.2 million for the six months ended 30 June 2016 to approximately RMB132.6 million for the six months ended 30 June 2017 was mainly due to decreasing demand for the Group's fabric and yarn products in light of the worsening of market conditions and business environment and severe competition of the industry as well as the slowdown in economic growth in China. In addition, the trading of PEI was suspended during the six months ended 30 June 2017 as the trade receivables of PEI as at the year ended 31 December 2016 were subsequently settled in a very slow manner with only 10.2% recoverability.

Decrease in cost of sales from approximately RMB330.2 million for the six months ended 30 June 2016 to approximately RMB139.5 million for the six months ended 30 June 2017 was mainly attributable to the decrease in volume of fabrics sold.

The gross loss increased by 128.1% from loss of approximately RMB3.0 million for the six months ended 30 June 2016 to loss of approximately RMB6.9 million for the six months ended 30 June 2017 which was mainly due to decreasing revenue of approximately RMB194.6 million.

FINANCIAL REVIEW (continued)

Revenue, gross profit and gross profit margin (continued)

The gross loss margin also increased by 4.3% from loss of around 0.9% to loss of 5.2% which was mainly due to decrease in the average selling prices of fabrics as a result of strong market competition.

The Group's fabric products are classified into five series primarily according to their features. During the six months ended 30 June 2017 under review, the Group only produced one type of yarns, namely the cotton yarns, which can be used as the raw materials for the production of the Group's fabrics products. The following table sets forth a breakdown of the revenue and gross profit by product series in business segments for the periods indicated:

	For the six months ended 30 June					
	2017			2016		
	Revenue RMB'000 (Unaudited)	**Gross (Loss)/profit RMB'000 (Unaudited)**	**Gross (Loss)/profit Margin %**	Revenue RMB'000 (Unaudited)	Gross (Loss)/profit RMB'000 (Unaudited)	Gross (Loss)/profit Margin %
Fabrics						
Interwoven fabric with multi-fibres series	**103,137**	**(2,050)**	**(2.0)**	165,681	(11,865)	(7.2)
Slub series	**2,807**	**86**	**3.1**	9,965	(1,248)	(12.5)
Blended fabric series	**5,245**	**(294)**	**(5.6)**	11,031	124	1.1
Stretch fabric series	**12,407**	**(2,493)**	**(20.1)**	15,742	685	4.4
Pure cotton series	**8,992**	**(2,171)**	**(24.1)**	14,709	(740)	(5.0)
Sub-total	**132,588**	**(6,922)**	**(5.2)**	217,128	(13,044)	(6.0)
Trading						
Trading of PEI	**–**	**–**	**–**	110,021	10,010	9.1
Total	**132,588**	**(6,922)**	**(5.2)**	327,149	(3,034)	(0.9)

Decrease in revenue from interwoven fabric with multi-fibres series from approximately RMB165.7 million for the six months ended 30 June 2016 to approximately RMB103.1 million for the six months ended 30 June 2017 was mainly due to the decreasing demand for the products.

FINANCIAL REVIEW (continued)

Revenue, gross profit and gross profit margin (continued)

Decrease in gross loss margin of interwoven fabric with multi-fibres series from (7.2)% for the six months ended 30 June 2016 to (2.0)% for the six months ended 30 June 2017 was mainly due to decrease in the average unit cost from RMB13.3 per meter to RMB7.9 per meter.

Decrease in revenue from slub series from approximately RMB10.0 million for the six months ended 30 June 2016 to RMB2.8 million for the six months ended 30 June 2017 was mainly due to the same reason as per interwoven fabric with multi-fibres series.

Gross profit margin of slub series increased from (12.5)% for the six months ended 30 June 2016 to 3.1% for the six months ended 30 June 2017 for the reason of decrease in its average unit cost from RMB12.7 per meter to RMB4.0 per meter.

Decrease in revenue from blended fabric series from approximately RMB11.0 million for the six months ended 30 June 2016 to approximately RMB5.2 million for the six months ended 30 June 2017 was mainly due to decrease in demand for the product from 824.5 km to 755.7 km.

Decrease in gross profit margin of blended fabric series from 1.1% for the six months ended 30 June 2016 to (5.6)% for the six months ended 30 June 2017 mainly because the decrease ratio in the average unit selling price from RMB13.4 per meter to RMB6.9 per meter outweighed the decrease ratio in the average unit cost from RMB12.3 per meter to RMB7.3 per meter between the six months ended 30 June 2016 and the six months ended 30 June 2017.

Decrease in revenue from stretch fabric series from approximately RMB15.7 million for the six months ended 30 June 2016 to approximately RMB12.4 million for the six months ended 30 June 2017 was mainly due to decrease in average unit selling price from RMB12.8 per meter to RMB10.2 per meter.

Decrease in gross profit margin of stretch fabric series from 4.4% for the six months ended 30 June 2016 to (20.1)% for the six months ended 30 June 2017 mainly because decrease in the average unit selling price from RMB12.80 per meter for the six months ended 30 June 2016 to RMB10.2 per meter for the six months ended 30 June 2017.

Decrease in revenue from pure cotton series from approximately RMB14.7 million for the six months ended 30 June 2016 to approximately RMB9.0 million for the six months ended 30 June 2017 was mainly due to the decrease in demand for the product from 943.0 km to 787.6 km.

FINANCIAL REVIEW (continued)

Revenue, gross profit and gross profit margin (continued)

Decrease in gross profit margin of pure cotton series from (5.0)% for the six months ended 30 June 2016 to (5.2)% for the six months ended 30 June 2017 mainly because the decrease rate of the average unit selling price was higher than the decrease rate of the average unit cost of its sales between the six months ended 30 June 2016 and the six months ended 30 June 2017.

As the production scale of the cotton yarns turned down significantly and we shut down five of six production lines for the six months ended 30 June 2017, the Group did not sell any yarn products during the same period.

