



星辰通信国际控股有限公司 Centron Telecom International Holding Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1155)

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dai Guoliang (*Chairman and
Chief Executive Officer*)

Dai Guoyu
Yang Weimin

Independent non-executive Directors

Lin Yuanfang
Li Hongbin
Ku Kin Shing Ignatius

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606, 16th Floor
Tai Tung Building
8 Fleming Road
Hong Kong

COMPANY SECRETARY

Hung Ee Tek

AUTHORIZED REPRESENTATIVES

Dai Guoliang
Hung Ee Tek

MEMBERS OF AUDIT COMMITTEE

Ku Kin Shing Ignatius (*Chairman*)
Lin Yuanfang
Li Hongbin

MEMBERS OF REMUNERATION

COMMITTEE

Lin Yuanfang (*Chairman*)
Li Hongbin
Yang Weimin
Ku Kin Shing Ignatius

MEMBERS OF NOMINATION COMMITTEE

Dai Guoliang (*Chairman*)
Lin Yuanfang
Li Hongbin

LEGAL ADVISERS

As to Hong Kong Law
Loeb & Loeb LLP

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.centron.com.hk>

The board (the “Board”) of directors (the “Directors”) of Centron Telecom International Holding Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016. These condensed consolidated interim financial results have not been audited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		For the six months ended 30 June	
	Notes	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
REVENUE	4	792,745	787,833
Cost of sales		<u>(580,440)</u>	(573,898)
Gross profit		212,305	213,935
Other income	4	1,061	1,418
Selling and distribution expenses		(35,488)	(38,265)
General and administrative expenses		(69,656)	(82,008)
Finance costs	5	<u>(20,040)</u>	(20,427)
PROFIT BEFORE TAX	6	88,182	74,653
Income tax expense	7	<u>(22,374)</u>	(19,639)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<u>65,808</u>	<u>55,014</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted (RMB cents)		<u>8.45</u>	<u>7.06</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>65,808</u>	<u>55,014</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to income statement in subsequent periods:		
Exchange differences on translation of foreign operations	<u>5,583</u>	<u>(9,978)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD	<u>71,391</u>	<u>45,036</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	<i>Notes</i>	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	154,981	162,383
Prepaid land lease payments		9,381	9,502
Deferred tax assets		2,589	1,176
Total non-current assets		166,951	173,061
CURRENT ASSETS			
Inventories		671,875	600,734
Trade and bills receivables	11	1,618,418	1,758,028
Prepayments, deposits and other receivables		35,337	18,749
Available-for-sale investments		2,200	6,500
Restricted bank deposits		4,967	6,496
Pledged deposits		67,604	60,256
Cash and cash equivalents		274,537	257,930
Total current assets		2,674,938	2,708,693
CURRENT LIABILITIES			
Trade and bills payables	12	178,326	270,267
Other payables and accruals		66,391	64,661
Interest-bearing bank borrowings		609,818	768,321
Notes payable	13	42,612	—
Tax payable		40,947	36,576
Total current liabilities		938,094	1,139,825
NET CURRENT ASSETS		1,736,844	1,568,868
TOTAL ASSETS LESS CURRENT LIABILITIES		1,903,795	1,741,929

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2017

	<i>Notes</i>	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		1,903,795	1,741,929
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		88,475	—
Deferred tax liabilities		19,500	17,500
Total non-current liabilities		107,975	17,500
Net assets		1,795,820	1,724,429
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital		74,977	74,977
Reserves		1,720,843	1,649,452
Total equity		1,795,820	1,724,429

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to ordinary equity holders of the Company						
	Reserves						
	Share capital	Share premium account	Capital reserve	Enterprise expansion and statutory reserve funds	Retained profits	Exchange fluctuation reserve	Total equity
RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
At 1 January 2017	74,977	499,014*	85,106*	263,271*	853,350*	(51,289)*	1,724,429
Profit for the period	—	—	—	—	65,808	—	65,808
Other comprehensive income for the period:							
Exchange differences related to foreign operations	—	—	—	—	—	5,583	5,583
Total comprehensive income for the period	—	—	—	—	65,808	5,583	71,391
At 30 June 2017	74,977	499,014*	85,106*	263,271*	919,158*	(45,706)*	1,795,820
At 1 January 2016	74,977	499,014	85,106	239,751	759,948	(41,015)	1,617,781
Profit for the period	—	—	—	—	55,014	—	55,014
Other comprehensive income/ (expense) for the period:							
Exchange differences related to foreign operations	—	—	—	—	—	(9,978)	(9,978)
Total comprehensive income/ (expense) for the period	—	—	—	—	55,014	(9,978)	45,036
At 30 June 2016	74,977	499,014	85,106	239,751	814,962	(50,993)	1,662,817

