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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 2016

#### 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 2016 as follows:

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2016	2015
	Note	US\$'000	US\$'000
		(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>41,155</b>	50,948
Cost of sales		<u>(25,650)</u>	<u>(33,290)</u>
Gross profit		<b>15,505</b>	17,658
Other income, net	5	<b>951</b>	211
Selling and distribution costs		<b>(2,966)</b>	(3,012)
General and administrative expenses		<b>(8,816)</b>	(9,031)
Finance costs		<b>(342)</b>	(396)
Share of profits and losses of:			
Joint venture		<b>1,488</b>	1,581
Associate		<b>1,680</b>	1,877
<b>PROFIT BEFORE TAX</b>	6	<b>7,500</b>	8,888
Income tax	7	<b>(1,542)</b>	(2,527)
<b>PROFIT FOR THE PERIOD</b>		<b>5,958</b>	6,361

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (*Continued*)

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>5,958</b>	<b>6,361</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>(1,507)</b>	53
Share of other comprehensive income of:		
Joint venture	<b>(1,623)</b>	63
Associate	<b>(410)</b>	21
	<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(3,540)</b>	137
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,418</b>	<b>6,498</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit attributable to:</b>		
Shareholders of the Company	<b>4,471</b>	4,463
Non-controlling interests	<b>1,487</b>	1,898
	<hr/>	<hr/>
	<b>5,958</b>	<b>6,361</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>1,405</b>	4,590
Non-controlling interests	<b>1,013</b>	1,908
	<hr/>	<hr/>
	<b>2,418</b>	<b>6,498</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<i>9</i>	
	<i>US cents</i>	<i>US cents</i>
– Basic and diluted	<b>1.76</b>	<b>2.04</b>
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 <i>US\$'000</i> (Unaudited)	31 December 2015 <i>US\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		46,389	48,555
Land lease prepayments		8,266	2,918
Investments in joint venture		65,867	68,443
Investments in associate		17,725	16,455
Other non-current assets		246	5,094
		138,493	141,465
<b>CURRENT ASSETS</b>			
Inventories		17,301	15,638
Trade and bills receivables	10	16,005	15,781
Prepayments, deposits and other receivables		10,529	8,036
Cash and cash equivalents		18,497	18,052
		62,332	57,507
<b>CURRENT LIABILITIES</b>			
Trade payables	11	1,580	3,084
Other payables and accruals		6,059	6,169
Bank borrowings		16,696	15,523
Income tax payables		254	103
		24,589	24,879
<b>NET CURRENT ASSETS</b>		<b>37,743</b>	<b>32,628</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>176,236</b>	<b>174,093</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

	<b>30 June 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	564	1,155
Other non-current liabilities	2,383	2,521
Deferred tax liabilities	2,753	2,299
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<b>Total non-current liabilities</b>	<b>5,700</b>	<b>5,975</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>170,536</b>	<b>168,118</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Issued capital	25,333	25,333
Reserves	124,886	123,481
	<hr/>	<hr/>
	<b>150,219</b>	148,814
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>20,317</b>	19,304
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>170,536</b>	<b>168,118</b>
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## NOTES

### 1. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued 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 this interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2015, 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. This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

### 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The IASB has issued a number of amendments to IFRSs that are first effective for the current interim period. Of these, the following amendments are relevant to the Group:

Amendments to IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 28 <i>Investments in Associates and Joint Ventures – Investment entities: Applying the consolidation exception</i>
Amendments to IFRS 11	Amendments to IFRS 11 <i>Joint Arrangements – Accounting for acquisitions of interests in joint operations</i>
Amendments to IAS 1	Amendments to IAS 1 <i>Presentation of Financial Statements – Disclosure initiative</i>
Amendments to IAS 16 and IAS 38	Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets – Clarification of acceptable methods of depreciation and amortisation</i>
Annual Improvements to IFRSs 2012-2014 cycle	Amendments to a number of IFRSs

The adoption of these amendments to IFRSs has had no significant financial effect on this interim financial information.

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

### **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 trading of machinery and the manufacture and sale of automotive parts through the Group's joint venture and associate.

