INTERNATIONAL HOLDINGS INC

CHINA METAL INTERNATIONAL HOLDINGS INC.
勤美達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 319)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

RESULTS

The Board of Directors (the "Board") of China Metal International Holdings Inc. (the "Company", together with its subsidiaries, the "Group") is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2016 together with the comparative figures. The Group's interim financial statements have been reviewed by the Company's auditor, KPMG, and the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2016 — unaudited
(Expressed in United States dollars)

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Revenue	*3*	**149,027**	155,801
Cost of sales		**(106,366)**	(119,109)
Gross profit		**42,661**	36,692
Other revenue		**277**	493
Other net income		**1,558**	650
Selling and distribution costs		**(8,579)**	(8,300)
Administrative expenses		**(9,080)**	(8,002)
Profit from operations		**26,837**	21,533
Finance costs	*4(a)*	**(344)**	(487)
Profit before taxation	*4*	**26,493**	21,046
Income tax	*5*	**(4,490)**	(3,081)
Profit for the period		**22,003**	17,965
Attributable to:			
Equity shareholders of the Company		**22,003**	17,965
Non-controlling interests		**–**	–
Profit for the period		**22,003**	17,965
Earnings per share	*6*		
Basic (cents)		**2.20**	1.79
Diluted (cents)		**2.20**	1.79

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016 — unaudited
(Expressed in United States dollars)

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
Profit for the period	**22,003**	17,965
Other comprehensive income for the period (after tax and reclassification adjustment):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries in the People's Republic of China ("PRC") and in Hong Kong	**(6,997)**	884
Total comprehensive income for the period	**15,006**	18,849
Attributable to:		
Equity shareholders of the Company	**15,006**	18,849
Non-controlling interests	**–**	–
Total comprehensive income for the period	**15,006**	18,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2016 — unaudited

(Expressed in United States dollars)

	Note	At 30 June 2016 $'000	At 31 December 2015 $'000
Non-current assets			
Property, plant and equipment		**179,439**	191,119
Lease prepayments		**7,154**	7,402
Financial assets		**37**	37
Other non-current assets		**4,223**	3,874
		190,853	202,432
Current assets			
Inventories		**41,910**	41,157
Trade and other receivables	*7*	**133,571**	142,059
Amounts due from related companies		**296**	–
Pledged bank deposits		**3,065**	4,614
Cash and cash equivalents		**30,631**	31,665
Time deposits		**151**	–
		209,624	219,495
Current liabilities			
Trade and other payables	*8*	**50,748**	53,555
Bank loans		**5,100**	24,000
Amounts due to related companies		**111**	172
Current taxation		**2,756**	3,372
		58,715	81,099
Net current assets		**150,909**	138,396
Total assets less current liabilities		**341,762**	340,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2016 — unaudited (continued)
(Expressed in United States dollars)

	At 30 June 2016 $'000	At 31 December 2015 $'000
Non-current liabilities		
Long-term loans	**23,000**	15,000
Deferred tax liabilities	**1,669**	1,248
	24,669	16,248
NET ASSETS	**317,093**	324,580
CAPITAL AND RESERVES		
Share capital	**1,280**	1,293
Reserves	**315,813**	323,287
Total equity attributable to equity shareholders of the Company	**317,093**	324,580
Non-controlling interests	**–**	–
TOTAL EQUITY	**317,093**	324,580

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial statements have 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").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the interim financial statements 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.

The interim financial statements contain 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 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial statements are unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 11 August 2016. The interim financial statements have also 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 2015 that is included in the interim financial statements as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements for the year ended 31 December 2015 are available from the Company's principal place of business in Hong Kong. The Company's auditor has expressed an unqualified audit opinion on those financial statements in the auditor's report dated 29 March 2016. Certain comparative figures in the consolidated Statement of financial position have been reclassified to conform to the current period's presentation.

2 CHANGES IN ACCOUNTING POLICIES

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

- *Annual Improvements to HKFRSs 2012-2014 Cycle*
- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

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

Annual Improvements to HKFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

3 SEGMENT REPORTING

The Group manages its businesses according to the manufacturing source of its products, i.e. its operating subsidiaries in the PRC, which are engaged in the design, development, manufacture and sale of customised metal castings. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has identified four reportable segments, namely: Tianjin CMT Industry Company Limited ("CMT"), Suzhou CMS Machinery Company Limited ("CMS"), CMW (Tianjin) Industry Company Limited ("CMWT") and Suzhou CMB Machinery Company Limited ("CMB"), respectively. No operating segments have been aggregated to form the following reportable segments.

