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BILLION INDUSTRIAL HOLDINGS LIMITED

百宏實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

- Revenue for the first half of 2013 amounted to RMB3,116 million, representing an increase of 4.8% over the same period last year
- Profit for the first half of 2013 amounted to RMB242 million, representing a decrease of 38.7% over the same period last year
- Earnings per share amounted to RMB0.11
- 2013 interim dividend of HK7.0 cents per share is declared

The board of directors (the “Board”) of Billion Industrial Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated income statement of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013, consolidated statement of comprehensive income, consolidated statement of changes in equity, condensed consolidated cash flow statement, together with the comparative figures for the corresponding period in 2012, the unaudited consolidated statement of financial position of the Group as at 30 June 2013 together with audited comparative figures as at 31 December 2012, as follows:

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2013 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2013	2012
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	4	3,115,537	2,972,444
Cost of sales		<u>(2,662,344)</u>	<u>(2,359,855)</u>
Gross profit		453,193	612,589
Other revenue	5	35,405	24,158
Other net gain	6	1,572	8,501
Selling and distribution expenses		(16,001)	(16,238)
Administrative expenses		<u>(157,823)</u>	<u>(125,445)</u>
Profit from operations		316,346	503,565
Finance costs	7(a)	<u>(26,469)</u>	<u>(31,276)</u>
Profit before taxation	7	289,877	472,289
Income tax	8	<u>(48,368)</u>	<u>(78,414)</u>
Profit for the period		<u>241,509</u>	<u>393,875</u>
Earnings per share			
Basic and diluted (<i>RMB</i>)	10	<u>0.11</u>	<u>0.17</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2013 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	Note	
	RMB'000	RMB'000
Profit for the period	241,509	393,875
Other comprehensive income for the period		
Exchange differences on translation of financial statements of operations outside mainland China	<u>3,363</u>	<u>(10,449)</u>
Total comprehensive income for the period	<u>244,872</u>	<u>383,426</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013 – unaudited

(Expressed in Renminbi)

		At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Fixed assets			
– Property, plant and equipment	11	4,016,318	3,117,951
– Construction in progress	12	484,927	1,180,302
– Interests in leasehold land held for own use under operating leases	13	348,917	276,882
		4,850,162	4,575,135
Deposits and prepayments	15	475,007	441,542
Deferred tax assets	18(b)	–	1,091
		5,325,169	5,017,768
Current assets			
Inventories	14	518,601	444,942
Trade and other receivables	15	1,131,028	935,113
Restricted bank deposits		999,311	788,491
Cash and cash equivalents	16	676,787	644,049
		3,325,727	2,812,595

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013 – unaudited (Continued)

(Expressed in Renminbi)

		At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i> (audited)
	<i>Note</i>		
Current liabilities			
Trade and other payables	17	1,360,881	1,147,770
Bank loans		1,989,406	1,119,422
Current taxation	18(a)	38,581	51,589
		<u>3,388,868</u>	<u>2,318,781</u>
Net current (liabilities)/assets		<u>(63,141)</u>	<u>493,814</u>
Total assets less current liabilities		<u>5,262,028</u>	<u>5,511,582</u>
Non-current liabilities			
Bank loans		19,383	20,542
Deferred tax liabilities	18(b)	69,485	63,119
		<u>88,868</u>	<u>83,661</u>
NET ASSETS		<u>5,173,160</u>	<u>5,427,921</u>
CAPITAL AND RESERVES	19		
Share capital		18,694	19,333
Reserves		5,154,466	5,408,588
TOTAL EQUITY		<u>5,173,160</u>	<u>5,427,921</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013 – unaudited