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.

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

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### (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 2016

	<b>Biochemical operations US\$'000 (Unaudited)</b>	<b>Industrial operations US\$'000 (Unaudited)</b>	<b>Total US\$'000 (Unaudited)</b>
<b>Segment revenue</b>			
Sales to external customers	<u>41,155</u>	<u>–</u>	<u>41,155</u>
<b>Segment results</b>			
The Group	6,116	(793)	5,323
Share of profits and losses of:			
Joint venture	–	1,488	1,488
Associate	–	1,680	1,680
	<u>6,116</u>	<u>2,375</u>	<u>8,491</u>
Reconciliation:			
Bank interest income			57
Finance costs			(342)
Unallocated head office and corporate expenses			<u>(706)</u>
Profit before tax			<u>7,500</u>
<b>Other segment information</b>			
Depreciation and amortisation	2,683	7	2,690
Capital expenditure*	2,119	–	2,119
Addition of other non-current assets	<u>251</u>	<u>–</u>	<u>251</u>

\* Including additions to property, plant and equipment and land lease prepayments.

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Reportable operating segments (Continued)

At 30 June 2016

	<b>Biochemical operations US\$'000 (Unaudited)</b>	<b>Industrial operations US\$'000 (Unaudited)</b>	<b>Total US\$'000 (Unaudited)</b>
<b>Segment assets</b>	<b>90,897</b>	<b>91,264</b>	<b>182,161</b>
Reconciliation:			
Unallocated corporate assets			<u>18,664</u>
Total assets			<u><b>200,825</b></u>
<b>Segment liabilities</b>	<b>9,767</b>	<b>14</b>	<b>9,781</b>
Reconciliation:			
Unallocated corporate liabilities			<u>20,508</u>
Total liabilities			<u><b>30,289</b></u>
<b>Other segment information</b>			
Investments in joint venture	–	<b>65,867</b>	<b>65,867</b>
Investments in associate	–	<b>17,725</b>	<b>17,725</b>



### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### (a) Reportable operating segments *(Continued)*

Six months ended 30 June 2015

	Biochemical operations <i>US\$'000</i> (Unaudited)	Industrial operations <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
<b>Segment revenue</b>			
Sales to external customers	50,948	–	50,948
<b>Segment results</b>			
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>	11,162
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>
<b>Other segment information</b>			
Depreciation and amortisation	3,144	9	3,153
Capital expenditure*	<u>2,237</u>	<u>–</u>	<u>2,237</u>

\* Including additions to property, plant and equipment.

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### (a) Reportable operating segments *(Continued)*

At 31 December 2015

	Biochemical operations US\$'000 (Audited)	Industrial operations US\$'000 (Audited)	Total US\$'000 (Audited)
<b>Segment assets</b>	<u>90,311</u>	<u>90,185</u>	180,496
Reconciliation: Unallocated corporate assets			<u>18,476</u>
Total assets			<u>198,972</u>
<b>Segment liabilities</b>	<u>11,721</u>	<u>17</u>	11,738
Reconciliation: Unallocated corporate liabilities			<u>19,116</u>
Total liabilities			<u>30,854</u>
<b>Other segment information</b>			
Investments in joint venture	–	68,443	68,443
Investments in associate	<u>–</u>	<u>16,455</u>	<u>16,455</u>

#### (b) Geographical information

##### (i) Revenue from external customers

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Mainland China	<b>11,985</b>	9,523
United States of America	<b>6,688</b>	17,030
Asia Pacific (excluding mainland China)*	<b>13,762</b>	11,893
Europe	<b>3,982</b>	4,977
Elsewhere	<b>4,738</b>	7,525
	<u><b>41,155</b></u>	<u>50,948</u>

\* Including revenue from Socialist Republic of Vietnam of US\$5,754,000 (six months ended 30 June 2015: US\$4,738,000)

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

##### (ii) Non-current assets

At 30 June 2016, 99% (31 December 2015: 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	
	2016	2015
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Bank interest income	57	9
Government grants	358	119
Gain/(loss) on disposal of property, plant and equipment, net	46	(30)
Foreign exchange differences, net	154	–
Others	336	113
	<u>951</u>	<u>211</u>

#### 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	25,827	33,207
(Reversal of write down)/write down of inventories	(177)	83
Depreciation of property, plant and equipment	2,635	3,135
Amortisation of land lease prepayments	55	18
	<u>28,335</u>	<u>36,443</u>

## 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 current period (six months ended 30 June 2015: nil).

The subsidiaries operating in mainland China are subject to income tax at the rate of 25% (six months ended 30 June 2015: 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.

