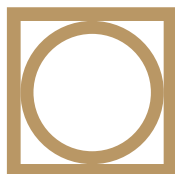


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CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(incorporated in Bermuda with limited liability)

(stock code: 3839)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of Chia Tai Enterprises International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Six months ended 30 June | |
|-------------------------------------|-------------|---------------------------------|--------------------|
| | | 2015 | 2014 |
| | <i>Note</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| | | (Unaudited) | (Unaudited) |
| REVENUE | 4 | 50,948 | 55,000 |
| Cost of sales | | (33,290) | (36,034) |
| Gross profit | | 17,658 | 18,966 |
| Other income, net | 5 | 211 | 420 |
| Selling and distribution costs | | (3,012) | (3,536) |
| General and administrative expenses | | (9,031) | (11,776) |
| Finance costs | | (396) | (610) |
| Share of profits and losses of: | | | |
| Joint venture | | 1,581 | 10,962 |
| Associate | | 1,877 | 1,738 |
| PROFIT BEFORE TAX | 6 | 8,888 | 16,164 |
| Income tax | 7 | (2,527) | (2,197) |
| PROFIT FOR THE PERIOD | | 6,361 | 13,967 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2015 | 2014 |
| <i>Note</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| | (Unaudited) | (Unaudited) |
| PROFIT FOR THE PERIOD | 6,361 | 13,967 |
| OTHER COMPREHENSIVE INCOME | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | 53 | (677) |
| Share of other comprehensive income of: | | |
| Joint venture | 63 | (495) |
| Associate | 21 | (109) |
| | <hr/> | <hr/> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 137 | (1,281) |
| | <hr/> | <hr/> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 6,498 | 12,686 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Profit attributable to: | | |
| Shareholders of the Company | 4,463 | 11,416 |
| Non-controlling interests | 1,898 | 2,551 |
| | <hr/> | <hr/> |
| | 6,361 | 13,967 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total comprehensive income attributable to: | | |
| Shareholders of the Company | 4,590 | 10,328 |
| Non-controlling interests | 1,908 | 2,358 |
| | <hr/> | <hr/> |
| | 6,498 | 12,686 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY | 9 | |
| | <i>US cents</i> | <i>US cents</i> |
| – Basic and diluted | 2.04 | 5.23 |
| | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 30 June 2015 | 31 December 2014 |
|--|-------------|---------------------------------------|-------------------------------------|
| | <i>Note</i> | <i>US\$'000</i> (Unaudited) | <i>US\$'000</i> (Audited) |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 50,971 | 51,834 |
| Land lease prepayments | | 1,021 | 1,038 |
| Investments in joint venture | | 72,088 | 70,444 |
| Investments in associate | | 18,969 | 19,013 |
| Other non-current assets | | 6,106 | 7,469 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 149,155 | 149,798 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Inventories | | 24,243 | 14,928 |
| Trade and bills receivables | 10 | 16,505 | 18,788 |
| Prepayments, deposits and other receivables | | 8,720 | 6,337 |
| Cash and cash equivalents | | 18,063 | 16,985 |
| | | <hr/> | <hr/> |
| Total current assets | | 67,531 | 57,038 |
| | | <hr/> | <hr/> |
| CURRENT LIABILITIES | | | |
| Trade payables | 11 | 8,642 | 4,884 |
| Other payables and accruals | | 9,725 | 10,195 |
| Bank borrowings | | 19,450 | 15,855 |
| Income tax payables | | 380 | 273 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 38,197 | 31,207 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 29,334 | 25,831 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 178,489 | 175,629 |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

| | 30 June 2015 US\$'000 (Unaudited) | 31 December 2014 US\$'000 (Audited) |
|---|--|--|
| NON-CURRENT LIABILITIES | | |
| Bank borrowings | 1,814 | 2,417 |
| Other non-current liabilities | 2,734 | 2,819 |
| Deferred tax liabilities | 2,526 | 2,441 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 7,074 | 7,677 |
| | <hr/> | <hr/> |
| NET ASSETS | 171,415 | 167,952 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | |
| Equity attributable to shareholders of the Company | | |
| Issued capital | 25,333 | 1,195 |
| Reserves | 125,938 | 146,477 |
| | <hr/> | <hr/> |
| | 151,271 | 147,672 |
| Non-controlling interests | 20,144 | 20,280 |
| | <hr/> | <hr/> |
| TOTAL EQUITY | 171,415 | 167,952 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES

1. BASIS OF PREPARATION

These condensed financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* promulgated by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of these condensed financial statements are consistent with those adopted in the combined financial statements for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, IASs and Interpretations) issued by the IASB, except for the accounting policy changes as set out in note 2 below. These condensed financial statements should be read in conjunction with the combined financial statements for the year ended 31 December 2014.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current interim period’s condensed financial statements:

| | |
|--|---------------------------------|
| Annual Improvements to IFRSs 2010-2012 Cycle | Amendments to a number of IFRSs |
| Annual Improvements to IFRSs 2011-2013 Cycle | Amendments to a number of IFRSs |

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- the biochemical segment is engaged in the manufacture and sale of chlortetracycline products; and
- the industrial segment is engaged in the manufacture and sale of automotive parts and trading of machinery.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank interest income, finance costs and items not specifically attributed to individual segments, such as head office or corporate administration expenses are excluded from such measurements.

Segment assets exclude unallocated corporate assets. Unallocated corporate assets include cash and cash equivalents, income tax recoverable and other assets that are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Segment liabilities exclude unallocated corporate liabilities. Unallocated corporate liabilities include bank borrowings, income tax payables, deferred tax liabilities and other liabilities that are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

As a result of the change in the structure of the Group's internal organisation, the composition of the Group's reportable segments has been changed. Certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amount in respect of items disclosed for the first time in 2015.

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments during the period.

Six months ended 30 June 2015

| | Biochemical operations US\$'000 (Unaudited) | Industrial operations US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
|---|--|---|---|
| Segment revenue | | | |
| Sales to external customers | <u>50,948</u> | <u>–</u> | <u>50,948</u> |
| Segment results | | | |
| The Group | 8,525 | (821) | 7,704 |
| Share of profits and losses of: | | | |
| Joint venture | – | 1,581 | 1,581 |
| Associate | – | 1,877 | 1,877 |
| | <u>8,525</u> | <u>2,637</u> | <u>11,162</u> |
| Reconciliation: | | | |
| Bank interest income | | | 9 |
| Finance costs | | | (396) |
| Unallocated head office and corporate expenses | | | <u>(1,887)</u> |
| Profit before tax | | | <u>8,888</u> |
| Other segment information | | | |
| Depreciation and amortisation | 3,144 | 9 | 3,153 |
| Capital expenditure* | <u>2,237</u> | <u>–</u> | <u>2,237</u> |

* Capital expenditure consists of additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 30 June 2015

| | Biochemical operations US\$'000 (Unaudited) | Industrial operations US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
|--|--|---|---|
| Segment assets | 103,099 | 95,425 | 198,524 |
| Reconciliation: Unallocated corporate assets | | | 18,162 |
| Total assets | | | 216,686 |
| Segment liabilities | 18,303 | 17 | 18,320 |
| Reconciliation: Unallocated corporate liabilities | | | 26,951 |
| Total liabilities | | | 45,271 |
| Other segment information | | | |
| Investments in joint venture | - | 72,088 | 72,088 |
| Investments in associate | - | 18,969 | 18,969 |

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

Six months ended 30 June 2014

| | Biochemical operations <i>US\$'000</i> (Unaudited) (Restated) | Industrial operations <i>US\$'000</i> (Unaudited) (Restated) | Total <i>US\$'000</i> (Unaudited) (Restated) |
|---|---|--|---|
| Segment revenue | | | |
| Sales to external customers | 55,000 | – | 55,000 |
| Segment results | | | |
| The Group | 10,536 | (566) | 9,970 |
| Share of profits and losses of: | | | |
| Joint venture | – | 10,962 | 10,962 |
| Associate | – | 1,738 | 1,738 |
| | <u>10,536</u> | <u>12,134</u> | 22,670 |
| Reconciliation: | | | |
| Bank interest income | | | 36 |
| Finance costs | | | (610) |
| Unallocated head office and corporate expenses | | | <u>(5,932)</u> |
| Profit before tax | | | <u>16,164</u> |
| Other segment information | | | |
| Depreciation and amortisation | 2,730 | 10 | 2,740 |
| Capital expenditure* | <u>3,204</u> | <u>–</u> | <u>3,204</u> |