* These reserve accounts comprise the consolidated reserves of RMB1,720,843,000 (31 December 2016: RMB1,649,452,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Cash generated from operations	83,587	45,260
Income tax paid	(17,416)	(9,389)
Others	1,011	1,342
NET CASH FLOWS FROM OPERATING ACTIVITIES	67,182	37,213
NET CASH FLOWS USED IN INVESTING ACTIVITIES⁽ⁱ⁾	(3,079)	(5,285)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES⁽ⁱⁱ⁾	(47,456)	27,664
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,647	59,592
Cash and cash equivalents at the beginning of period	257,930	329,431
Effect of foreign exchange rate changes, net	(40)	162
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	274,537	389,185
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	347,108	449,796
Less: Restricted bank deposits for certain installation contracts	(4,967)	(4,494)
Deposits pledged for bills payable facilities	(7,433)	(12,299)
Deposits pledged for bank loans	(60,171)	(43,818)
	274,537	389,185

The accompanying notes form part of these interim financial statements.

- (i) Net cash flows used in investing activities for the period includes items such as the purchases of items of property, plant and equipment of RMB5,601,000 (six months ended 30 June 2016: RMB8,900,000) and decrease in available-for-sale investments of RMB4,300,000 (six months ended 30 June 2016: RMB4,600,000).
- (ii) Net cash flows from financing activities for the period includes items such as net cash flows used in bank borrowings of RMB61,182,000 (six months ended 30 June 2016: net cash flows from bank borrowings of RMB34,815,000), net proceeds from issue of notes of RMB42,865,000 (six months ended 30 June 2016: Nil) and interests of RMB17,981,000 (six months ended 30 June 2016: RMB17,817,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2017

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 6 March 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1606, 16th Floor, Tai Tung Building, 8 Fleming Road, Hong Kong. The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture and sale of public network wireless coverage systems and products and the provision of related engineering services, the manufacture and sale of private telecommunications network systems and products, and the sale of digital television network coverage equipment and the provision of related engineering services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s audited annual financial statements for the year ended 31 December 2016 except as disclosed below.

Impact of revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current period, the Group has adopted, for the first time, the following revised HKFRSs which are effective for the Group’s accounting period beginning on 1 January 2017.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to HKFRS 12
	<i>Disclosure of Interests in Other Entities</i>

The adoption of these revised HKFRSs has had no significant financial effect on these financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of public network wireless coverage systems and products and the provision of related engineering services, the manufacture and sale of private telecommunications network systems and products and the sale of digital television network coverage equipment and the provision of related engineering services. Almost all of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single reportable operating segment.

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the People's Republic of China (the "PRC"), which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Revenue derived from sales to individual groups of the Group's customers which contribute over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer A	245,377	243,910
Customer B	214,720	199,060
Customer C	148,081	120,961
Customer D	—	118,932
	<u>608,178</u>	<u>682,863</u>

Revenue from Customer D contributed less than 10% of the total revenue of the Group for the six months ended 30 June 2017.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold and services rendered during the period, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Manufacture and sale of public network wireless coverage systems and products and the provision of related engineering services	673,762	684,685
Manufacture and sale of private telecommunications network systems and products	118,055	100,749
Sale of digital television network coverage equipment and the provision of related engineering services	928	2,399
	<u>792,745</u>	<u>787,833</u>
Other income		
Bank interest income	982	1,342
Income derived from available-for-sale investments	29	76
Others	50	—
	<u>1,061</u>	<u>1,418</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

30 June 2017

5. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans	15,324	17,817
Interest on notes payable	2,657	—
Amortisation of bank charges on syndicated loans	1,584	2,610
Amortisation of transaction cost on notes payable	475	—
	<u>20,040</u>	<u>20,427</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold and services provided	580,440	573,898
Depreciation	13,000	12,185
Amortisation of prepaid land lease payments	121	121
Provision for inventories, net	4,868	333
Impairment/(write-back of impairment) of trade receivables, net	(43)	1,985
Write-back of impairment of prepayments and other receivables, net	(311)	—
	<u>(311)</u>	<u>—</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2016: Nil). Taxes on profits assessable in the Mainland China have been calculated at the prevailing tax rates.