As the trade receivables of PEI as at the year ended 31 December 2016 were subsequently settled in a very slow manner with only approximately RMB34.0 million up to the date of this report which only represented approximately 10.2% of the trade receivables, the Group suspended the trading of PEI during the six months ended 30 June 2017.

Selling expenses

Selling expenses remained comparable at approximately RMB1.0 million for both the six months ended 30 June 2016 and 30 June 2017.

Administrative expenses

Administrative expenses decreased by 45.8% from approximately RMB18.6 million for the six months ended 30 June 2016 to approximately RMB10.1 million for the six months ended 30 June 2017, which represented 5.7% and 7.6% of the Group's revenue during the corresponding period, respectively. Decrease was mainly due to free of impact of share option scheme valuation of approximately RMB1.5 million for the six months ended 30 June 2017.

Finance costs

The increase in finance costs from approximately RMB16.1 million for the six months ended 30 June 2016 to approximately RMB21.6 million was mainly because of increase in the average balance of borrowings during the six months ended 30 June 2017 for the general working capital purpose.

Share of loss of investment accounted for using equity method

By application of equity method, the Group incurred a share of loss of investment in an associate of approximately RMB9.6 million for the six months ended 30 June 2017 as the market demand for the associate's products decreased.

FINANCIAL REVIEW (continued)

Income tax credit

The income tax credit increased from income tax credit of RMB2.5 million for the six months ended 30 June 2016 to income tax credit of RMB2.9 million for the six months ended 30 June 2017, mainly because decrease in the taxable profit and part of taxable loss were not recognised as deferred tax assets.

Loss for the period and attributable to the owners

As a result of the above factors, the loss attributable to the owners increased from loss of approximately RMB33.8 million for the six months ended 30 June 2016 to loss of approximately RMB46.5 million for the six months ended 30 June 2017.

FUTURE OUTLOOK

This is still a fierce competition in the PRC's textile industry, yet the market is immensely and highly fragmented. A number of players in the textile industry are consolidated with relatively strong competitive manufacturers in the industry for survival purpose. In the next half year of 2017, the Group will remain focusing on extending its reach into domestic market, retaining the existing market presence and step forward to the overseas trading market. The Group is more determined than ever to enhance its profitability to optimise the existing product portfolio and develop newly invented and quality improved products that meeting customers' demand.

The Group has suspended the trading of PEI products because the recoverability of the balance for the year ended 31 December 2016 is very low up to the date of this report. If the recoverability turns better, the Group will reconsider to trade the PEI products again.

The Group has already completed the construction of the second phase of Hubei Production Facilities in the second quarter of 2016, but as the textile industry is still gloomy, the Group is finding a suitable time to arrange installation of production equipment and commence production. The Group will make further announcement such arrangement when appropriate.

FUTURE OUTLOOK (continued)

Looking forward, the Group mainly focuses on production of fabrics. The Group will also restructure the existing fabric products series including interwoven fabric with multi-fibres series, slub series, blended fabric series, stretch fabric series and pure cotton series by retaining the series with stable gross profit margin, adding some new potential product series with higher gross profit margin and eliminating the production of those series with low or even negative gross profit margin. The Group will also develop new fabric products with synthetic fiber to diversify the product types and enhance the gross profit margins. The Group will also actively carry out the sales and marketing activities through the Group's sales and marketing department in Shishi and Hubei. The Group intends to establish the sales offices in Guangzhou and Changshu for promotion of the Group's products in Guangdong and Jiangsu provinces.

On 11 January 2017 (after trading hours), a wholly-owned subsidiary of the Company (the "Purchaser") entered into sale and purchase agreements (the "Sale and Purchase Agreements") with three shareholders (the "Vendors") of a company (the "Target Company", together with its subsidiaries, the "Target Group"), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, in aggregate, approximately 53.0% of the issued share capital of the Target Company (the "Acquisition"). The Purchaser is not obliged to complete the Acquisition unless the Purchaser can acquire not less than 90% of the issued share capital of the Target Company upon completion of the Acquisition ("Completion"). The consideration payable by the Purchaser will be satisfied by the allotment and issue of new Shares. Completion is subject to fulfillment of certain conditions precedent sets out in the Sale and Purchase Agreements including, among other things, the raising of funds by the Company through a placing (the "Placing") pursuant to one or more placing agreements (the "Placing Agreement(s)").

The Target Group is principally engaged in the exploration, mining, processing, sales and marketing of iron ore in Mongolia.

FUTURE OUTLOOK (continued)

As at 20 March 2017 (being the last day on which sale and purchase agreements with the other shareholders other than the Vendors (the "Other Sale and Purchase Agreements") were expected to be entered into, unless otherwise agreed by the Purchaser and Vendor A), the Purchaser has entered into the Other Sale and Purchase Agreement with each of the shareholders of the Target Company other than the Vendors (the "Remaining Shareholders") (other than China Life Insurance (Overseas) Company Limited) pursuant to which such Remaining Shareholders conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, their shares in the Target Company which will be satisfied by the allotment and issue of Consideration Shares at the issue price of HK$0.13 per Share, which in aggregate represent approximately 43.7% of the issued share capital of the Target Company. Taking into account the approximately 53.0% of the issued share capital of the Target Company to be acquired by the Purchaser under the Sale and Purchase Agreements and the approximately 43.7% of the issued share capital of the Target Company to be acquired by the Purchaser under the Other Sale and Purchase Agreements, the Purchaser will own approximately 96.7% of the issued share capital of the Target Company upon Completion and the completion of Other Sale and Purchase Agreements.