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	CMT		CMS		CMWT		CMB		Total	
For the six months ended	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**6,523**	27,182	**47,801**	53,196	**71,319**	65,653	**23,384**	9,770	**149,027**	155,801
Inter-segment revenue	**952**	1,141	**1,654**	1,449	**1,345**	7,701	**1,354**	1,792	**5,305**	12,083
Reportable segment revenue	**7,475**	28,323	**49,455**	54,645	**72,664**	73,354	**24,738**	11,562	**154,332**	167,884
Reportable segment profit (adjusted EBITDA)	**36**	2,419	**12,120**	13,118	**22,320**	21,098	**3,598**	(179)	**38,074**	36,456
As at 30 June/31 December										
Reportable segment assets	**49,867**	56,238	**86,504**	101,872	**159,363**	159,549	**102,962**	106,588	**398,696**	424,247
Reportable segment liabilities	**964**	1,517	**13,621**	14,703	**31,801**	30,221	**15,272**	18,215	**61,658**	64,656

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income and finance costs. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
Reportable segment profit	**38,074**	36,456
Elimination of depreciation related to inter-segment fixed assets transfer	**78**	177
Elimination of inter-segment profit	**(247)**	(3,143)
Reportable segment profit derived from the Group's external customers	**37,905**	33,490
Depreciation and amortisation	**(10,755)**	(11,694)
Interest income	**103**	283
Finance costs	**(344)**	(487)
Unallocated head office and corporate expenses	**(416)**	(546)
Consolidated profit before taxation	**26,493**	21,046

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans	**344**	487
(b) Other items:		
Amortisation of lease prepayments	**95**	99
Depreciation	**10,582**	11,418
Interest income	**(103)**	(283)

5 INCOME TAX

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
Provision for PRC corporate income tax for the period	**4,115**	3,107
(Over)/under provision in respect of prior year	**(78)**	1
Deferred taxation	**453**	(27)
	4,490	3,081

At 30 June 2016, temporary differences relating to the undistributed profits of subsidiaries in the PRC amounted to $130,969,000 (30 June 2015: $140,091,000). Deferred tax liabilities of $10,203,000 (30 June 2015: $9,631,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

(i) Overseas income tax

Pursuant to the rules and regulations of the Cayman Islands, the Company and CMW (Cayman Islands) Co., Ltd. ("CMW(CI)") are not subject to any income tax in the Cayman Islands.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax is made for the period as the Group did not generate any income subject to Hong Kong Profits Tax during the periods presented.

(iii) PRC Corporate Income Tax

Pursuant to the income tax rules and regulations of the PRC, the provision for Corporate Income Tax ("CIT") of the Group is calculated based on the following rates:

	Note	**2016**	2015
CMT	*(1)*	**25%**	15%
CMS	*(1)*	**15%**	15%
CMWT	*(2)*	**15%**	15%
CMB	*(3)*	**25%**	15%

Notes:

(1) In October 2014, CMT and CMS renewed and obtained the "Advanced and New Technology Enterprise" ("ANTE") certificate respectively and are entitled to a preferential CIT rate of 15% for a period of three years from 2014 to 2016. Pursuant to the restructuring of CMT in 2015, CMT did not satisfy all the criteria for an ANTE set out in the relevant PRC tax regulations in 2016 and is subject to a statutory CIT rate of 25%.

(2) In August 2015, CMWT renewed and obtained the ANTE certificate and are entitled to a preferential CIT rate of 15% for a period of three years from 2015 to 2017.

(3) In December 2013, CMB was granted the status of ANTE that entitled it to a preferential CIT rate of 15% for the three-year period ended 31 December 2015. CMB is currently in the process of renewing the ANTE certificate and is subject to a statutory CIT rate of 25% before obtaining the renewed certificate.

In addition, pursuant to the CIT Law effective on 1 January 2008 and the Implementation Rules to the CIT Law, dividends payable by subsidiaries in the PRC to foreign investors are subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. Pursuant to a tax treaty between the PRC and Hong Kong, the holding companies of CMB, CMT and CMS are established in Hong Kong, and therefore, provided these companies meet the criteria for "beneficial owner" set out in the relevant PRC tax circular, dividends payable by CMB, CMT and CMS are subject to a reduced withholding tax rate of 5%.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $22,003,000 (six months ended 30 June 2015: $17,965,000) and the weighted average number of 1,001,714,000 ordinary shares (six months ended 30 June 2015: 1,006,212,000) in issue during the interim period.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2016 is the same as the basic earnings per share as all ordinary share options do not have a dilutive effect for the six months ended 30 June 2016.

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of $17,965,000 and the weighted average number of ordinary shares of 1,006,297,000 shares.