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current – mainland China		
Charge for the period	<b>1,081</b>	2,187
Under-provision in prior years	<b>6</b>	286
Deferred	<b>455</b>	54
	<hr/>	<hr/>
Total tax expense for the period	<b><u>1,542</u></b>	<b><u>2,527</u></b>

## 8. INTERIM DIVIDEND

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

Prior to the spinoff and separate listing of the Company in July 2015, 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 ended 31 December 2015 of US\$2,010,000 and US\$2,161,000 respectively to CPP. 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 interim financial information.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of the Company and the weighted average number of ordinary shares and convertible preference shares in issue during the period.

The calculation of basic earnings per share is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit for the period attributable to shareholders of the Company, used in the basic earnings per share calculation	<b>4,471</b>	4,463
	<b>253,329,087</b>	11,952,000
	–	153,169,499
	–	385,904
	–	53,283,275
Adjusted weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic earnings per share calculation	<b>253,329,087</b>	218,790,678

As there were no potential dilutive ordinary shares during the six months ended 30 June 2016 and 2015, 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 practice. 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 date of delivery of goods, is as follows:

	<b>30 June 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
60 days or below	<b>13,795</b>	13,439
61 to 180 days	<b>2,210</b>	2,325
Over 180 days	–	17
	<hr/> <b>16,005</b> <hr/>	<hr/> 15,781 <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:

	<b>30 June 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
60 days or below	<b>1,495</b>	2,995
61 to 180 days	<b>73</b>	39
181 to 360 days	<b>11</b>	20
Over 360 days	<b>1</b>	30
	<hr/> <b>1,580</b> <hr/>	<hr/> 3,084 <hr/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GROUP RESULTS**

Chia Tai Enterprises International Limited and its subsidiaries (the “Group”) have two lines of businesses: biochemical business and industrial business. The biochemical business, which focuses on the manufacture and sale of CTC products, is carried on by Group subsidiaries and accounted for all of the Group’s consolidated revenue. The Group’s industrial business comprises the Group’s interest in its joint venture 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 2016 (“1H16”), the profit attributable to shareholders of the Group was US\$4.47 million, similar to US\$4.46 million in the first half of 2015 (“1H15”).

In 1H16, the Group’s revenue decreased 19.2% to US\$41.16 million (1H15: US\$50.95 million). Gross profit margin was 37.7%, compared to 34.7% in 1H15.

Basic and diluted earnings per share were both US 1.76 cents (1H15: US 2.04 cents). The board has resolved not to declare an interim dividend for the six months ended 30 June 2016 (1H15: Nil).

### **BUSINESS REVIEW**

#### **Biochemical**

In 1H16, the Group’s biochemical revenue decreased 19.2% to US\$41.16 million (1H15: US\$50.95 million), of which revenue contribution from China, United States of America, Asia Pacific (excluding China), Europe and elsewhere were 29.1%, 16.3%, 33.4%, 9.7% and 11.5%, respectively.

As disclosed in our announcement dated 10 May 2016 of our results for the three months ended 31 March 2016, revenue for that period declined mainly due to a decrease in CTC sales to a large customer – from approximately US\$6.2 million in the first quarter of 2015 to approximately US\$1.4 million in the first quarter of 2016. The situation continued into the second quarter of 2016, with sales to this large customer reduced from approximately US\$10.5 million in the second quarter of 2015 to approximately US\$5.0 million in the second quarter of 2016.