The Acquisition constitute, among others, (i) a very substantial acquisition of the Company under Chapter 14 of the Listing Rules; and (ii) a reverse takeover of the Company under Rule 14.06(6)(a) of the Listing Rules. In addition, the Company will be treated as if it was a new listing applicant under Rule 14.54 of the Listing Rules and will be subject to the approval by the Listing Committee of the Stock Exchange of the new listing application. Please refer to the announcement of Company dated 13 March 2017, 21 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 30 June 2017 and 31 July 2017, respectively for further information.

The Group is still undertaking this transaction of a very substantial acquisition, but the Group will endeavour to improve the operations during the course.

With the above strategies, we hope not only to maintain the strategic position but also to enhance the quality of products, boost our revenue and improve the profitability and customer loyalty.

Liquidity and financial resources

As at 30 June 2017, the Group's bank and cash balances (including restricted bank deposits) amounted to approximately RMB65.6 million (as at 31 December 2016: approximately RMB25.0 million). The increase was mainly due to increase in issue of bonds of approximately RMB113.3 million for the period ended 30 June 2017.

FUTURE OUTLOOK (continued)

Liquidity and financial resources (continued)

As at 30 June 2017, the Group's inventories increased by approximately RMB8.3 million to approximately RMB58.2 million (as at 31 December 2016: approximately RMB49.9 million), and trade and other receivables decreased by approximately RMB23.6 million to approximately RMB662.6 million (as at 31 December 2016: approximately RMB686.2 million).

The working capital turnover days were as follows:

	For the six months ended 30 June 2017	For the year ended 31 December 2016
Inventory turnover days	**36.2 days**	34.4 days
Trade and notes receivables turnover days	**352.4 days**	116.1 days
Trade payable turnover days	**94.1 days**	96.0 days

1 Inventory turnover days is equal to the average of the opening and closing inventory balances divided by cost of sales for the period of 181 days for the six months ended 30 June 2017.

2 Trade and notes receivables turnover days is equal to the average of the opening and closing trade and notes receivables balances divided by revenue for the period of 181 days for the six months ended 30 June 2017.

3 Trade payable turnover days is equal to the average of the opening and closing trade payable balances divided by cost of sales for the period of 181 days for the six months ended 30 June 2017.

During the six months ended 30 June 2017, when compared to that of last year, the inventory turnover days were comparable. Increase in trade and notes receivable days was mainly due to longer credit period provided to the customers and significant decrease in revenue by approximately RMB194.6 million to approximately RMB132.6 million for the period ended 30 June 2017. Trade payable turnover days were comparable.

The Group's borrowings increased to approximately RMB640.6 million, mainly as a result of issuance of corporate bonds of approximately RMB113.3 million and increase in bank borrowings of approximately RMB43.5 million (as at 31 December 2016: approximately RMB539.6 million). All the borrowings are denominated in Renminbi and Hong Kong Dollar. The interest rates ranged from 2.0% to 8.0%. The Group did not use any financial instruments for hedging purposes.

FUTURE OUTLOOK (continued)

Liquidity and financial resources (continued)

The Group's financial ratios were as follows:

	As at 30 June 2017	As at 31 December 2016
Current ratio (%)[1]	**161.5**	264.3
Gearing ratio (%)[2]	**103.2**	23.1

1 Based on current assets to current liabilities

2 Based on total borrowings net of cash and cash equivalents and restricted bank deposits over total equity

Decrease in current ratio was mainly due to the repayment of borrowings whereas gearing ratio increased mainly due to issue of corporate bonds during the period.

Dividend policy

The Board has resolved not to declare any dividend for the six months ended 30 June 2017.

Contingent liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities.

Purchase, sale and redemption of the listed securities of the Company

For the period under review in 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Foreign exchange risk

The Group mainly operates in the PRC. Most of the Group's transactions, assets and liabilities are denominated in RMB and HKD, among which, significant amount of the sales revenue and certain costs are denominated in RMB, while certain assets and liabilities are denominated in HKD for the three investment holding companies registered in the overseas countries other than the PRC. Depreciation of RMB against HKD will be unfavourable to the Group. Foreign exchange risk arises from future recognized assets and liabilities, and net investments in foreign operations, if any. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposures. The Group did not use any financial instruments for hedging purposes.

Capital expenditure

For the six months ended 30 June 2017, the capital expenditure of the Group amounted to approximately RMB61,000 (for the six months ended 30 June 2016: approximately RMB3,000).

Pledge of assets

As at 30 June 2017, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB245.1 million were pledged to secure banking facilities for purposes of working capital and purchase of fixed assets for the Group (as at 31 December 2016: approximately RMB265.7 million).

Significant events after the reporting period

On 3 July, 5 July, 13 July, 14 July, 19 July, 20 July, 27 July, 3 August and 14 August 2017 respectively, the Company issued corporate bonds and immigration bonds with principal amounts totalling HKD14,500,000. The bonds have terms of 3 months to 7 years and are unsecured with interest rates ranging from 2% to 10% per annum and payable at maturity for those bonds with a term shorter than a year and annually for those bonds with a term longer than a year.

Human resources

As at 30 June 2017, the Group had a total of 424 employees (as at 31 December 2016: 601 employees), of whom 217 employees were based in the Shishi Production Facilities, 204 employees were based in the Hubei Production Facilities and 3 employees were based in its Hong Kong office. The Group is required to make contribution to the social insurance scheme and the housing provident funds for its employees in the PRC. The Group has also adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong. The Group will continuously optimize the workforce structure and offer its employees with competitive remuneration schemes. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual employee and team building, as the Group's success depends on the contribution of the skilled and motivated employees in all functional divisions.

ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2017, the interests and/or short positions of each director of the Company (the "Director") and chief executive and their respective associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by directors of Listed Companies contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Interest in the Company

Name of director	Capacity/ Nature of interest	Number of shares held in the Company	Approximate percentage of shareholding in the Company
Mr. Lin Qingxiong	Interest of a controlled corporation	287,600,000 shares (Note) (long position)	18.55%
	Beneficial owner	2,840,000 shares (long position)	0.18%
Mr. Qiu Zhiqiang	Beneficial owner	126,840,000 shares (long position)	8.18%

Note:

These shares are held by Merit Lead Investments Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Lin Qingxiong.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (continued)

Interest in associated corporation(s) (continued)

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding in the associated corporation
Mr. Lin Qingxiong	Merit Lead Investments Limited	Beneficial owner	One share of US$1.00 each	100%

Save as disclosed above, as at 30 June 2017, none of the directors, the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as the Directors are aware, the following persons (not being a director or a chief executive of the Company) had, or were deemed to have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the Company's issued share capital:

Name of shareholder	Capacity/ Nature of interest	Number of shares held in the Company	Approximate percentage of shareholding in the Company
Merit Lead Investments Limited (Note)	Beneficial owner	287,600,000 shares (long position)	18.55%

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Note:

Merit Lead Investments Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. Lin Qingxiong.

Save as disclosed above, other than the directors or chief executive of the Company, there were no other parties who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2017.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

There is no transaction with the related party during the period ended 30 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of at least 25% of the Company's issued share capital as required under the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 June 2017, none of the Directors or any of their respective associates of the Company had engaged in any business that competed or may compete with the business of the Group, or had any other conflict of interests with the Group.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company acknowledges the important role of the Board in providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations.

In the opinion of the directors of the Company (the "Directors"), the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period under review save for code provision A.1.8.

CORPORATE GOVERNANCE (continued)

Code provision A.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against the Directors and is in the process of arranging such appropriate insurance. The Board believes with the current internal control system and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Chan Sui Wa is the chairman of the audit committee. The terms of reference of the audit committee comply with the code provisions of the CG Code. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

REMUNERATION COMMITTEE

The remuneration committee of the Board comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Ma Chongqi is the chairman of the remuneration committee. The terms of reference of the remuneration committee comply with the code provisions of the CG Code. The remuneration committee is principally responsible for formulating the Group's policy and structure for all remuneration of the Directors and senior management and providing advice and recommendations to the Board.

NOMINATION COMMITTEE

The nomination committee of the Board comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Yu Yubin is the chairman of the nomination committee. The terms of reference of the nomination committee comply with the code provisions of the CG Code. The nomination committee is principally responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors, and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

REGULATORY COMPLIANCE COMMITTEE

The regulatory compliance committee was established by the Company on 26 February 2014, which is led by Mr. Qiu Zhiqiang, the executive Director and consists of Mr. Deng Qinghui, the executive Director and Mr. Siu Kai Chun, the Group's Chief Financial Officer and Company Secretary. The committee directly reports to the Board and is primarily responsible for ensuring that our business operations and activities are in compliance with the relevant laws and regulations.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2017 have been reviewed by the audit committee of the Company.

By order of the Board
Wang Tai Holdings Limited
Lin Qingxiong
Chairman

Hong Kong, 29 August 2017

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000
Revenue	6	**132,588**	327,150
Cost of sales	16	**(139,510)**	(330,183)
Gross loss		**(6,922)**	(3,034)
Selling expenses	16	**(1,069)**	(1,026)
Administrative expenses	16	**(10,075)**	(18,582)
Other (loss)/income – net		**(175)**	1,144
Operating loss		**(18,241)**	(21,498)
Finance income		**96**	1,248
Finance costs		**(21,593)**	(16,057)
Finance costs – net	17	**(21,497)**	(14,809)
Share of loss of investments accounted for using equity method		**(9,645)**	–
Loss before income tax		**(49,383)**	(36,307)
Income tax credit	18	**2,854**	2,500
Loss for the period and attributable to the owners		**(46,529)**	(33,807)
Other comprehensive income		**–**	–
Total comprehensive loss for the period and attributable to the owners		**(46,529)**	(33,807)
Earnings per share for loss for the period and attributable to the owners (expressed in RMB cent per share)	19		
— Basic and diluted		**(0.03)**	(0.02)
Dividends	20	**–**	–

The notes on pages 24 to 56 form an integral part of these consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

For the six months ended 30 June 2017

	Note	**Unaudited As at 30 June 2017 RMB'000**	Audited As at 31 December 2016 RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	7	**24,059**	24,338
Property, plant and equipment	7	**380,487**	405,430
Deferred income tax assets		**32,836**	29,746
Available-for-sale financial assets		**4,500**	4,500
Investment accounted for using equity method	8	**77,211**	86,856
		519,093	550,870
Current assets			
Inventories	9	**58,180**	49,937
Trade and other receivables and prepayments	10	**662,635**	686,189
Cash and bank balances	11	**57,585**	4,082
Restricted bank deposits	11	**8,000**	20,960
		786,400	761,168
Total assets		**1,305,493**	1,312,038
EQUITY			
Capital and reserve attributable to owners of the Company			
Share capital	12	**124,010**	124,010
Other reserves	12	**638,406**	638,406
Accumulated loss		**(205,212)**	(158,683)
Total equity		**557,204**	603,733

	Note	**Unaudited As at 30 June 2017 RMB'000**	Audited As at 31 December 2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	**242,328**	277,988
Other payables	15	**1,436**	–
Deferred income	14	**17,727**	18,104
		261,491	296,092
Current liabilities			
Borrowings	13	**398,264**	261,609
Trade and other payables	15	**88,534**	149,618
Current income tax liabilities		**–**	986
		486,798	412,213
Total liabilities		**748,289**	708,305
Total equity and liabilities		**1,305,493**	1,312,038