7 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the delivery date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016	At 31 December 2015
	$'000	*$'000*
Within 3 months	**87,426**	104,968
3 to 12 months	**35,850**	27,512
12 to 24 months	**1,703**	924
Over 24 months	**298**	178
Total trade receivables and bills receivables, net of allowance for doubtful debts	**125,277**	133,582
Other receivables, deposits and prepayments	**8,294**	8,477
	133,571	142,059

Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 60 to 120 days from the date of billings. Normally, the Group does not obtain collateral from customers.

Included in trade receivables are amounts due from related companies of $881,000 (31 December 2015: $1,129,000).

As at 30 June 2016, $6,138,000 bank acceptance bills (31 December 2015: $3,420,000) that have not matured were transferred to certain suppliers of the Group and derecognised in their entirety as all the risk and rewards of ownership of these bank acceptance bills were substantially transferred. The maximum exposure of the Group in relation to the continuing involvement in these bills is represented by the carrying amount of these bills in the event that these bills not be settled by the issuing banks when they fall due.

8 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2016	At 31 December 2015
	$'000	*$'000*
Within 1 month	**22,239**	17,336
1 to 3 months	**11,584**	11,988
Over 3 months but within 6 months	**1,691**	6,275
Over 6 months	**277**	42
Total trade payables and bills payable	**35,791**	35,641
Other payables and accrued expenses	**14,957**	17,914
	50,748	53,555

Bills payable of $10,805,000 (31 December 2015: $16,633,000) as at 30 June 2016 were secured by pledged bank deposits of $3,065,000 (31 December 2015: $4,614,000).

9 DIVIDENDS

(i) Dividends payable to equity shareholders attributable to the interim period:

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
Interim dividend declared and payable after the interim period of 1.00 cent per share (2015: 0.80 cent per share)	**9,963**	8,050
Special dividend declared and payable after the interim period of 1.00 cent per share (2015: 1.39 cents per share)	**9,963**	13,986
	19,926	22,036

The interim and special dividends proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2016	2015
	$'000	*$'000*
Final dividend in respect of previous financial year, approved and paid during the following interim period, of 0.97 cent per share (six months ended 30 June 2015: 1.00 cent per share)	**9,664**	10,062
Special dividend in respect of previous financial year, approved and paid during the following interim period, of 0.99 cent per share (six months ended 30 June 2015: nil)	**9,910**	–
	19,574	10,062

BUSINESS REVIEW

Management Highlight

Under the unified business units structure of CMI plants, top management requests the business results of various plants should be practically "predictable" and the relevant figures would be used as a yardstick for performance assessment.

A "Process Engineering" consulting company was hired and started from the beginning of the year. The consultant company would be in Tianjin to provide lectures to relevant personnel in various plants for a week every calendar month. Relevant personnel would design implementation plans in the second half year to put through what they learned into practical production processing.

Future Prospect

The Group would focus on moving towards a more dedicated ferrous casting foundry and machining group, therefore need to establish "functional" based organization structure. Certain achievement was seen in sales and business units after the first step restructuring. The next step would be to unify the "Accounting" department. This "restructuring" would take a long time but would eventually turn the Group into a stronger team.

INTERIM DIVIDEND

The Directors resolved the declaration of an interim dividend of US cent 1.00 (equivalent to HK cents 7.78) per ordinary share for the six months ended 30 June 2016 and a special dividend of US cent 1.00 (equivalent to HK cents 7.78) payable on Friday, 30 September 2016 to the shareholders whose names appear on the register of members of the Company on Thursday, 15 September 2016.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to the interim and special dividends, the register of members of the Company will be closed from Thursday, 15 September 2016 to Monday, 19 September 2016, both days inclusive, during which period no transfer of shares shall be registered. In order to qualify for the interim and special dividends, all transfers of shares accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's recorded revenue and profit attributable to equity shareholders for the six months ended 30 June 2016 amounted to US$149,027,000 and US$22,003,000 (six months ended 30 June 2015: US$155,801,000 and US$17,965,000). Gross profit for the six months ended 30 June 2016 amounted to approximately US$42,661,000 (six months ended 30 June 2015: US$36,692,000), representing a gross profit margin of approximately 28.6% (six months ended 30 June 2015: 23.6%). Operating profit for the six months ended 30 June 2016 was approximately US$26,837,000 (six months ended 30 June 2015: US$21,533,000) or 18.0% (six months ended 30 June 2015: 13.8%) of recorded revenue. Net profit for the six months ended 30 June 2016 was approximately US$22,003,000 (six months ended 30 June 2015: US$17,965,000) or 14.8% (six months ended 30 June 2015:11.5%) of recorded revenue.