* Capital expenditure consists of additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 31 December 2014

| | Biochemical operations <i>US\$'000</i> (Audited) (Restated) | Industrial operations <i>US\$'000</i> (Audited) (Restated) | Total <i>US\$'000</i> (Audited) (Restated) |
|-----------------------------------|---|--|---|
| Segment assets | <u>96,697</u> | <u>92,413</u> | 189,110 |
| Reconciliation: | | | |
| Unallocated corporate assets | | | <u>17,726</u> |
| Total assets | | | <u>206,836</u> |
| Segment liabilities | <u>15,336</u> | <u>–</u> | 15,336 |
| Reconciliation: | | | |
| Unallocated corporate liabilities | | | <u>23,548</u> |
| Total liabilities | | | <u>38,884</u> |
| Other segment information | | | |
| Investments in joint venture | – | 70,444 | 70,444 |
| Investments in associate | <u>–</u> | <u>19,013</u> | <u>19,013</u> |

(b) Geographical information

(i) Revenue from external customers

| | Six months ended 30 June | |
|---|---------------------------------|-----------------|
| | 2015 | 2014 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Mainland China | 9,523 | 16,904 |
| United States of America | 17,030 | 15,429 |
| Asia Pacific (excluding mainland China) | 11,893 | 10,872 |
| Europe | 4,977 | 1,940 |
| Elsewhere | 7,525 | 9,855 |
| | <u>50,948</u> | <u>55,000</u> |

The revenue information shown above is based on the location of customers.

(ii) Non-current assets

Around 99% of the Group's non-current assets are located in mainland China.

4. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts. All of the Group's revenue is from the biochemical segment.

5. OTHER INCOME, NET

An analysis of other income, net is as follows:

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2015 | 2014 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Other revenue | | |
| Bank interest income | 9 | 36 |
| Other interest income | – | 28 |
| Government grants | 119 | 165 |
| Others | 113 | 293 |
| | <hr/> | <hr/> |
| | 241 | 522 |
| Other losses, net | | |
| Loss on disposal of property, plant and equipment, net | (30) | (102) |
| | <hr/> | <hr/> |
| Other income, net | 211 | 420 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2015 | 2014 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories sold | 33,207 | 36,034 |
| Write down of inventories | 83 | – |
| | <hr/> | <hr/> |
| Cost of sales | 33,290 | 36,034 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Depreciation of property, plant and equipment | 3,135 | 2,723 |
| Amortisation of land lease prepayments | 18 | 17 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2014: nil).

The subsidiaries operating in mainland China are subject to income tax at the rate of 25% (six months ended 30 June 2014: 25%) on their taxable income according to the People's Republic of China ("PRC") corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC, certain subsidiaries of the Group in the PRC enjoy various income tax exemptions or reductions.

| | Six months ended 30 June | |
|----------------------------------|---------------------------------|---------------------------------|
| | 2015 US\$'000 (Unaudited) | 2014 US\$'000 (Unaudited) |
| Current – mainland China | | |
| Charge for the period | 2,187 | 3,466 |
| Under-provision in prior years | 286 | 10 |
| Deferred | 54 | (1,279) |
| | <hr/> | <hr/> |
| Total tax expense for the period | 2,527 | 2,197 |

8. DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

Pursuant to a group reorganisation completed on 11 June 2015 (the "Reorganisation") in preparation of the listing of the Company's ordinary shares on the Main Board of The Stock Exchange Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of all of its subsidiaries. The Company's ordinary shares were listed on the Stock Exchange on 3 July 2015. Details of the Reorganisation are set out under the section headed "History and Corporate Structure" in the listing document of the Company dated 17 June 2015. Prior to the Reorganisation, on 30 April 2015, Chia Tai Huazhong Biochemistry Limited and Chia Tai Pucheng Biochemistry Limited, the then directly-owned subsidiaries of C.P. Pokphand Co. Ltd. ("CPP") declared interim dividends for the year ending 31 December 2015 of US\$2,010,000 and US\$2,161,000 respectively to CPP (six months ended 30 June 2014: nil). The dividend per share and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US\$4,463,000 (six months ended 30 June 2014: US\$11,416,000) and the weighted average number of 218,790,678 ordinary shares and convertible preference shares in aggregate for the six months ended 30 June 2015 (six months ended 30 June 2014: 218,404,774 shares). The weighted average number of ordinary shares and convertible preference shares comprises (a) 11,952,000 ordinary shares in issue as at 1 January 2015, (b) 153,169,499 ordinary shares issued by way of capitalisation of the consideration payable by the Company to CPP pursuant to the Reorganisation as if the ordinary shares were outstanding throughout the entire six months ended 30 June 2015 and 2014, (c) 34,924,313 ordinary shares issued by way of capitalisation of the remaining amount due to CPP on 29 June 2015 and (d) 40,672,498 ordinary shares and 12,610,777 convertible preference shares issued by way of capitalisation out of the retained earnings on 29 June 2015 as if the ordinary shares and convertible preference shares were outstanding throughout the entire six months ended 30 June 2015 and 2014.