The notes on pages 24 to 56 form an integral part of these consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Unaudited Attributable to the shareholders Share capital RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2016	119,745	616,404	172,340	908,489
Total comprehensive income for the six months – Loss for the period	–	–	(33,807)	(33,807)
Transactions with owners: – Shares issued for share-based compensation	1,709	11,780	–	13,489
Balance at 30 June 2016	121,454	628,184	138,533	888,171
Balance at 1 January 2017	**124,010**	**638,406**	**(158,683)**	**603,733**
Total comprehensive income for the six months – Loss for the period	**–**	**–**	**(46,529)**	**(46,529)**
Balance at 30 June 2017	**124,010**	**638,406**	**(205,212)**	**557,204**

The notes on pages 24 to 56 form an integral part of these consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash used in operations		**(73,039)**	(115,902)
Income tax credit		**1,204**	–
Net cash used in operating activities		**(71,835)**	(115,902)
Cash flows from investing activities			
Prepayment for long-term investment		**–**	(70,000)
Proceed from disposal of property, plant and equipment		**10,000**	–
Purchases of property, plant and equipment	7	**(61)**	(3)
Receipt of government subsidy		**1,981**	–
Decrease in time deposits		**–**	103,782
Interest received		**96**	1,251
Net cash generated from investing activities		**12,016**	35,030
Cash flows from financing activities			
Proceeds from borrowings		**156,775**	162,030
Repayments of borrowings		**(55,780)**	(102,806)
Net decrease in restricted bank deposits		**12,960**	9,618
Interest and bank charges paid		**(21,593)**	(16,057)
Proceeds from shares issued for share-based compensation		**–**	8,547
Net cash generated from financing activities		**92,362**	61,332
Net increase/(decrease) in cash and cash equivalents		**32,543**	(19,540)
Cash and cash equivalents at beginning of the period		**25,042**	55,401
Cash and cash equivalents at end of the period		**57,585**	35,861

The notes on pages 24 to 56 form an integral part of these consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

1. General Information

The Company was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacturing and sales of fabrics and yarns in the People's Republic of China (the "PRC"). The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 25 April 2014.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors for issue on 29 August 2017.

This condensed consolidated interim financial information has not been audited.

2. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with International Accounting Standards (IAS) 34, 'Interim financial reporting'. The condensed consolidated financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. Accounting Policies

(a) New amendments of IFRSs adopted by the Group in 2016

The following new amendments of IFRSs which are relevant to the Group's operations are effective for the first time for the financial year beginning on 1 January 2016.

- Annual improvements 2014 include changes from the 2012–2014 cycle of the annual improvements project that effective for annual periods beginning on or after 1 January 2016:

  – Amendment to IFRS 7 'Financial instruments: Disclosures' clarifies that the additional disclosure required by the amendments to IFRS 7 "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

  – Amendment to IAS 34 'Interim financial reporting' clarifies that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

3. Accounting Policies (continued)

(a) New amendments of IFRSs adopted by the Group in 2016 (continued)

The following new standards and amendments are effective for the first time for the financial year beginning on 1 January 2016 and not relevant to the Group's operations (although they may affect the accounting for future transactions and events).

Standards and amendments	Effective for annual periods beginning on or after
Annual improvements 2014: IFRS 5, 'Non-current assets held for sale and discontinued operations'	1 January 2016
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
Amendment to IFRS 11 'Accounting for acquisitions of interests in joint operations'	1 January 2016
Amendments to IAS 16 and IAS 38 'Clarification of acceptable methods of depreciation and amortisation'	1 January 2016
Annual improvements 2014: IAS 19, 'Employee benefits'	1 January 2016
Amendment to IAS 27 'Equity method in separate financial statements'	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment entities: applying the consolidation exception'	1 January 2016
Annual improvements 2014: IFRS 7, 'Financial instruments: Disclosures' – Application of the disclosure requirements to a servicing contract	1 January 2016
Amendments to IAS 1 'Disclosure initiative'	1 January 2016

The adoption of the above new amendments of IFRSs starting from 1 January 2016 did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2017.

3. Accounting Policies (continued)

(b) New standards and amendments of IFRSs which have been issued and are relevant to the Group's operations and effective for the financial year beginning after 1 January 2016 and have not been early adopted by the Group:

- Amendments to IAS 12, 'Income taxes' on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017.

- Amendments to IAS 7 – Statement of cash flows introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective for annual periods beginning on or after 1 January 2017.

- IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and; (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control.

IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

3. Accounting Policies (continued)

(b) (continued)

IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue' and IAS 11 'Construction Contracts', and the related Interpretations on revenue recognition: IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 18 'Transfers of Assets from Customers' and SIC-31 'Revenue – Barter Transactions Involving Advertising Services'. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

- IFRS 9 'Financial Instruments' replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivable this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

3. Accounting Policies (continued)

(b) (continued)

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more 'rule-based' approach of IAS39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

- Amendments to IFRS 2 'Classification and Measurement of Share-based Payment Transactions' clarify the measurement basis for cash-settled share-based payments and the accounting for modification from cash-settled awards to equity-settled awards. It also introduces an exception to the principles in IFRS 2 that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. IFRS 2 is effective for annual periods beginning on or after 1 January 2018.

- IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

- Amendments to IFRS 10 and IAS 28 'Sale or contribution of assets between an investor and its associate or joint venture' address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The effective date of IFRS 10 and IAS 28 has now been deferred.

The Group will apply the new standards and amendments described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

4. Estimates

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5. Financial Risk Management

5.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures requires in the annual financial statements, and shall be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no changes in the risk management policies of the Group since year ended 31 December 2016.

5.2 Liquidity risk

Compared to the year end of 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5. Financial Risk Management (continued)

5.2 Liquidity risk (continued)

As at 30 June 2017, the contractual borrowings of the Group's non-derivative financial liabilities were as follows.