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Capital redemption reserve	Statutory reserve	Capital reserve	Exchange reserve	Retained profits	Total equity
	RMB'000 19(a)	RMB'000 19(b)(i)	RMB'000 19(b)(ii)	RMB'000 19(b)(iii)	RMB'000 19(b)(iv)	RMB'000 19(b)(v)	RMB'000	RMB'000
Balance at 1 January 2012	19,333	2,206,245	–	163,237	1,805,631	(44,440)	965,609	5,115,615
Changes in equity for the six months ended 30 June 2012								
Dividends approved in respect of the previous year	9(b)	–	(227,793)	–	–	–	–	(227,793)
Total comprehensive income for the period		–	–	–	–	(10,449)	393,875	383,426
Balance at 30 June 2012	<u>19,333</u>	<u>1,978,452</u>	<u>–</u>	<u>163,237</u>	<u>1,805,631</u>	<u>(54,889)</u>	<u>1,359,484</u>	<u>5,271,248</u>
Balance at 1 January 2013	19,333	1,780,892	–	239,402	1,805,631	(57,260)	1,639,923	5,427,921
Changes in equity for the six months ended 30 June 2013								
Dividends approved in respect of the previous year	9(b)	–	(177,658)	–	–	–	–	(177,658)
Total comprehensive income for the period		–	–	–	–	3,363	241,509	244,872
Purchase of own shares	19(a)(ii)							
– par value paid		(639)	–	–	–	–	–	(639)
– premium paid		–	(321,336)	–	–	–	–	(321,336)
– transfer between reserves		–	(639)	639	–	–	–	–
Balance at 30 June 2013	<u>18,694</u>	<u>1,281,259</u>	<u>639</u>	<u>239,402</u>	<u>1,805,631</u>	<u>(53,897)</u>	<u>1,881,432</u>	<u>5,173,160</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2013 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	<i>Note</i> RMB'000	RMB'000
Net cash generated from operating activities	289,986	401,033
Net cash used in investing activities	(623,090)	(806,668)
Net cash generated from financing activities	<u>364,629</u>	<u>71,242</u>
Net increase/(decrease) in cash and cash equivalents	31,525	(334,393)
Cash and cash equivalents at 1 January	644,049	1,093,282
Effect of foreign exchange rate changes	<u>1,213</u>	<u>(10,697)</u>
Cash and cash equivalents at 30 June	<i>16</i> <u><u>676,787</u></u>	<u><u>748,192</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 30 July 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 11 March 2013.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the development titled “HKFRS 13, *Fair value measurement*” is relevant to the Group’s financial statements. HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 20. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

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

3 SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the interim financial report are identified from the financial information provided regularly to the Group’s most senior management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations. No segment information is presented for the Group’s business segment as the Group is principally engaged in the manufacturing and sales of polyester filament yarns products and polyester thin films products in the People’s Republic of China (the “PRC”).

4 REVENUE

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

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

	Six months ended 30 June	
	2013	2012
	RMB’000	RMB’000
Polyester filament yarns products	3,036,591	2,972,444
Polyester thin films products	78,946	—
	<u>3,115,537</u>	<u>2,972,444</u>

The Group’s customer base is diversified, no individual customer had transactions which exceeded 10% of the Group’s revenue during the six months ended 30 June 2013 and 2012.

5 OTHER REVENUE

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	22,614	19,615
Government grants*	7,093	466
Gain on sales of raw materials	5,671	4,077
Other	27	—
	<u>35,405</u>	<u>24,158</u>

* Government grants of RMB7,093,000 and RMB466,000 for the six months ended 30 June 2013 and 2012 respectively were received from several local government authorities for the Group's contribution to the local economies, of which the entitlement was unconditional and at the discretion of the relevant authorities.

6 OTHER NET GAIN

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Donations	(26)	(18)
Net exchange (loss)/gain	(16,075)	3,679
Net gain on financial liabilities at a fair value through profit or loss	17,333	4,714
Others	340	126
	<u>1,572</u>	<u>8,501</u>

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
(a)	Finance costs:		
	Interest on bank borrowings	17,644	19,081
	Other interest expenses	8,825	12,690
		<u>26,469</u>	<u>31,771</u>
	Less: interest expense capitalised into construction in progress*	<u>—</u>	<u>495</u>
		<u>26,469</u>	<u>31,276</u>
* The borrowing costs have been capitalised at a rate of 6.7% per annum in six months ended 30 June 2012.			
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	1,449	941
	Salaries, wages and other benefits	76,214	64,911
		<u>77,663</u>	<u>65,852</u>
(c)	Other items:		
	Amortisation of interests in leasehold land	2,082	1,751
	Depreciation	97,989	78,239
	Operating lease charges in respect of properties	180	180
	Research and development*	100,090	97,612
	Cost of inventories**	<u>2,662,344</u>	<u>2,359,855</u>

* Research and development costs include RMB21,228,000 and RMB21,548,000 for the six months ended 30 June 2013 and 2012 respectively relating to staff costs of employees in the research and development department and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

****** *Cost of inventories include RMB127,777,000 and RMB104,893,000 for the six months ended 30 June 2013 and 2012 respectively relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.*

8 INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	40,911	66,871
Deferred tax		
Origination and reversal of temporary differences	<u>7,457</u>	<u>11,543</u>
	<u>48,368</u>	<u>78,414</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits during each of the six months ended 30 June 2013 and 2012.
- (iii) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) (“Billion Fujian”) renewed the High and New Technology Enterprise Status in 2012 for a valid period of 3 years from 2012 to 2014 which entitles Billion Fujian to a reduced income tax rate at 15% during the valid period under the New Tax Law and its relevant regulations. Nevertheless this reduced tax rate cannot be applied in conjunction with the grandfathered tax holiday.
- (iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion High-tech Material Industrial Co., Ltd.* (福建百宏高新材料實業有限公司) (“Billion High-tech”) is subject to PRC income tax rate at 25% from 1 January 2011 onwards.