As there were no potential dilutive ordinary shares during the period ended 30 June 2015 and 2014, the amount of diluted earnings per share is equal to basic earnings per share.

10. TRADE AND BILLS RECEIVABLES

The Group normally grants to its customers a credit period of up to 60 days, depending on the requirements of the markets and the businesses. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management and interest may be charged by the Group for overdue trade receivable balances at rates determined by the Group with reference to market rates. In the opinion of the directors, there is no significant concentration of credit risk. An aging analysis of the Group's trade and bills receivables, based on the invoice date, is as follows:

| | 30 June 2015 US\$'000 (Unaudited) | 31 December 2014 US\$'000 (Audited) |
|------------------|--|--|
| 60 days or below | 14,441 | 13,907 |
| 61 to 180 days | 2,013 | 4,868 |
| Over 180 days | 51 | 13 |
| | <hr/> 16,505 <hr/> | <hr/> 18,788 <hr/> |

11. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

| | 30 June 2015 US\$'000 (Unaudited) | 31 December 2014 US\$'000 (Audited) |
|------------------|--|--|
| 60 days or below | 8,014 | 4,770 |
| 61 to 180 days | 573 | 112 |
| 181 to 360 days | 55 | 1 |
| Over 360 days | - | 1 |
| | <hr/> | <hr/> |
| | 8,642 | 4,884 |
| | <hr/> <hr/> | <hr/> <hr/> |

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

The Group has two lines of businesses: biochemical business and industrial business. The biochemical business, which focuses on the manufacture and sale of chlortetracycline (“CTC”) products, accounted for all of the Group’s consolidated revenue. The Group’s industrial business comprises of the Group’s joint venture interest in ECI Metro Investment Co., Ltd. and its subsidiaries (“ECI Metro”), and the Group’s interest in its associate Zhanjiang Deni Vehicle Parts Co. Ltd. and its subsidiaries (“Zhanjiang Deni”). The results of the Group’s industrial business is incorporated in the statement of comprehensive income as share of profits from joint venture and associate.

For the six months ended 30 June 2015 (“1H15”), the net profit attributable to shareholders of the Group was US\$4.46 million, compared to US\$11.42 million in the first half of 2014 (“1H14”).

In 1H15, the Group’s revenue decreased 7.4% to US\$50.95 million (1H14: US\$55.00 million). Gross profit margin remained essentially stable at 34.7% (1H14: 34.5%).

Basic and diluted earnings per share were both US 2.04 cents (1H14: US 5.23 cents). The Board has determined no interim dividend for the six months ended 30 June 2015 will be paid.

RECENT DEVELOPMENTS

In April 2015, an application was submitted to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the separate listing of the ordinary shares in the Company. The listing of our Company on the Main Board of the Stock Exchange by way of introduction took place on 3 July 2015. The shares in our Company were distributed in specie to the shareholders of C.P. Pokphand Co. Ltd., the immediate holding company of the Group before listing.

BUSINESS REVIEW

Biochemical

The Group is one of the leading CTC producers globally. The Group generates revenue from the manufacture and sale of CTC products. The two main products of the Group are CTC Premix and CTC HCL. CTC products are used as feed additives to promote healthy growth of livestock, prevent or cure animal diseases and improve overall feed efficiency.

CTC products sold by the Group are marketed mainly under the Group’s own brands “Shihao” and “Citifac.” The Group’s CTC products are sold and distributed to China, United States of America, Europe, Southeast Asia, Africa and South America. The Group’s customers in China are mainly feed mills located in different provinces whereas overseas customers include feed mills, pharmaceutical companies and trading companies.

The Group currently has two CTC production plants in the PRC, one located in Pucheng (which produces CTC Premix and CTC HCL) and one located in Zhumadian (which produces CTC Premix). Raw materials are sourced locally in order to reduce transportation costs.

The Group's biochemical revenue decreased 7.4% to US\$50.95 million (1H14: US\$55.00 million), of which China, United States, Asia Pacific (excluding China), Europe and elsewhere contributed 18.7%, 33.4%, 23.3%, 9.8% and 14.8%, respectively.

Gross profit margin remained essentially stable at 34.7% (1H14: 34.5%).

Industrial

The Group's industrial business is conducted through two companies, ECI Metro and Zhanjiang Deni.