	Unaudited				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2017					
Borrowings (exclude finance lease liabilities)	**378,015**	**16,367**	**86,342**	**159,868**	**640,592**
Interest payable on borrowings	**26,421**	**16,488**	**22,444**	**17,510**	**82,863**
Trade and other payables	**88,534**	**1,436**	**–**	**–**	**89,970**
	492,970	**34,291**	**108,786**	**177,378**	**813,425**

	Audited				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2016					
Borrowings (exclude finance ease liabilities)	150,170	223,671	12,485	77,964	464,290
Interest payable on borrowings	22,513	22,513	1,675	5,897	52,598
Trade and other payables	159,510	5,982	–	–	165,492
	332,193	252,166	14,160	83,861	682,380

6. Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business from both a product and geographical perspectives. The Group started the trading of polytherimide ("PEI") in 2016 but suspended the trading during the six months ended 30 June 2017 as the recoverability of the trade receivables for the year ended 31 December 2016 was not satisfactory up to the date of this report.

The operations are further evaluated on a geographic basis including Mainland China and Hong Kong.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayments. They exclude deferred income tax assets, restricted bank deposits and cash and cash equivalents.

Segment liabilities comprise operating liabilities. They exclude borrowings from banks and other financial institutions, loans from government, current income tax liabilities and other payables due to related parties.

6. Segment Information (continued)

The segment information is set out below:

	Unaudited				
	Fabrics		Yarns	PEI	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2017					
Segment results					
Total segment revenue	123,317	51,574	–	–	174,891
Inter-segment revenue	(42,303)	–	–	–	(42,303)
Revenue from external customers	81,014	51,574	–	–	132,588
Segment (loss)/profit	(16,193)	9,271	–	–	(6,922)
Other operating expenses					(11,144)
Other loss – net					(175)
Share of loss of investments accounted for using equity method					(9,645)
Finance costs – net					(21,497)
Loss before income tax					(49,383)
Income tax credit					2,854
Loss for the period					(46,529)
Other segment items					
Capital expenditure	–	–	–	–	–
Amortisation of leasehold land and land use right	248	–	31	–	279
Depreciation of property, plant and equipment	7,529	6,637	460	–	14,626

6. Segment Information (continued)

	Fabrics		Unaudited Yarns	PEI	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2017					
Segment assets and liabilities					
Segment assets	566,913	201,324	34,615	298,449	1,101,301
Unallocated assets					204,192
Total assets					1,305,493
Segment liabilities	88,509	24	–	–	88,533
Unallocated liabilities					659,756
Total liabilities					748,289

6. Segment Information (continued)

	Unaudited				
	Fabrics		Yarns	PEI	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2016					
Segment results					
Total segment revenue	199,465	101,261	19,834	110,021	430,583
Inter-segment revenue	(83,599)	–	(19,834)	–	(103,433)
Revenue from external customers	115,866	101,261	–	110,021	327,149
Segment (loss)/profit	(26,379)	13,338	–	10,007	(3,034)
Other operating expenses					(19,608)
Other income – net					1,144
Finance costs – net					(14,809)
Loss before income tax					(36,307)
Income tax credit					2,500
Loss for the period					(33,807)
Other segment items					
Capital expenditure	–	–	–	–	–
Amortisation of leasehold land and land use right	248	–	31	–	279
Depreciation of property, plant and equipment	16,698	7	3,396	–	20,101

6. Segment Information (continued)

	Fabrics		Unaudited Yarns	PEI	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2016					
Segment assets and liabilities					
Segment assets	567,393	295,221	146,348	110,007	1,118,968
Unallocated assets					460,036
Total assets					1,579,004
Segment liabilities	166,141	2,611	4,374	–	173,126
Unallocated liabilities					517,707
Total liabilities					690,833

7. Property, Plant and Equipment and Leasehold Land and Land Use Rights

	Property, plant and equipment RMB'000 (Unaudited)	Leasehold land and land use rights RMB'000 (Audited)
Six months ended 30 June 2017		
Net book amount as at 1 January 2017	**422,872**	**24,338**
Additions	**61**	**–**
Disposal	**(27,820)**	**–**
Depreciation and amortisation	**(14,626)**	**(279)**
Net book amount as at 30 June 2017	**380,487**	**24,059**
Six months ended 30 June 2016		
Net book amount as at 1 January 2016	477,453	24,895
Additions	3	–
Disposal	(21)	–
Depreciation and amortisation	(20,101)	(279)
Net book amount as at 30 June 2016	457,334	24,616

In April 2017, the Group disposed the auxiliary machinery and equipment for the production of cotton yarns at the Fujian Shishi production plant. The net book value of the machinery and equipment was RMB27,820,000 and the selling price was RMB10,000,000, resulting in a loss of RMB17,820,000 from the disposal which was charged to "other losses" in the consolidated statement of comprehensive income.

As at 30 June 2017, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB245.1 million (31 December 2016: approximately RMB265.7 million) were pledged to secure banking facilities of the Group (Note 13).

8. Investment Accounted for Using Equity Method

The amount recognised in the statement of financial position is as follows:

	30 June 2017 RMB'000 (Unaudited)	(Restated) 31 December 2016 RMB'000 (Audited)
Share of net assets of an unlisted associate	**76,302**	85,947
Goodwill	**60,909**	60,909
Impairment provision	**(60,000)**	(60,000)
	77,211	86,856

The amount recognised in the consolidated income statement is as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Share of loss of investments accounted for using equity method	**9,645**	3,144
Impairment for investment accounted for using equity method	**–**	60,000
	9,645	63,144

8. Investment Accounted for Using Equity Method (continued)

Movements of the share of net assets are as follows:

	30 June 2017 RMB'000 (Unaudited)	(Restated) 31 December 2016 RMB'000 (Audited)
Opening Balance	**86,856**	–
Transferred from other non-current assets	**–**	80,000
Addition	**–**	70,000
Share of loss based on equity method	**(9,645)**	(3,144)
Impairment provision	**–**	(60,000)
Closing amount	**77,211**	86,856

There are no contingent liabilities relating to the Group's interest in the associate.