Competition remained intense in 1H16 after a few notable new entrants entered into the market last year. Average selling prices of CTC products continued to face increasing downward pressure. Compared to 1H15, the average selling prices of CTC premix in 1H16 reduced by approximately 11%, and the average selling prices of CTC HCL reduced by approximately 10%.

Gross profit margin was 37.7% in 1H16, compared to 34.7% in 1H15, mainly due to lower raw material costs during the period.

### **Industrial**

The Group holds a 50% equity interest in ECI Metro Investment Co., Ltd.. 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 China and services the western part of China.

Economic growth in China continues to moderate. According to the National Bureau of Statistics of the PRC, China's gross domestic product growth in 1H16 was 6.7%, compared to 7.0% in 1H15. The decline in fixed-asset investment growth in China eased in 1H16, slowing from 11.4% in 1H15 to 9.0% in 1H16. In 1H16, there was some increase in small scale projects. However, mining and related sectors continued to face a challenging time as commodity prices in general remained at low levels. Overall, whilst the machinery equipment market in China stabilized in 1H16 after significant downturn in 2015, sales volume remained somewhat stagnant.

For the six months ended 30 June 2016, our share of profits of joint venture decreased 5.9% to US\$1.49 million compared to US\$1.58 million in the corresponding period last year.

The Group holds a 28% equity interest in Zhanjiang Deni Vehicle Parts Co. Ltd.. Zhanjiang Deni is principally engaged in the manufacture and sale of automotive parts, which are mainly sold to automobile and motorcycle manufacturers. According to the China Association of Automobile Manufacturers, in 1H16, the declining trend in motorcycle sales increased to 15.0% year-on-year, while total automobile sales grew 8.1%. Our share of profits of associate decreased 10.5% year-on-year to US\$1.68 million in 1H16.

### **OUTLOOK**

Looking forward, the Group remains cautious about its performance for the rest of the year.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2016, the Group had total assets of US\$200.8 million, an increase of 0.9% as compared to US\$199.0 million as at 31 December 2015.

As at 30 June 2016, the Group had net cash, being cash and cash equivalents less bank borrowings, of US\$1.2 million (31 December 2015: US\$1.4 million).

The borrowings of the Group are denominated in U.S. dollars ("US\$") (30 June 2016: US\$0.9 million, 31 December 2015: Nil) and Renminbi ("RMB") (30 June 2016: US\$16.4 million, 31 December 2015: US\$16.7 million).



As at 30 June 2016, the Group's fixed interest rate bank borrowings amounted to US\$9.2 million (31 December 2015: US\$11.2 million).

All domestic sales in mainland China are transacted in RMB and export sales are transacted in foreign currencies. The Group monitors exchange rate movements and determines appropriate hedging activities when necessary.

### **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\$18.5 million as at 30 June 2016, an increase of US\$0.4 million compared to US\$18.1 million as at 31 December 2015.

### **CHARGES ON GROUP ASSETS**

As at 30 June 2016, out of the total borrowings of US\$17.3 million (31 December 2015: US\$16.7 million) obtained by the Group, US\$9.0 million (31 December 2015: US\$5.4 million) was secured and accounted for 52% (31 December 2015: 32%) 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\$4.7 million (31 December 2015: US\$4.1 million) were pledged as security.

### **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group did not have any significant contingent liabilities.

### **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2016, the Group employed around 4,100 staff (including 800 staff from subsidiaries, 1,400 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 2016 (six months ended 30 June 2015: nil).

### **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.

In the opinion of the Board, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2016 except that the Chairman did not attend the annual general meeting held on 7 June 2016 due to other important business engagement, which deviated from code provision E.1.2.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors’ securities transactions (the “Code of Conduct for Securities Transactions”) which is based on the required standards set out in Appendix 10 to the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers. Having made specific enquiries with each of the directors of the Company, all of them have confirmed that they complied with the required standard set out in the Code of Conduct for Securities Transactions during the six months ended 30 June 2016.

## **REVIEW OF INTERIM RESULTS**

The interim results for the six months ended 30 June 2016 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 for the six months ended 30 June 2016.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2016.

By Order of the Board  
**Thanakorn Seriburi**  
*Director*

Hong Kong, 10 August 2016

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