The Group holds a 50% equity interest in ECI Metro. ECI Metro is principally engaged in the sale, leasing and customer service of Caterpillar machinery equipment. ECI Metro is one of the four Caterpillar dealers in the PRC. Its service territory covers the western part of the PRC, excluding the Xinjiang Uyghur Autonomous Region. Caterpillar is the world's leading manufacturer of earthmoving and construction equipment, which is widely used in highway and railway building, port handling, airport construction, waste management, mining and hydropower projects along with other industrial projects. Key customers include those engaged in the mining, railroad, road and other infrastructure construction industries.

The slowing economic growth in China led to a downturn in the growth of the industrial sector in the western part of the PRC. In the six months ended 30 June 2015, our share of profits of joint venture amounted to US\$1.58 million compared to US\$10.96 million in the corresponding period last year. As disclosed in our listing document, our share of profits from ECI Metro contracted to zero in January and February 2015, and slightly improved to US\$0.5 million in March 2015. Our 1H15 share of profit of US\$1.58 million were largely in-line with the share of profit of US\$0.5 million in the first quarter of 2015.

The Group holds 28% equity interest in Zhanjiang Deni. Zhanjiang Deni is principally engaged in the manufacture and sale of automotive parts, which are mainly sold to automobile and motorcycle manufacturers. In 1H15, our share of profits of associate was US\$1.88 million compared to US\$1.74 million in the same period last year.

OUTLOOK

The economies of some of the countries to which our biochemical business sells its CTC products continue to be slow. At the same time, there are not yet signs of recovery in the depressed economic growth in the western part of China which has been causing the downturn in the industrial sector of the western part of China where ECI Metro distributes Caterpillar machinery equipment. Looking ahead to the second half of 2015, the Group remains cautious about both the biochemical and industrial businesses in which the Group is engaged.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had total assets of US\$216.7 million, an increase of 4.8% as compared to US\$206.8 million as at 31 December 2014.

Net debt (30 June 2015: US\$3.2 million, 31 December 2014: US\$1.3 million) to equity ratio (defined as total borrowings minus cash and cash equivalents divided by total equity) was 0.02 as compared to 0.01 as at 31 December 2014.

The borrowings of the Group are denominated in U.S. dollars (“US\$”) (30 June 2015: US\$1.8 million, 31 December 2014: nil) and Renminbi (“RMB”) (30 June 2015: US\$19.5 million, 31 December 2014: US\$18.3 million).

As at 30 June 2015, fixed interest rate bank borrowings amounted to US\$11.2 million (31 December 2014: US\$7.7 million).

The Group monitors exchange rate movements and determines appropriate hedging activities when necessary.

All domestic sales in mainland China are transacted in RMB and export sales are transacted in foreign currencies. The Board considers the fluctuation of RMB during the period had no material impact on the Group’s business.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings. The Group had cash and cash equivalents of US\$18.1 million as at 30 June 2015, an increase of US\$1.1 million compared to US\$17.0 million as at 31 December 2014.

CHARGES ON GROUP ASSETS

As at 30 June 2015, out of the total borrowings of US\$21.3 million (31 December 2014: US\$18.3 million) obtained by the Group, US\$10.6 million (31 December 2014: US\$8.4 million) was secured and accounted for 50% (31 December 2014: 46%) of the total borrowings. Certain of the Group’s property, plant and equipment and land lease prepayments and trade receivables with an aggregate net book value of US\$7.0 million (31 December 2014: US\$5.1 million) were pledged as security.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed around 4,500 staff (including 800 staff from subsidiaries, 1,800 staff from joint venture and 1,900 staff from associate) in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rates while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the ordinary shares of the Company were not yet listed on the Stock Exchange as at 30 June 2015, the Model Code for Securities Transactions by Directors (the “Model Code”) as set out in Appendix 10 to the Listing Rules was not applicable to the Company during the six months ended 30 June 2015. The Company has adopted a code of conduct for securities transactions (the “Code of Conduct”) regarding directors’ securities transactions on terms based on the required standard set out in the Model Code upon listing on 3 July 2015. The Company has made enquiry with the directors and all directors have confirmed that they complied with the required standards as set out in the Code of Conduct throughout the period from the date of listing on 3 July 2015 up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2015 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders of the Company.

The audit committee of the Company has also reviewed the interim results of the Group for the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015 when its shares were not yet listed, nor from the date of listing of 3 July 2015 up to the date of this announcement.

By Order of the Board
Thanakorn Seriburi
Director

Hong Kong, 10 August 2015

As at the date of this announcement, the non-executive director is Mr. Soopakij Chearavanont; the executive directors are Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont and Mr. Yao Minpu and the independent non-executive directors are Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Ko Ming Tung, Edward.