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax – Mainland China		
Charge for the period	21,787	18,596
Withholding tax	2,000	1,900
Deferred tax	(1,413)	(857)
Total tax charge for the period	<u>22,374</u>	<u>19,639</u>

Pursuant to the income tax law of the PRC being effective on 1 January 2008, the PRC income tax rate is unified at 25% for all enterprises. During the six months ended 30 June 2017 and 2016, Centron Communications Technologies Fujian Co., Ltd. was entitled to PRC corporate income tax rate for High-New Technology Enterprise of 15%.

Pursuant to the income tax law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate for the withholding tax is 10%. In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008, the directors have made assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

30 June 2017

8. DIVIDEND

The Directors do not recommend any payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of RMB65,808,000 (2016: RMB55,014,000) and the 779,134,831 (2016: 779,134,831) ordinary shares in issue during the six months ended 30 June 2017.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment with an aggregate cost of RMB5,601,000.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

11. TRADE AND BILLS RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Trade and bills receivables	1,660,123	1,800,093
Impairment	(41,705)	(42,065)
	<u>1,618,418</u>	<u>1,758,028</u>

The Group's trade receivables mainly relate to a few groups of recognised and creditworthy customers. The Group's trading terms with its customers are mainly on credit. The credit period is generally nine months (2016: nine months). A longer credit term of twelve months may be extended to customers with a long-term business relationship and a good payment history. The Group does not hold any collateral or other credit enhancements over these balances. The balances are non-interest-bearing and include retention money which is generally receivable after final verification of products by customers, performed within four to seven months after signing the sale and purchase contracts, or upon completion of the warranty period of one to two years granted to customers.

An aged analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within 3 months	447,995	434,081
3 to 6 months	420,743	444,461
6 to 12 months	599,070	604,679
Over 1 year	150,610	274,807
	<u>1,618,418</u>	<u>1,758,028</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

12. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Within 3 months	150,503	204,989
3 to 6 months	21,251	58,668
6 to 12 months	711	255
Over 1 year	5,861	6,355
	<u>178,326</u>	<u>270,267</u>

The trade payables are non-interest-bearing and are normally settled on two to three months' terms.

13. NOTES PAYABLE

On 20 February 2017, the Company entered into a placing agreement with a placing agent for the issue of one-year 18% unlisted notes in an aggregate principal amount of up to HK\$50,000,000 (equivalent to approximately RMB44,924,000) by the Company. On 20 February 2017, the one-year 18% unlisted notes were issued to certain third party subscribers at an aggregate consideration of HK\$50,000,000 (equivalent to approximately RMB44,924,000), before issue expenses.

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Short-term employee benefits	<u>1,551</u>	<u>2,313</u>

The directors are of the opinion that the above transaction was conducted in the ordinary course of business of the Group.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017

15. TRANSFERRED FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	Bills receivable	
	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Carrying amount of assets that continued to be recognised:		
Bills endorsement	—	24,215
Carrying amount of associated liabilities:		
Bills endorsement	—	24,215

At 31 December 2016, the Group endorsed certain bills receivable accepted by a local bank in the PRC (the “Endorsed Bills”) with a total carrying amount of RMB24,215,000 to certain of its suppliers in order to settle the trade payables due to those suppliers. In the opinion of the directors, the Group had retained the substantial risks and rewards, which included default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year ended 31 December 2016 to which the suppliers had recourse was RMB24,215,000 as at 31 December 2016.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

30 June 2017

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, notes payable and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. For the Group's unlisted available-for-sale investments, they were stated at cost less impairment because they were unlisted investment funds that do not have a quoted market price in an active market and whose fair value cannot be measured reliably. The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2017 was assessed to be insignificant.

Fair value hierarchy

During the six months ended 30 June 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

1. Operating results

For the six months ended 30 June 2017 (the “Reporting Period” or the “Period”), the Group realised revenue of RMB792.7 million, representing an increase of RMB4.9 million or 0.6% from RMB787.8 million over the corresponding period of last year.