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

9 DIVIDENDS

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Interim dividend proposed after the interim period of HK7.0 cents per share (2012: HK10.50 cents per share)	<u>122,200</u>	<u>196,790</u>

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

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the period, HK10.0 cents per share (2011: HK12.20 cents per share)	<u>177,658</u>	<u>227,793</u>

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB241,509,000 (six months ended 30 June 2012: RMB393,875,000) and the weighted average of 2,227,635,138 ordinary shares (2012: 2,299,000,000 ordinary shares) in issue during the interim period.

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2013 and 2012, and therefore, diluted earnings per share is the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Net book value, at 1 January	3,117,951	2,548,810
Additions	8,741	9,765
Transfer from construction in progress (<i>note 12</i>)	987,615	720,541
Depreciation charge for the period/year	(97,989)	(161,165)
At 30 June/31 December	<u>4,016,318</u>	<u>3,117,951</u>

12 CONSTRUCTION IN PROGRESS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
At 1 January	1,180,302	547,703
Additions	292,240	1,353,140
Transfer to property, plant and equipment (<i>note 11</i>)	(987,615)	(720,541)
At 30 June/31 December	<u>484,927</u>	<u>1,180,302</u>

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

Interests in leasehold land held for own use under operating leases represent land use rights in the PRC. At 30 June 2013, the remaining period of the land use rights ranged from 43 to 50 years.

14 INVENTORIES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Raw materials	215,300	126,809
Work in progress	33,002	43,268
Finished goods	270,299	274,865
	<u>518,601</u>	<u>444,942</u>

15 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Current	899,793	675,368
Less than 1 month past due	8,984	2
More than 1 month but less than 3 months past due	90	1
More than 3 months but less than 1 year past due	507	2
More than 1 year past due	—	2
Trade debtors and bills receivable, net of allowance for doubtful debts	909,374	675,375
Deposits, prepayments and other receivables	664,016	691,225
	<u>1,573,390</u>	<u>1,366,600</u>
<i>Less: non-current portion of deposits and prepayments</i>		
– Interests in leasehold land	(23,206)	(25,871)
– Property, plant and equipment	(427,886)	(367,807)
– Construction in progress	(23,915)	(47,864)
	<u>(475,007)</u>	<u>(441,542)</u>
Current portion of deposits, prepayments and other receivables	1,098,383	925,058
Derivative financial assets		
– Forward exchange contracts	32,645	10,055
	<u>1,131,028</u>	<u>935,113</u>

At 30 June 2013 and 31 December 2012, all of the current trade and other receivables are expected to be recovered or recognised as expenses within one year.

Trade debtors are due within 30 to 180 days from the date of billing, except for those due from related parties which were repayable on demand.

The Group made prepayments for interests in leasehold land for certain properties held for own use in the PRC. The related ownership certificates are under application as at 30 June 2013.

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

16 CASH AND CASH EQUIVALENTS

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Deposits with banks and other financial institutions	294,825	129,931
Cash at bank and in hand	<u>381,962</u>	<u>514,118</u>
Cash and cash equivalents in the consolidated statement of financial position	<u><u>676,787</u></u>	<u><u>644,049</u></u>

17 TRADE AND OTHER PAYABLES

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

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Within 3 months or on demand	912,261	742,840
More than 3 months but within 6 months	72,835	85,557
More than 6 months but within 1 year	97	280
More than 1 year	<u>3,808</u>	<u>6,472</u>
Trade creditors and bills payable	989,001	835,149
Other payables and accrual charges	143,578	107,220
Equipment payables	43,130	45,793
Construction payables	7,645	9,788
Receipts in advance	<u>172,009</u>	<u>148,786</u>
Financial liabilities measured at amortised cost	1,355,363	1,146,736
Derivative financial liabilities		
– Interest rate swaps	513	94
– Forward exchange contracts	<u>5,005</u>	<u>940</u>
	<u>1,360,881</u>	<u>1,147,770</u>

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

18 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Provision of PRC income tax	<u>38,581</u>	<u>51,589</u>

(b) Deferred tax liabilities/(assets) recognised:

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Deferred tax liabilities arising from Billion Fujian:		
– Depreciation and amortisation of fixed assets	75,934	67,671
– Others	<u>(7,248)</u>	<u>(4,552)</u>
	<u>68,686</u>	<u>63,119</u>
Deferred tax liabilities/(assets) arising from Billion High-tech:		
– Pre-operating expense	(364)	(1,091)
– Depreciation and amortisation of fixed assets	<u>1,163</u>	<u>–</u>
	<u>799</u>	<u>(1,091)</u>

Reconciliation to the consolidated statement of financial position

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Deferred tax liabilities recognised in the consolidated statement of financial position	69,485	63,119
Deferred tax assets recognised in the consolidated statement of financial position	—	(1,091)
	<u>69,485</u>	<u>62,028</u>