Liquidity and financial resources

As at 30 June 2016, the Group had a total banking facilities amounting to US$121,765,000 (31 December 2015: US$134,320,000) which were utilised to the extent of US$36,292,000 (31 December 2015: US$43,681,000). Unsecured bank loans amounting to US$5,100,000 were repayable within one year, US$10,000,000 were repayable after one year but within two years, and US$13,000,000 were repayable after two years but within five years respectively (31 December 2015: US$24,000,000, US$- and US$15,000,000).

The Group's cash and cash equivalents amounted to US$30,631,000 (31 December 2015: US$31,665,000).

Charges on assets

As at 30 June 2016, bank deposits amounting to US$3,065,000 (31 December 2015: US$4,614,000) were pledged to secure banking facilities granted to the Group.

Capital structure

The Company's issued share capital as at 1 January 2016 is HK$10,062,120 divided into 1,006,212,000 shares of HK$0.01 each. During the six months ended 30 June 2016, the Company repurchased and cancelled 9,956,000 shares of its own ordinary shares on The Stock Exchange of Hong Kong Limited.

The Group adopts a prudent financial policy, and its debt-to-asset ratio (a ratio of total liabilities to total assets) is 20.8% (31 December 2015: 23.1%) and the gearing ratio (a ratio of total loans to total assets) is 7.0% (31 December 2015: 9.2%), respectively. The Group continued to monitor debt collection policy so as to minimise the risks of sales on credit and to ensure that funds are timely collected.

For the six months ended 30 June 2016, earnings per share was US cents 2.20 (six months ended 30 June 2015: US cents 1.79).

Material acquisition and disposals of subsidiaries or affiliated companies

The Group has not made any acquisition or disposal of subsidiaries or affiliated companies during the period under review.

Segmental information

Details of segmental information of the Group as at and for the six months ended 30 June 2016 are set out in note 3 above.

Employee benefits

The remuneration policy of the Company is reviewed annually by the Remuneration Committee so as to keep the policy in line with the prevailing market practice.

The Directors and all members of the senior management of the Group, being non-PRC citizens, are not entitled to the state-managed social welfare scheme operated by the local government in the PRC. However, the senior management of the Group, being non-PRC citizens, has been provided a defined-benefit retirement scheme which is administrated by China Metal Products Company Limited ("CMP") in Taiwan during the period. During the period under review, the Group reimbursed US$77,000 (six months ended 30 June 2015: US$94,000) to CMP as the Group's share of contribution to such retirement scheme. The Group is not obliged to incur any liability beyond the contribution.

Foreign currency exposure

The Group's sales are mostly denominated in Reminbi and United States dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Nevertheless, the Group will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

The Renminbi currently is not a freely convertible currency. A portion of the Group's Renminbi revenue or profit may be converted into other currencies to meet foreign currency obligations of the Group such as the payment of dividends, if declared.

Contingent Liabilities

As at 30 June 2016, no contingent liabilities were noted by the Directors.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, the Company repurchased 9,956,000 shares of HK$0.01 each in the capital of the Company at prices ranged from HK$2.24 to HK$2.39 per share on the Stock Exchange. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Total amount paid including transaction costs
		HK$	*HK$*	*HK$*
April 2016	9,956,000	2.39	2.24	22,610,000

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors.

The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the six months ended 30 June 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2016.

The Company has adopted the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code").

During the six months ended 30 June 2016, the Company was in compliance with all code provisions set out in the CG Code except for the deviation of code provision A.2.1 of the CG Code that the role of chairman and chief executive officer should be separate and should not be performed by the same individual, but the Company has not appointed a chief executive and the role and functions of chief executive have been performed by all the executive Directors, including the Chairman, collectively.

Save as the above-mentioned and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2016.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 8 December 2004 with written terms of reference, which was revised on 28 March 2012 and further revised on 31 December 2015 to comply with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial control and reporting systems and internal control system of the Group. The Audit Committee comprises three independent non-executive Directors, Mr. Lam Ting Lok (as chairman), Mrs. Chiu Lin Mei-Yu and Mr. Chen Pou-Tsang. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2016.

On behalf of the Board
China Metal International Holdings Inc.
King Fong-Tien
Chairman

Hong Kong, 11 August 2016

As at the date of this announcement, the Board consists of eight Directors, of which four are executive Directors, namely Mr. King Fong-Tien, Mr. Tsao Ming-Hong, Ms. Chen Shun Min and Ms. Ho Pei-Lin, one non-executive Director, namely Mr. Christian Odgaard Pedersen, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Mrs. Chiu Lin Mei-Yu (also known as Mary Lin Chiu) and Mr. Chen Pou-Tsang (also known as Angus P.T. Chen).