During the Reporting Period, revenue from (i) 中國移動通信集團公司 (China Mobile Communications Corporation) and its subsidiaries and branch companies (collectively “China Mobile Group”); (ii) 中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited) and its subsidiaries and branch companies (collectively “China Unicom Group”); (iii) 中國電信集團公司 (China Telecommunications Corporation) and its subsidiaries and branch companies (collectively “China Telecom Group”); (iv) 中國鐵塔股份有限公司 (China Tower Corporation Limited) and its subsidiaries and branch companies (collectively “China Tower Group”); and (v) other customers were as follows:

	For the six months ended 30 June			
	2017 (Unaudited)		2016 (Unaudited)	
	RMB'000	%	RMB'000	%
<i>By customers</i>				
China Mobile Group	245,377	31.0	243,910	31.0
China Unicom Group	214,720	27.1	199,060	25.3
China Telecom Group	148,081	18.7	120,961	15.4
China Tower Group	64,960	8.2	118,932	15.1
	673,138	85.0	682,863	86.8
Others	119,607	15.0	104,970	13.2
	792,745	100.0	787,833	100.0

1. Operating results *(continued)*

	For the six months ended 30 June			
	2017		2016	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
<i>By business category</i>				
Manufacture and sale of public network wireless coverage systems and products and the provision of the related engineering services	673,762	85.0	684,685	86.9
Manufacture and sale of private telecommunications network systems and products	118,055	14.9	100,749	12.8
Sale of digital television network coverage equipment and the provision of the related engineering services	928	0.1	2,399	0.3
	<u>792,745</u>	<u>100.0</u>	<u>787,833</u>	<u>100.0</u>

1. Operating results *(continued)*

Public Network Wireless Coverage Systems and Products

During the first half year of 2017, revenue from public network wireless coverage systems and products business was approximately RMB673.8 million, representing 85.0% of the Group's total revenue.

After the industry's investment and construction in recent years, the 4G wave has smoothly entered into the network mature cycle with a solid foundation and considerable scale. In 2017, the main base station's construction peak stage has basically finished. The operator will focus on the depth coverage and network optimization of the indoor distribution. The Group recorded more or less the same level in revenue from public network wireless coverage systems and products business for the six months ended 30 June 2017. In the reporting period, the Group continued to adjust its product structure and stabilize its 4G products, technologies and solutions. Particularly, products like multi-mode digital signal distribution system and equipment, high-performance passive devices and multi-mode indoor distribution solutions were still the main leading products of the Group and maintained relative high profit margin.

For every phase of the network construction of each network operator, operation focus, nationwide network coverage optimization and hot coverage, the Group interprets key points of communication policy, grasps the technology trend, and strives to develop products and technologies to meet the market demands, and focuses on its service advantages to participate in integrated engineering and construction services in connection with 4G network coverage and optimization in major cities throughout China.

1. Operating results *(continued)*

Private Telecommunications Network Systems and Products

In the reporting period, the Group recorded revenue from the private telecommunications network systems and products of RMB118.1 million, representing approximately 14.9% of the Group's total revenue and increased 17.3% when compared to the same period of last year.

The rapid development of the private network communication technology has led to the expansion of the private network communication applications, and the market scale has been further expanded. As the private network users constantly improve their own management systems and pursue higher management efficiency, their demand trends become more and more diversified and refined and put forward higher requirements to the application of communication technology. The ability to provide personalized and integrated communication information solutions to customers determines the market position of the service provider in the industry. The Group continuously provides a series of higher cost-effective and market-oriented digital cluster system products for both commercial private network users and industry private network users. The Group also timely captures the industry's technology developing information and constantly pays attention to the international advanced concepts, products and technologies. The research and development of products cover base station, terminal, repeaters, core network, dispatch centers, multi-network convergence access system and so on. In the private network communication aspects of the judiciary, civil defense, public security and emergency, the Group achieves steady growth of sales and enhances the brand awareness.

In the reporting period, the Group recorded an increase in revenue from the private telecommunications network systems and products, and raise the proportion to the turnover. The Group currently continues with the parallel sales of analog terminal and digital terminal and its related system, takes advantage of the existing economies of scale and strengthens the marketing channels while in consolidation with leading research and development resources, specialized manufacturing base, experienced production team, customized service concepts to provide the market with more comprehensive private telecommunications digital system products and solutions.

2. Gross profit

During the Reporting Period, the Group realised gross profit of RMB212.3 million, representing a decrease of RMB1.6 million or 0.7% from RMB213.9 million over the same period of last year.