(c) Deferred tax assets not recognised

At 30 June 2013, the Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB46,159,000 (31 December 2012: RMB44,775,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised

As at 30 June 2013, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in mainland China amounted to RMB1,921,708,000 (31 December 2012: RMB1,665,519,000). Deferred tax liabilities of RMB96,085,000 (31 December 2012: RMB83,276,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

19 CAPITAL AND RESERVES

(a) Share capital

(i) Authorised and issued share capital

	At 30 June 2013		At 31 December 2012	
	<i>Number of shares</i>	<i>Nominal value of ordinary shares</i>	<i>Number of shares</i>	<i>Nominal value of ordinary shares</i>
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>HK\$100,000,000</u>	<u>10,000,000,000</u>	<u>HK\$100,000,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each	<u>2,223,000,000</u>	<u>HK\$22,230,000</u>	<u>2,299,000,000</u>	<u>HK\$22,990,000</u>
RMB equivalent		<u>RMB18,694,152</u>		<u>RMB19,333,268</u>

(ii) Purchase of own shares

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

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid RMB'000
January 2013	76,000,000	5.70	5.10	<u>321,975</u>

The 75,428,500 and 571,500 repurchased shares were cancelled in January and February 2013 respectively and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of RMB639,116 was transferred from share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of HK\$397,001,000 (equivalent to RMB321,336,228) was charged to share premium.

(b) Nature and purpose of reserves

(i) *Share premium and distributability of reserves*

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

The aggregate amount of distributable reserves, including share premium after offsetting the accumulated losses, of the Company as at 30 June 2013 was HK\$1,437,641,000 (as at 31 December 2012: HK\$2,061,741,000).

(ii) *Capital redemption reserve*

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

(iii) *Statutory reserve*

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

(iv) *Capital reserve*

The capital reserve in the consolidated statement of financial position at 30 June 2013 mainly represents premium received from capital injection which are required to be included in their reserves by the PRC regulations.

(v) *Exchange reserve*

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

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

Fair value at 30 June 2013 <i>RMB'000</i>	Fair value measurements as at 30 June 2013 using		
	Quoted prices	Significant	
	in active market	other	Significant
	for identified	observable	unobservable
	assets (Level 1) <i>RMB'000</i>	inputs (Level 2) <i>RMB'000</i>	inputs (Level 3) <i>RMB'000</i>

Recurring fair value measurement

Financial assets:

Derivative financial instruments:

– Forward exchange contracts	32,645	–	32,645	–
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Financial liabilities:

Derivative financial instruments:

– Interest rate swaps	513	–	513	–
– Forward exchange contracts	5,005	–	5,005	–

Fair value at 31 December 2012 <i>RMB'000</i>	Fair value measurements as at 31 December 2012 using		
	Quoted prices	Significant	
	in active market	other	Significant
	for identified	observable	unobservable
	assets (Level 1) <i>RMB'000</i>	inputs (Level 2) <i>RMB'000</i>	inputs (Level 3) <i>RMB'000</i>

Recurring fair value measurement

Financial assets:

Derivative financial instruments:

– Forward exchange contracts	10,055	–	10,055	–
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Financial liabilities:

Derivative financial instruments:

– Interest rate swaps	94	–	94	–
– Forward exchange contracts	940	–	940	–

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

21 CAPITAL COMMITMENTS

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

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Authorised but not contracted for	115,324	293,167
Contracted for	680,169	818,190
	<u>795,493</u>	<u>1,111,357</u>

22 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for directors and key management personnel of the Group is as follows:

	Six months ended 30 June 2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Short-term employee benefits	3,418	3,413
Post-employment benefits	23	36
	<u>3,441</u>	<u>3,449</u>

Total remuneration is disclosed in “staff costs” (*see note 7(b)*).

(b) Transactions with a related party

The Group had the following significant transactions with a related party:

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods		
Fujian Jinjiang City Hengxinglong Polyester Co., Ltd.		
("Hengxinglong Polyester") (<i>notes 1 and 2</i>)		
福建省晉江市恒興隆化纖絲綸有限公司	<u> — </u>	<u> 26 </u>

Note 1: The English translation of the name is for reference only. The official name of the entity is in Chinese.

Note 2: Hengxinglong Polyester is owned by Mr. Wu Qingshun, the son of Mr. Wu Jianshe, one of the directors of the Group.

(c) Balances with a related party

At 30 June 2013 and 31 December 2012, the Group did not have balance with a related party.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL AND CHINA'S ECONOMIC ENVIRONMENT

The world economy continues to grow at a subdued pace. In the United States, the recovering housing market and slowly improving employment situation show a sign of improving consumer confidence. In Japan, a new monetary policy stimulates better economic growth. As to the Eurozone, the worst part of downturn seems to be ending. However, the global economy is still facing a lot of challenges.