Impairment test

It was expected that the associate incur loss for the six months ended 30 June 2017 and the demand for cotton fabric in the region decreased. In view of these impairment indicators, as at 30 June 2017, management carried out an impairment assessment of the investment in the associate. In assessing the recoverability of investment in the associate, management identified the associate as one cash generating unit ("CGU"). The recoverable amount was determined based on value in use calculation of the CGU which was considered higher than its fair value less costs of disposal. The value in use calculation was the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model. These calculations use pre-tax cash flow projections based on certain assumptions made by management covering a five-year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

8. Investment Accounted for Using Equity Method (continued)

Impairment test (continued)

The key assumptions used for value-in-use calculations are as follows:

Growth rates to extrapolate cash flows beyond the budget period	2%
Gross margin	13%-16%
Discount rate	14.4%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of market development. The discount rate used are calculated before the deduction of taxes but with the consideration of specific risks of the relevant operating segments of cost of equity.

Based on the impairment testing of the recoverable amount of the investment in the associate, no further impairment was recognised.

Summarised statement of financial position

	Baixin (China) Co., Ltd.	
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Current		
Total current assets	**140,339**	137,290
Total current liabilities	**(182,922)**	(166,382)
Non-current		
Total non-current assets	**321,181**	328,953
Total non-current liabilities	**(124,176)**	(126,251)
Net assets	**154,422**	173,610

8. Investment Accounted for Using Equity Method (continued)

Summarised statement of comprehensive income

	Baixin (China) Co., Ltd.	
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Revenue	**46,605**	68,143
Loss before income tax	**(19,289)**	(7,590)
Income tax credit	**–**	1,302
Loss for the year	**(19,289)**	(6,288)

9. Inventories

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Raw materials and packaging materials	**45,537**	7,327
Work in progress	**1,728**	19,373
Finished goods	**10,915**	23,237
	58,180	49,937

The cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB112,631,539 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB299,499,429).

10. Trade and Other Receivables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables:		
Trade receivables	**632,000**	660,134
Bills receivables	**–**	100
Total of trade receivables	**632,000**	660,234
Less: Provision for impairment of trade receivables	**(129,888)**	(129,888)
Net trade and bill receivables	**502,112**	530,346
Other receivables:		
Prepayments for purchase of raw materials	**218,520**	207,295
Less: Provision for unrecoverable prepayments	**(59,387)**	(59,387)
Net prepayments for purchase of raw materials	**159,133**	147,908
Deductible value-added tax pending for validation	**–**	2,858
Others	**1,390**	5,077
Total of other receivables	**160,523**	155,843
Less: provision for unrecoverable prepayments	**–**	–
	160,523	155,843
Total of trade and other receivables	**662,635**	686,189

10. Trade and Other Receivables (continued)

There is no concentration of credit risk with respect to trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries including Hong Kong and other overseas countries.

The ageing analysis of trade and bills receivables as at the balance sheet dates based on invoice date was as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 3 months	**165,269**	285,963
4 to 6 months	**252,298**	44,178
Over 6 months	**214,433**	200,205
	632,000	530,346

Subsequent settlement of Trade and Other Receivables

Up to the date of this report, the subsequent settlement from trade receivables from the sales of fabric products as at 31 December 2016 was approximately RMB41.0 million whereas the subsequent settlement from trade receivable from the sales of PEI products as at 31 December 2016 was approximately RMB34.0 million. The subsequent settlement of the prepayments for purchase of raw materials for the year ended 31 December 2016 was approximately RMB31.2 million.

11. Cash and Bank Balances and Restricted Bank Deposits

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Cash and bank balances		
– Cash on hand and at banks	**57,585**	4,082
– Time deposits	**–**	–
	57,585	4,082
Restricted bank deposits	**8,000**	20,960
	65,585	25,042

The restricted bank deposits represented deposits pledged as security for short term secured bank borrowings (Note 13).

Cash and cash equivalents are denominated in the following currencies:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
HK$	**55,247**	37
US$	**10,232**	108
RMB	**106**	3,937
	65,585	4,082

All time deposits and restricted bank deposits are denominated in RMB.

12. Share Capital and Other Reserve

	30 June 2017 Number of shares (thousands)	30 June 2017 HK$'000	31 December 2016 Number of shares (thousands)	31 December 2016 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK$'000	Share capital RMB'000
As at 1 January 2017	**1,550,000**	**155,000**	**124,010**
As at 30 June 2017	**1,550,000**	**155,000**	**124,010**
As at 1 January 2016	1,500,000	150,000	119,745
Proceeds from share issued for exercise of share option scheme	20,000	2,000	1,709
As at 30 June 2016	1,520,000	152,000	121,454

13. Borrowings

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current		
Bond – unsecured	**242,328**	277,988
	242,328	277,988
Current		
Bank borrowings		
– short term – secured	**111,901**	114,851
– short term – unsecured	**–**	33,328
– current portion of long term – secured	**161,289**	113,430
Bond – unsecured	**125,074**	–
	398,264	261,609
Total of borrowings	**640,592**	539,597

In 2017, the Group issued further HK$133.0 million (equivalent to approximately RMB113.3 million) bonds, due date between 2017 and 2024. The bonds were unsecured and carry a nominal interest at rate range from 2.0% to 8.0% per annum, with the interest being payable semi-annually.

The fair value of the liability component of the corporate bond and immigrant bond at 30 June 2017 amounted to approximately HK$367.4 million (equivalent to RMB313.0 million). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 7.5%.

13. Borrowings (continued)

The secured bank borrowings from banks amount in RMB273.2 million (31 December 2016: RMB228.3 million) were secured by the Group's leasehold land and land use rights and property, plants and equipment with an aggregate net book value of approximately RMB245.1 million as at 30 June 2017 (31 December 2016: approximately RMB265.7 million) (Note 7) and restricted bank deposits of approximately RMB8.0 million as at 30 June 2017 (Note 11) (31 December 2016: nil).