During the Reporting Period, the gross profit margin was 26.8%, a decrease of 0.4% over the same period of last year.

The decrease in the gross profit margin of the Group was primarily due to relatively keen competition in the industry so that the product price was affected during the Reporting Period.

3. Research and development expenditure

During the Reporting Period, research and development (“R&D”) related expenditure of the Group was approximately RMB38.5 million (first half of 2016: RMB41.0 million), representing approximately 4.9% (first half of 2016: 5.2%) of total revenue.

The decrease in R&D expenses was mainly attributable to the decrease in expenditure in the private telecommunications network.

4. Selling and distribution expenses

During the Reporting Period, selling and distribution expenses of the Group was approximately RMB35.5 million (first half of 2016: RMB38.3 million), decreased by 7.3% over the same period of last year.

The decrease in selling and distribution expenses was primarily attributable to the decrease in marketing expenses.

5. General and administrative expenses

During the Reporting Period, general and administrative expenses was approximately RMB69.7 million (first half of 2016: RMB82.0 million), representing a decrease of approximately 15.0% over the same period of last year.

The decrease was mainly attributable to the decrease in other tax expenses and exchange gain in the period.

6. Finance costs

During the Reporting Period, finance costs was approximately RMB20.0 million (first half of 2016: RMB20.4 million), representing a decrease of approximately 2.0% over the same period of last year. The decrease was mainly due to the decrease in bank loans.

During the Reporting Period, the Group was financed by interest-bearing bank loans of total outstanding amount of RMB698.3 million (31 December 2016: RMB768.3 million) as at 30 June 2017 of which RMB406.7 million were secured bank borrowings and RMB291.6 million were unsecured bank borrowings. Except for the bank loans of RMB231.4 million which bore a fixed interest rate, all other bank loans bore floating interest rates.

As at 30 June 2017, except for a secured loan of RMB137,019,000 and RMB160,475,000 (31 December 2016: RMB259,953,000 and RMB119,368,000 respectively) which were denominated in United States dollars (“US\$”) and Hong Kong dollars (“HK\$”) respectively, all borrowings were in RMB.

The management is prudent to manage the credit risk and monitors closely the latest development of financial market in order to control and minimise finance costs. The management plans and arranges appropriate financing tools for the purpose of capital investment, R&D investment and working capital of the Group.

7. Taxation

During the Reporting Period, the income tax expense of the Group was RMB22.4 million (first half of 2016: RMB19.6 million), an increase of approximately 14.3% over the same period of last year.

As a High-New Technology Enterprise, Centron Communications Technologies Fujian Co., Ltd. (“Fujian Centron”), a wholly-owned subsidiary, is entitled to the preferential tax rate of 15% for the period ended 30 June 2017, whilst the earnings generated from other subsidiaries established in PRC is subject to relevant income tax rate of 25%. In addition, the withholding taxes on dividends expected to be distributed by those subsidiaries established in PRC in respect of earnings generated from 1 January 2008, by making an assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group’s operations in the foreseeable future during the period, was RMB2.0 million (first half of 2016: RMB1.9 million).

8. Net profit

During the Reporting Period, net profit for the period was RMB65.8 million (first half of 2016: RMB55.0 million).

The net profit margin was 8.3% (first half of 2016: 7.0%) of the total revenue.

The increase in net profit during the Reporting Period was mainly attributable to the decrease in the general and administrative expenses during the Reporting Period.

PROSPECTS

As the 4G network infrastructure has reached into mature stage, the 4G network coverage optimization will be continuously bedding in 2017 and 2018. The internet of things, optical device, data center and cloud computing and other industry segmentation continue to develop and the 5G network technology has been in testing period. Public Network Wireless Coverage Systems and Products will be growing continuously. In the private communication aspects, benefiting from the policy of “analog to digital” and “wide and narrow band fusion” and the national legislation of communication network security, the private communication technology gradually digitalized and the prospect is optimistic.

PUBLIC NETWORK WIRELESS COVERAGE SYSTEMS AND PRODUCTS

Every revolutions of the information technology brings about great changes in society. Every upgrade of Internet application comes from the reform of generation of communication technological model. In the next period of time, while the extensive applications of 4G networks, 5G will start building. In the aspect of the layout of 5G network, operators have discussed the timetable of commercial application. In the context of the switching of the communication technology, communication equipment manufacturers and network service providers in connection to their own transformation development and huge social demand will achieve themselves and the industry integration and transformation in cross-border cooperation.