In China, where the Group generated approximately 90% of its revenue, the economic growth rate for the first half of 2013 was 7.6%, of which the growth rates in the first and second quarters were 7.7% and 7.5% respectively, according to the published data from the National Bureau of Statistics of China, which was slightly slower in the second quarter. Domestic demand was the main driving force of the economic growth in the first half of the year. Total retail sales of garments, footwear, hats and knitwear, the Group's downstream products, were RMB541.5 billion during the first half of 2013, representing a period-to-period increase of 11.9%. The urbanization policy will become the new supporting point of China's economic growth.

INDUSTRY REVIEW

The market prices of PTA and MEG, the main raw materials of the Group's products, decreased during the first half of 2013, followed by the price decrease of polyester filament yarns products. Cotton, in which the Group's products are its substitute to some extent, the price of which in the first half year was stable, amid a slight increase. The total cotton plantation area is expected to reduce in 2013, primarily due to the drop in cotton farmers' incomes. Despite the launching of cotton harvesting and storage policies by the government in two consecutive years to guarantee cotton farmers' incomes, with the increase in grain price, the overall comparative price of cotton has decreased. Due to the difficulties that exports faced, some apparel, footwear and household textiles enterprises have focused more on the domestic market and continued to develop markets in the second- and third-tier cities in China to expand its sales volume.

BUSINESS REVIEW

Market demand for the Group's products during the period remained strong. Retail sales of the Group's downstream products, such as apparel, footwear, hats and textiles increased by 11.9% in the first half year of current year as compared with the same period last year. Decrease in the prices of PTA and MEG, the main raw materials of the Group's products, has led to the price drop of polyester filament yarns products, which in turn further pushed up the market demand for polyester filament yarns. However, with intense market competition, gross profit margin of the Group's products was under pressure. In order to strengthen its competitiveness, the Group has put efforts in improving its products quality and developing the diversified features of its differentiated products, such as moisture perspiration, ultraviolet resistant, anti-rubbing, super soft, flame retardant to name a few. Product quality is attributable to our research and development efforts. During the period, our research and development expenses amounted to RMB100,090,000, amounting to 3.2% of its revenue and representing an increase of 2.5% as compared with the same period last year. The coverage of our research and development mainly includes product quality improvement and production efficiency enhancement.

During the period, the Group continued to expand its production capacity and in turn increase its sales volume by further increasing its production facilities. Polyester thin films, the Group's new products, achieved promising preliminary performance with sales amounted to RMB78,946,000, representing 2.5% of its total revenue. Given the wide application of polyester thin films that includes food and merchandise packaging, the market demand is strong and the management is very confident about their development potential.

FINANCIAL REVIEW

Operating Performance

1. Revenue

During the period, total revenue of the Group amounted to RMB3,115,537,000 (first half of 2012: RMB2,972,444,000), representing an increase of 4.8% as compared with the same period last year. Revenue attributable to the sales of polyester filament yarns, the Group's main products, was RMB3,036,591,000, accounting for 97.5% of the total revenue. Revenue attributable to the sales of polyester thin films, the Group's new products, was RMB78,946,000, accounting for 2.5% of the total revenue. The revenue analysis of the two products is as follows.

Polyester filament yarns

Revenue attributable to the sales of polyester filament yarns products was RMB3,036,591,000 (first half of 2012: RMB2,972,444,000), representing an increase of 2.2% as compared with the same period last year. The sales volume of polyester filament yarns during the period was 244,844 tons (first half of 2012: 214,571 tons), representing an increase of 14.1% as compared with the same period last year. During the period, the average selling price of polyester filament yarns dropped by 10.5% to RMB12,402 per ton. Such decrease was mainly attributable to the decrease in raw materials prices. Furthermore, the softened economic growth in China has exerted negative impact on the Group's customers such as apparel and footwear enterprises. As a result, despite the market demand remained strong, owing to the cost pressure faced by its customers, the price of the Group's polyester filament yarns products prices was also suppressed.

As the domestic consumption market continues to grow, in particular driven by the rural urbanization, the market demand for the Group's products remained strong. In view of this, over 80% of the capital raised by the Group from its initial public offering in May 2011 has been utilised to increase the production capacity of its polyester filament yarns. The increased production capacity enabled the Group to support its increase in sales during the period.

Polyester thin films

During the period, sales revenue of polyester thin films, the Group's new products, was RMB78,946,000, accounting for 2.5% of the total revenue. The sales volume was 6,666 tons, accounting for 2.7% of the total sales volume.

The Group's preparation for polyester thin films development commenced in the second half year of 2011, which included plant and staff dormitory construction and product lines installation. Trial production commenced at the end of last year, followed by gradual commercial production in the same year.

Polyester thin films products have wide application, including being used in food and other products packaging, therefore, it has a large market demand. Its gross profit margin is slightly higher than polyester filament yarns.