The carrying amounts of the Group's borrowings from banks approximated their fair value as at the balance sheet dates.

The Carrying amounts of the Group's borrowings from banks were denominated in RMB as at the balance sheet dates.

Movements in borrowings is analysed as follows:

	RMB'000 (Unaudited)
Six months ended 30 June 2016	
Opening amount 1 January 2016	405,066
Repayments of borrowings	(102,806)
Proceeds from borrowings	162,030
Closing amount as at 30 June 2016	464,290
Six months ended 30 June 2017	
Opening amount 1 January 2017	**539,597**
Repayments of borrowings	**(55,780)**
Proceeds from borrowings	**156,775**
Closing amount as at 30 June 2017	**640,592**

13. Borrowings (continued)

The Group has the following undrawn loan facilities as at the balance sheet date:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
– Expiring within one year	**7,245**	13,660
– Expiring beyond one year	**–**	4,150
	7,245	17,810

14. Deferred Income

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Government grants relating to leasehold land and land use right	**14,191**	14,254
Government grants relating to plant and equipment	**3,536**	3,850
	17,727	18,104

The government grants were received from the PRC government as a subsidy to the Group's purchase of leasehold land and equipment. It is amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

14. Deferred Income (continued)

The movements of the above government grant were as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	**18,104**	19,232
Granted during the period	**–**	1,016
Amortised as income	**(377)**	(2,144)
At end of the period	**17,727**	18,104

15. Trade and Other Payables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current		
Payables for purchase of property, plant and equipment	**1,436**	–
Current		
Trade payables:		
Trade payables	**52,479**	66,969
Bills payables	**–**	25,600
Total of trade payables	**52,479**	92,569
Other payables:		
Advanced payments from customers	**16,967**	6,991
Salary and welfare payables	**2,147**	14,646
Payables for purchase of property, plant and equipment	**–**	7,470
Other taxes (receivables)/payables	**(698)**	15,309
Other payables	**17,639**	158
Total of other payables	**88,534**	57,049
Total of trade and other payables – current	**88,534**	149,618
Total of trade and other payables	**89,970**	149,618

15. Trade and Other Payables (continued)

At 30 June 2017, the ageing analysis of the trade and bills payables were as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 3 months	**33,282**	33,906
4 to 12 months	**31,628**	48,486
Over 12 months	**25,060**	10,177
	89,970	92,569

16. Expenses by Nature

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cost of inventories (Note 9)	**112,632**	299,499
Employee benefit expenses	**7,962**	10,583
Amortisation of leasehold land and land use rights (Note 7)	**279**	279
Depreciation of property, plant and equipment (Note 7)	**14,626**	20,101
Loss on disposal of property, plant and equipment (Note 7)	**17,820**	–
Miscellaneous tax charges other than VAT and income tax	**1,173**	1,136
Utility expenses	**6,270**	8,607
Rental expense	**464**	461
Office and other expenses	**7,248**	9,125
	168,474	349,791

17. Finance Cost – Net

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	**(96)**	(1,248)
Finance costs:		
Interest expense from bank borrowings	**5,375**	7,429
Interest expense of other borrowings and bonds	**15,846**	7,150
Net interest expense from borrowings	**21,221**	14,579
Exchange difference	**81**	–
Bank charges and others	**291**	1,478
Finance costs, net	**21,497**	14,809

18. Income Tax Credit

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax credit	**236**	–
Deferred income tax	**(3,090)**	(2,500)
	(2,854)	(2,500)

18. Income Tax Credit (continued)

The reconciliation between tax on the Group's profit before tax and the theoretical amount that would arise using the tax rate applicable to profits is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before income tax	**(49,383)**	(36,307)
Tax calculated at income tax rates applicable to profits in the respective periods (25%)	**(12,346)**	(9,077)
Expenses not deductible for tax purposes	**99**	90
Loss for which deferred tax assets were not recognised	**9,393**	6,487
Tax credit	**(2,854)**	(2,500)
Effective tax rate	**5.8%**	6.9%

19. Earnings Per Share

(a) Basic

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company	**(46,529)**	(33,807)
Weighted average number of ordinary shares in issue (thousands)	**1,550,000**	1,500,967
Basic loss per share (RMB cents per share)	**(0.03) cent**	(0.02) cent

19. Earnings Per Share (continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share options have no dilutive effect on the earnings per share as at 30 June 2017. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. Diluted earnings per share is therefore equal to basic earnings per share.

20. Dividends

No dividend has been paid or declared by the Company for the six months ended 30 June 2017 (30 June 2016: Nil).

21. Commitments

(a) Capital commitments

Capital expenditures at the balance sheet date that have not been incurred are as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Property, plant and equipment		
Contracted but not provided for	**13,693**	12,772

21. Commitments (continued)

(b) Operating lease commitments

The Group leases its office premises in Hong Kong under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
No later than 1 year	–	244
Later than 1 year and no later than 5 years	–	–
	–	244

The Group is negotiating with the current landlord on the office premises in Hong Kong and up to the date of this report, the lease agreement has not yet been renewed.

22. Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

There is no transaction with the related party during the period ended 30 June 2017.

23. Key Management Compensation

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salary	**1,249**	1,277
Pension costs	**13**	13
Medical, housing and other benefits	**6**	5
	1,268	1,295

24. Subsequent Event

On 3 July, 5 July, 13 July, 14 July, 19 July, 20 July, 27 July, 3 August and 14 August 2017 respectively, the Company issued corporate bonds and immigration bonds with principal amounts totalling HKD14,500,000. The bonds have terms of 3 months to 7 years and are unsecured with interest rates ranging from 2% to 10% per annum and payable at maturity for those bonds with a term shorter than a year and annually for those bonds with a term longer than a year.