Combined with the industry characteristics, the Group will continue to innovate in order to enable its products to be combined into a serial and digital structure. Based on the cost advantages built up, differentiation strategy advantages and focused development advantages to steadily develop the upgrade of multi-mode digital signal distribution systems, multi-mode and multi-frequency indoor signal distribution solutions, the Group will maximize its advantages on network optimization, indoor signal coverage as well as the building network coverage engineering resources accumulated over the years.

PRIVATE TELECOMMUNICATIONS NETWORK SYSTEMS AND PRODUCTS

The strategy of “analog to digital” will implement in the beginning of 2018, and will speed up the trend of the total digitalization of the private network communication industry. Spectrum resources open to particular industries, the complementary advantages of narrowband and broadband cluster communication and the gradual “wide and narrow band fusion” becomes the consensus of industry development. The development of the digital private network communication highlights the safety importance of the Internet Plus and network security defense technologies will become more intelligent. The private network communication’s digitalization and its market requirements will develop by leaps and bounds.

The Group will be in line with the development trend of the industry, and build a more mature sales network and form a solid marketing system in China and become a strong core competitiveness. Command of advanced technology and establishment of good customer relationships through various channels, not only remain ahead in the public network area, the Group will continue to invest resources in private network’s products and related research and development to guarantee the rapid growth of the private network business. The Group will further explore and timely adjust different business models, devote more efforts to the development of products to extend to whole products series and better serve the customers.

CONCLUSION

The information communication industry is a strategic, basic and leading industry that builds national information infrastructure, provides network and information services, and fully supports economic and social development. Benefit from the country deeply carrying out the process of network technology reform, promoting broadband network’s construction and development, deepening the integration of communications industry and internet and improving the security of the information communications industry, the information communications industry will experience greater development opportunities. The Group will respond to the needs of the country and industry, look into the industry development trend, implement effective measures, and focus on improving its own technology, production and service capacity to stabilize and consolidate the advantages of its mobile public network service optimization and further expand the private network communication business.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2017, the Group had cash and cash equivalents of RMB274.5 million (31 December 2016: RMB257.9 million), most of which were denominated in US dollars, Hong Kong dollars or Renminbi.

As at 30 June 2017, the Group had pledged deposits of RMB67.6 million (31 December 2016: RMB60.3 million) and restricted bank deposits of RMB5.0 million (31 December 2016: RMB6.5 million).

As at 30 June 2017, the Group had interest-bearing bank borrowings payable within one year of RMB609.8 million (31 December 2016: RMB768.3 million).

As at 30 June 2017, the Group had interest-bearing bank borrowings payables more than one year of RMB88.5 million (31 December 2016: Nil).

Average trade receivable turnover period was 395 days (31 December 2016: 382 days).

Average inventory turnover period was 211 days (31 December 2016: 205 days). Overall, the Group maintained a current ratio of 2.85 as at 30 June 2017 (31 December 2016: 2.38).

As at 30 June 2017, the gearing ratio (as defined as total interest-bearing bank borrowings divided by total equity) was 38.9% (31 December 2016: 44.6%).

TREASURY POLICIES

During the six months ended 30 June 2017, the majority of the Group's transactions were denominated in Renminbi. There has not been any significant operational foreign exchange exposure. The Group has US\$ and HK\$ bank borrowings. The fluctuation of the exchange rates of RMB might have adverse effect on the repayment of bank borrowings other than in RMB. The Group will closely monitor the exposure of the fluctuation of RMB exchange rates. The related departments of the China Government expected that RMB would be stable gradually and therefore the Group has not entered into hedging instruments on foreign exchange. In addition, for the interest rates applicable to the Group, the management did not encounter any material rise in the lending rates of the Group during the six months ended 30 June 2017. Accordingly, the Group did not enter into hedging instruments on interest rate.

However, the management closely monitors the Group's exposure to any potential foreign exchange and interest rate risks and will enter into appropriate financial instruments for hedging purpose when necessary.

CAPITAL EXPENDITURE

During the six months ended 30 June 2017, the Group incurred capital expenditure of approximately RMB5.6 million, which was financed by the Group's internal resources.