Sales by geographic region

During the period, the proportion for revenue generated from sales of the Group's products to domestic market and export markets is comparable to the same period last year, that is, approximately 90% of the Group's revenue was generated from sales to domestic market and 10% from export markets. Of the domestic sales, 74.7% were to Fujian Province and 13.1% to Guangdong Province, our neighbour province. The textile manufacturing industries in both provinces are booming, resulting in strong demand for the Group's products.

Breakdown of Revenue and Sales Volume (By Product)

	Revenue				Sales volume			
	Six months ended 30 June				Six months ended 30 June			
	2013		2012		2013		2012	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>	<i>Tons</i>	<i>Percentage</i>	<i>Tons</i>	<i>Percentage</i>
Polyester filament yarns								
DTY	2,415,602	77.6%	2,285,575	76.9%	183,459	72.9%	155,540	72.5%
FDY	489,799	15.7%	562,895	18.9%	44,512	17.7%	44,565	20.8%
POY	3,115	0.1%	2,086	0.1%	314	0.1%	182	0.1%
Others*	128,075	4.1%	121,888	4.1%	16,559	6.6%	14,284	6.6%
Sub-total	3,036,591	97.5%	2,972,444	100.0%	244,844	97.3%	214,571	100.0%
Polyester thin films	78,946	2.5%	–	0.0%	6,666	2.7%	–	0.0%
Total	3,115,537	100.0%	2,972,444	100.0%	251,510	100.0%	214,571	100.0%

* Others represent polyethylene terephthalate (PET) chips and wasted filament generated during the production process.

Geographic Breakdown of Sales

	Six months ended 30 June			
	2013		2012	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Domestic sales				
Fujian Province	2,328,371	74.7%	2,282,451	76.8%
Guangdong Province	408,113	13.1%	355,849	12.0%
Other provinces	64,511	2.1%	39,715	1.3%
Export sales*	314,542	10.1%	294,429	9.9%
Total	3,115,537	100.0%	2,972,444	100.0%

* Export sales regions mainly comprised Turkey, Vietnam, South Korea, Italy and Belgium.

2. Cost of Sales

During the period, the cost of sales of the Group amounted to RMB2,662,344,000 (first half of 2012: RMB2,359,855,000), representing an increase of 12.8% as compared with the same period last year. The increase in cost of sales was primarily attributable to combined impact of the increase in sales volume, the drop in raw materials prices and the rising manufacturing costs.

The cost of sales for polyester filament yarns was RMB2,595,961,000, accounting for 97.5% of total cost of sales, while the cost of sales for polyester thin films, the Group's new products, was RMB66,383,000, accounting for 2.5% of total cost of sales. The cost of sales of these two types of products were largely consistent with their respective sales volumes.

Polyester filament yarns

The average cost of sales of polyester filament yarns was RMB10,602 per ton (first half of 2012: RMB10,998 per ton), representing a decrease of RMB396 per ton or 3.6% as compared with the same period last year. This was due to the decrease in selling price of PTA, one of the main raw materials of polyester filament yarns products.

In addition, as the Group's production capacity expansion for DTY was faster than that for POY during the period, the internal output of POY was unable to meet the demand for DTY production (POY is the major raw material of DTY), as such, the Group procured more POY from its external suppliers during the period, which in turn increased the cost of sales of DTY.

Breakdown of Cost of Sales

	Six months ended 30 June			
	2013		2012	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
Cost of raw materials				
PTA	1,367,359	51.3%	1,307,485	55.4%
MEG	539,633	20.3%	480,180	20.3%
POY	126,801	4.8%	100,551	4.3%
Other raw materials	76,583	2.9%	94,455	4.0%
	2,110,376	79.3%	1,982,671	84.0%
Manufacturing costs	479,192	18.0%	370,897	15.7%
Other costs	6,393	0.2%	6,287	0.3%
Sub-total	2,595,961	97.5%	2,359,855	100.0%
Polyester thin films	66,383	2.5%	—	0.0%
Total	2,662,344	100.0%	2,359,855	100.0%

3. *Gross Profit*

During the period, gross profit of the Group amounted to RMB453,193,000 (first half of 2012: RMB612,589,000), representing a decrease of 26% as compared with the same period last year. Although the sales volume of polyester filament yarns increased by 30,273 tons or 14.1% as compared with the same period last year, its average selling price decreased by RMB1,451 per ton or 10.5% and the average gross profit per ton decreased by RMB1,055 or 37% from RMB2,855 per ton to RMB1,800 per ton.

During the period, gross profit margin of polyester filament yarns was 14.5% (first half of 2012: 20.6%), representing a decrease of 6.1 percentage points as compared with the same period last year. Such decrease was primarily attributable to the decrease in the prices of polyester filament yarns products, which in turn was caused by a less-extent price drop of raw materials and increasingly intensified market competition.

Polyester thin films products of the Group, which were put into commercial production at the end of last year, contributed a gross profit of RMB12,563,000, accounting for 2.8% of the total gross profit of the Group during the period. The gross profit margin of polyester thin films was 15.9%.

Breakdown of Gross Profit by Product

	2013		2012	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
DTY	390,793	86.2%	503,909	82.3%
FDY	44,716	9.9%	98,497	16.1%
POY	143	0.0%	186	0.0%
Others*	4,978	1.1%	9,997	1.6%
	<u>440,630</u>	<u>97.2%</u>	<u>612,589</u>	<u>100.0%</u>
Polyester thin films	<u>12,563</u>	<u>2.8%</u>	<u>—</u>	<u>0.0%</u>
Total	<u><u>453,193</u></u>	<u><u>100.0%</u></u>	<u><u>612,589</u></u>	<u><u>100.0%</u></u>

* Others represent polyethylene terephthalate (PET) chips and wasted filament generated during the production process.

Breakdown of Product Selling Price, Cost and Gross Profit (Average Per Ton)

	Six months ended 30 June	
	2013	2012
	<i>RMB</i>	<i>RMB</i>
Polyester filament yarns		
Average selling price per ton	12,402	13,853
Average cost of sales per ton	10,602	10,998
Average gross profit per ton	1,800	2,855
Average gross profit margin per ton	14.5%	20.6%
Polyester thin films		
Average selling price per ton	11,843	–
Average cost of sales per ton	9,958	–
Average gross profit per ton	1,885	–
Average gross profit margin per ton	15.9%	–

4. Other Revenue

During the period, other revenue of the Group amounted to RMB35,405,000 (first half of 2012: RMB24,158,000), representing an increase of 46.6% as compared with the same period last year. Other revenue included bank interest income, government grants and gains on disposal of raw materials. Such increase was primarily attributable to the increase in the amount of government grants and the number of projects subsidised during the period. Government grants during the period included advanced production capacity electricity usage reward, science and technology reward, supporting fund for public service platform in foreign trade and special fund for municipal-level technology improvement, to name a few.

5. Other Net Gain

During the period, other net gain of the Group amounted to RMB1,572,000 (first half of 2012: RMB8,501,000), representing a decrease of 81.5% as compared with the same period last year. Other net gain mainly comprised net exchange loss and net gain on financial liabilities at fair value through profit or loss. The decrease was mainly due to the exchange loss caused by the depreciation of Australian dollar.

6. *Selling and Distribution Expenses*

During the period, selling and distribution expenses of the Group amounted to RMB16,001,000 (first half of 2012: RMB16,238,000), representing a slight decrease of 1.5% as compared with the same period last year. Such expenses included transportation cost, insurance premium, wages of our sales staff and marketing expenses.

7. *Administrative Expenses*

During the period, administrative expenses amounted to RMB157,823,000 (first half year of 2012: RMB125,445,000), representing an increase of 25.8% as compared with the same period last year. Administrative expenses mainly included staff wages, general office expenses, professional and legal fees, depreciation on office equipment, research and development expenses and property tax provision. The increase was primarily attributable to a property tax provision of RMB17,978,000, addition of offices and employees due to the commencement of the Group's polyester thin films business and a slight increase in research and development expenses during the period.

During the period, research and development expenses amounted to RMB100,090,000 (first half of 2012: RMB97,612,000), representing a slight increase of 2.5% as compared with the same period last year. The increase was mainly due to the increase in depreciation charges as a result of the addition in research and development equipment and the increase in utility costs.

8. *Finance Costs*

During the period, finance costs amounted to RMB26,469,000 (first half of 2012: RMB31,276,000), representing a decrease of 15.4% as compared with the same period last year. Such decrease was mainly attributable to the decrease in discounted bills expenses.

9. *Income Tax*

During the period, the Group's income tax was RMB48,368,000 (first half of 2012: RMB78,414,000), representing a decrease of 38.3% as compared with the same period last year, which was mainly due to the decrease in profit before taxation.

10. Profit for the Period

The Group's profit for the period amounted to RMB241,509,000 (first half of 2012: RMB393,875,000), representing a decrease of 38.7% as compared with the same period last year. The decrease was mainly due to the decrease in gross profit.

Financial Position

1. Liquidity and Capital Resources

As at 30 June 2013, cash and cash equivalent of the Group amounted to RMB676,787,000 (31 December 2012: RMB644,049,000), increased by RMB32,738,000 or 5.1%. During the period, net cash inflow from operating activities amounted to RMB289,986,000, net cash outflow used in investing activities amounted to RMB623,090,000, and net cash inflow from financing activities amounted to RMB364,629,000.