PLEDGE OF ASSETS

As at 30 June 2017, certain of the Group's interest-bearing bank borrowings were guaranteed/ secured by:

- corporate guarantee of RMB47,000,000 (31 December 2016: RMB35,000,000) from Fujian Centron, a wholly-owned subsidiary of the Company;
- corporate guarantee of HK\$180,600,000 (31 December 2016: US\$60,000,000) jointly from Nice Group Resources Limited ("Nice Group"), Centron Telecom System (Asia) Limited and Centron Telecom Hong Kong Limited, wholly-owned subsidiaries of the Company;
- personal guarantee of RMB105,000,000 (31 December 2016: RMB105,000,000) collectively from Mr. Dai Guoliang, a director of the Company, and Mrs. Chen Shuru, spouse of Mr. Dai Guoliang;
- personal guarantee of RMB12,000,000 (31 December 2016: Nil) from Mr. Dai Guoliang, a director of the Company;
- share mortgage over the entire issued share capital of Nice Group;
- pledge of Nice Group's equity interest in Fujian Centron;
- assignment of an amount due from Fujian Centron of RMB92,352,000 (31 December 2016: RMB118,424,000) as at 30 June 2017 to Nice Group; and
- pledged deposits of RMB60,171,000 (31 December 2016: RMB42,824,000).

As at 30 June 2017, the Group also pledged deposits of RMB7,433,000 (31 December 2016: RMB17,432,000) for bills payable facilities.

CONTINGENT LIABILITIES

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

EMPLOYEE INFORMATION

As at 30 June 2017, the Group had approximately 1,270 full-time employees. Salaries and wages are generally reviewed on an annual basis in accordance with individual qualifications and performance, the Group's results and market conditions. The Group provides discretionary bonus, medical insurance, provident fund, educational subsidy and training to its employees.

The share option scheme of the Company adopted on 3 June 2007 has been expired on 2 June 2017. On 30 June 2017, the shareholders of the Company have approved the adoption of a new share option scheme, pursuant to which the Company can grant options to the employees of the Group to subscribe for shares of the Company.

Remuneration band (RMB)	Number of individuals
0 - 100,000	1,250
100,001 - 150,000	5
Over 150,001	15

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017.

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investment as at 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2017, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Group had not executed any agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserve the interests of the shareholders as a whole. In the opinion of the Board, the Group has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Reporting Period, except for the deviations from the code provisions disclosed below.

Code Provision E.1.2 stipulates that the chairman of the board of directors should attend and invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting (the “AGM”). In their absence, he should invite another member of the committees or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the AGM. Code Provision A.6.7 stipulates that non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

All Directors have regularly attended and actively participated in meetings and give the Board and the respective committees the benefit of their skills and expertise from their background and qualification. Mr. Lin Yuanfang, an independent non-executive Director and the chairman of the remuneration committee, Mr. Li Hongbin, an independent non-executive Director, and Mr. Ku Kin Shing, Ignatius, an independent non-executive Director and the chairman of the audit committee, were unable to attend the annual general meeting of the Company held on 30 June 2017 (the “2017 AGM”) due to other business engagement. Mr. Dai Guoyu, an executive Director of the Board, was responsible for chairing the 2017 AGM and answering questions raised by shareholders.

MODEL CODE FOR SECURITIES TRANSACTION 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 code for Directors’ dealing in securities of the Company. Having made specific enquiry of the Directors, the Directors confirmed that they have fully complied with the required standard as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Lin Yuanfang, Li Hongbin and Ku Kin Shing, Ignatius. The chairman of the Audit Committee is Ku Kin Shing, Ignatius.

The Audit Committee reviewed the Group’s condensed consolidated interim financial statements for the six months ended 30 June 2017 to ensure that these financial statements and the relevant disclosures were made in accordance with the requirements of HKAS 34 and Appendix 16 to the Listing Rules and discussed with the management in respect of the results and the financial position of the Group.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Note	Capacity and nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Dai Guoliang	1	Through a controlled corporation	<u>169,092,668</u>	<u>21.70</u>

Short positions in ordinary shares of the Company:

Name of Director	Note	Capacity and nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Dai Guoliang	1	Through a controlled corporation	<u>24,081,308</u>	<u>3.09</u>

Note:

1. Oriental City Profits Ltd. ("Oriental City") held (i) 169,092,668 shares of the Company in long position, representing 21.70% of the entire issued share capital of the Company, and (ii) 24,081,308 shares of the Company in short position, representing 3.09% of the entire issued share capital of the Company as at 30 June 2017. As at 30 June 2017, the issued share capital of Oriental City was beneficially owned as to 87.53% by Mr. Dai Guoliang and as to 12.47% by Mr. Dai Guoyu. As mentioned above, Mr. Dai Guoliang's beneficial interest in Oriental City amounted to 87.53%. Accordingly, pursuant to SFO, Mr. Dai Guoliang was deemed to be interested in the shares held by Oriental City as he was entitled to control one-third or more of the voting power at general meetings of Oriental City.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(continued)*

Long positions in ordinary shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity and nature of interests	Relationship with the Company	Numbers of ordinary shares held	Approximate percentage of the associated corporation's issued share capital
Mr. Dai Guoliang	Oriental City	Beneficial and registered owner	(note1)	323	87.53
Mr. Dai Guoyu	Oriental City	Beneficial owner	(note2)	46	12.47

Notes:

- Oriental City held (i) 169,092,668 shares of the Company in long position, representing 21.70% of the entire issued share capital of the Company, and (ii) 24,081,308 shares of the Company in short position, representing 3.09% of the entire issued share capital of the Company as at 30 June 2017. The issued share capital of Oriental City was beneficially owned as to 87.53% by Mr. Dai Guoliang and as to approximately 12.47% by Mr. Dai Guoyu.
- Mr. Dai Guoyu was beneficially interested in approximately 12.47% of the issued share capital of Oriental City.

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executive of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has approved the adoption of a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, their respective spouses or minor children or other employee of the Company, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the interests or shorts positions of the persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Oriental City	(1)	Directly beneficially owned	169,092,668	21.70
			(long position)	
			24,081,308	3.09
			(short position)	
Cathay Mobile Communications Limited	(2)	Directly beneficially owned	105,000,000	13.48
Cathay Capital Holdings, L.P.	(2)	Through a controlled corporation	105,000,000	13.48
Molatis Limited	(3)	Directly beneficially owned	47,250,000	6.06
Mr. Sussman Selwyn Donald	(3)	Through a controlled corporation	47,250,000	6.06
Mr. Sussman Selwyn Donald	(3)	Directly beneficially owned	8,766,000	1.13

Notes:

- (1) Oriental City held (i) 169,092,668 shares of the Company in long position, representing 21.70% of the entire issued share capital of the Company, and (ii) 24,081,308 shares of the Company in short position, representing 3.09% of the entire issued share capital of the Company as at 30 June 2017. The share capital of Oriental City was beneficially owned as to 87.53% by Mr. Dai Guoliang and as to approximately 12.47% by Mr. Dai Guoyu.
- (2) The ordinary shares were held by Cathay Mobile Communications Limited, a direct wholly-owned subsidiary of Cathay Capital Holdings, L.P..
- (3) The ordinary shares, in an aggregate number of 56,016,000, were beneficially held by Mr. Sussman Selwyn Donald, of which 47,250,000 shares were held through Molatis Limited.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Save as disclosed above, as at 30 June 2017, no person, other than the Directors and the chief executives of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had an interest or short position 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.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of one of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company.

Pursuant to a facility agreement dated 21 June 2017 made between the Company, Bank of China (Hong Kong) Limited and China CITIC Bank International Limited relating to term loan facilities up to HK\$180,600,000, it shall be an event of default if: (i) Mr. Dai Guoliang is not or ceases to be a chairman of the Company; (ii) Mr. Dai Guoliang or Mr. Dai Guoyu is not or ceases to be an executive Director of the Company; (iii) Mr. Dai Guoliang does not or cease to maintain control over the management and business of the Group; (iv) Mr. Dai Guoliang does not or ceases to own, directly or indirectly, at least 20% of the beneficial shareholding carrying at least 20% of the voting rights in the Company, free from any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (the "Security"); (v) Mr. Dai Guoliang does not or ceases to be the single largest controlling shareholder of the Company; (vi) Mr. Dai Guoliang and Mr. Dai Guoyu, collectively, do not or ceases to own, directly or indirectly, 100% of the beneficial shareholding carrying 100% of the voting rights in Oriental City free from any Security; or (vii) any Guarantor or Fujian Centron is not or ceases to be, directly or indirectly, a wholly owned subsidiary of the Company, free from any Security (other than Security created under the Security documents).

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our management and staff for their dedication and contribution to the Group throughout the six months ended 30 June 2017.

By Order of the Board
Dai Guoliang
Chairman

Hong Kong, 28 August 2017