During the period, the major investing activities of the Group comprised procurements of production facilities and construction of plants, while the major financing activities comprised repurchase of shares, payment of 2012 final dividends and net increase in bank loans. The Group primarily uses the cash inflow from operating activities to satisfy the requirements of working capital. During the period, inventory turnover days were 33.0 days (first half of 2012: 49.9 days), representing a decrease of 19.9 days as compared with the same period last year. The decrease was primarily due to the lower of inventory level since the second half of last year with a view to reduce inventory holding cost. Trade receivables turnover days were 46.4 days (first half of 2012: 35.8 days), representing an increase of 10.6 days as compared with the same period last year, which was due to the reduction in discounted trade receivables during the period. Trade payables turnover days were 55.6 days (first half of 2012: 73.5 days), representing a decrease of 17.9 days as compared with the same period last year, which was due to the shortening of credit period with certain suppliers in return for better purchase prices during the period.

As at 30 June 2013, the Group had capital commitments of RMB795,493,000, which were mainly related to the expansion of production capacity of polyester filament yarns and the development of functional environmentally-friendly polyester thin films business.

2. Capital Structure

As at 30 June 2013, the total liabilities of the Group amounted to RMB3,477,736,000, and the capital and reserve amounted to RMB5,173,160,000. The gearing ratio (total liabilities divided by total equity) was 67.2%. The total assets amounted to RMB8,650,896,000. The asset liability ratio (total assets divided by total liabilities) was 2.5 times. Bank loans of the Group amounted to RMB2,008,789,000, of which RMB1,989,406,000 were repayable within one year and RMB19,383,000 were repayable after one year. Among the bank borrowings, 99% were secured by properties and restricted bank deposits.

Contingent Liabilities

As at 30 June 2013, the Group did not have any contingent liabilities.

Foreign Currency Risk

As most of the Group's operating costs and expenses are denominated in Renminbi, the Group's operation is not exposed to significant foreign currency risk. As at 30 June 2013, the Group's foreign currency risk exposure was mainly derived from the net liabilities exposure denominated in United States Dollars of RMB1,189,187,000, the net liabilities exposure denominated in Euro of RMB207,975,000 and the net assets exposure denominated in Australian Dollars of RMB175,641,000.

Employees and Remuneration

As at 30 June 2013, the Group had a total of 3,637 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policy and arrangement on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

BUSINESS OUTLOOK

China's GDP growth has been adjusted to a moderate growth rate from its previous high growth rate. Urbanization will continue to be a strong driving force of domestic demand, which will benefit the consumer market. Gross profit margin of polyester filament yarns may face greater challenges due to the intensifying market competition, but we remain confident in their market demand. In terms of its development strategy, the Group will still focus on products "quantity and quality", with the support of our factory facilities and complemented by our research and development capacity, thereby grasping the market opportunities. The management also believes that polyester thin films will become a growing point of the Group.

Interim Dividend

The Board resolved to declare an interim dividend of HK7.0 cents per share in cash for the six months ended 30 June 2013. It is expected that the dividend will be paid on or about 21 August 2013 to those shareholders whose names appear on the Company's register of members on 16 August 2013.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 14 August 2013 to Friday, 16 August 2013, both days inclusive, during which no transfer of shares will be made. In order to qualify for the interim dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m., on Tuesday, 13 August 2013.

Compliance with the Corporate Governance Code

Throughout the period of the six months ended 30 June 2013, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all the directors, the Company has confirmed with all directors that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three members: Mr. Yeung Chi Tat, Ms. Zhu Meifang and Mr. Ma Yuliang. All of them are independent non-executive directors. The chairman of the audit committee is Mr. Yeung Chi Tat.

The audit committee of the Company has met and discussed with external auditors of the Group, KPMG, and has reviewed the accounting principles and practices adopted by the Group and the results of the Group for the six months ended 30 June 2013.

Purchase, Sale or Redemption of Listed Shares

During the six months ended 30 June 2013, the Company repurchased its own shares on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>RMB'000</i>
January 2013	76,000,000	5.70	5.10	321,975

Of the 76,000,000 repurchased shares, 75,428,500 and 571,500 were cancelled in January 2013 and February 2013 respectively, and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium and transaction costs paid on the repurchase of the shares of approximately HK\$397,001,000 (equivalent to RMB321,336,228) were charged to the Company's share premium account.

Save as disclosed above, there were no other purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries for the six months ended 30 June 2013.

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

Hong Kong, 30 July 2013

As at the date of this announcement, the Board comprises Mr. Sze Tin Yau, Mr. Wu Jinbiao, Mr. Yu Heping and Mr. Xue Mangmang as executive Directors, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun, Mr. Ding Guoqiang, Ms. Ma Yun and Mr. Chen Bo as non-executive Directors and Mr. Yeung Chi Tat, Ms. Zhu Meifang, Mr. Ma Yuliang, Mr. Li Zhi Xian and Mr. Lin Jian Ming as independent non-executive Directors.