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WANG TAI HOLDINGS LIMITED

宏太控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1400)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Revenue increased to approximately RMB327.2 million for the six months ended 30 June 2016, representing an increase of 7.3%, as compared with revenue of RMB304.9 million for the six months ended 30 June 2015
- Gross loss margin increased by 12.0 percentage points to loss of approximately 0.9%
- Net (loss)/profit margin decreased by 12.6 percentage points to loss of approximately 10.3%
- (Loss)/profit attributable to owners of the Company decreased to loss of approximately RMB33.8 million for the six months ended 30 June 2016, representing a decrease of 589.9%, as compared with profit of RMB6.9 million for the six months ended 30 June 2015
- Earnings per share for the six months ended 30 June 2016 decreased to loss of RMB0.02 cent as compared with earnings per share of RMB0.66 cents for the six months ended 30 June 2015
- No dividend will be declared for the six months ended 30 June 2016

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	327,150	304,941
Cost of sales	16	(330,183)	(271,170)
Gross (loss)/profit		(3,034)	33,771
Selling expenses	16	(1,026)	(1,637)
Administrative expenses	16	(18,582)	(15,300)
Other income – net		1,144	2,869
Operating (loss)/profit		(21,498)	19,703
Finance income		1,248	2,602
Finance costs		(16,057)	(12,964)
Finance costs – net	17	(14,809)	(10,362)
(Loss)/profit before income tax		(36,307)	9,341
Income tax credit/(expense)	18	2,500	(2,458)
(Loss)/profit for the period and attributable to the owners		(33,807)	6,883
Other comprehensive income		–	–
Total comprehensive (loss)/income for the period and attributable to the owners		(33,807)	6,883
Earnings per share for (loss)/profit for the period and attributable to the owners (expressed in RMB cent per share)			
— Basic and diluted	19	(0.02)	0.66
Dividends	20	–	–

The notes on pages 7 to 22 form an integral part of these consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		Unaudited As at 30 June 2016 RMB'000	Audited As at 31 December 2015 RMB'000
	Note		
ASSETS			
Non-current assets			
Leasehold land and land use rights	7	24,617	24,896
Property, plant and equipment	7	457,334	477,453
Deferred income tax assets		15,507	13,007
Available-for-sale financial assets		4,500	4,500
Other non-current assets	8	150,000	80,000
		<u>651,958</u>	<u>599,856</u>
Current assets			
Inventories	9	62,364	64,019
Trade and other receivables	10	599,271	415,306
Cash and bank balances	11	251,661	374,983
Restricted bank deposits	11	13,750	23,368
		<u>927,046</u>	<u>877,676</u>
Total assets		<u>1,579,004</u>	<u>1,477,532</u>
EQUITY			
Capital and reserve attributable to owners of the Company			
Share capital	12	121,454	119,745
Other reserves	12	628,184	616,404
Retained earnings		138,533	172,340
Total equity		<u>888,171</u>	<u>908,489</u>

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2016	2015
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	13	314,120	300,955
Other payables	15	5,982	8,160
Deferred income	14	19,935	19,232
		340,037	328,347
Current liabilities			
Borrowings	13	150,170	104,111
Trade and other payables	15	200,626	135,758
Current income tax liabilities		–	827
		350,796	240,696
Total liabilities		690,833	569,043
Total equity and liabilities		1,579,004	1,477,532

The notes on pages 7 to 22 form an integral part of these consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to the shareholders			
	Share capital	Other reserves	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2015	80,215	204,588	195,657	480,460
Total comprehensive income for the six months				
— Profit for the period	—	—	6,883	6,883
Transactions with owners:				
— Issue of placing shares	15,760	103,107	—	118,867
— Shares issued for share-based compensation	788	6,919	—	7,707
Balance at 30 June 2015	<u>96,763</u>	<u>314,614</u>	<u>202,540</u>	<u>613,917</u>
Balance at 1 January 2016	119,745	616,404	172,340	908,489
Total comprehensive income for the six months				
— Loss for the period	—	—	(33,807)	(33,807)
Transactions with owners:				
— Shares issued for share-based compensation	<u>1,709</u>	<u>11,780</u>	<u>—</u>	<u>13,489</u>
Balance at 30 June 2016	<u>121,454</u>	<u>628,184</u>	<u>138,533</u>	<u>888,171</u>

The notes on pages 7 to 22 from an integral part of this consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Unaudited	
		Six months ended 30 June	
		2016	2015
<i>Note</i>		RMB'000	RMB'000
Cash flows from operating activities			
		(115,902)	(69,871)
		–	(12,811)
		(115,902)	(82,682)
Cash flows from investing activities			
		(70,000)	–
	7	(3)	(40,327)
		103,782	–
		1,251	2,602
		35,030	(37,725)
Cash flows from financing activities			
		162,030	225,583
		(102,806)	(154,826)
		9,618	(81,868)
		(16,057)	(13,237)
		–	118,867
		8,547	7,707
		61,332	102,226
		(19,540)	(18,181)
		55,401	135,223
		35,861	117,042

The notes on pages 7 to 22 form an integral part of these consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacturing and sales of fabrics and yarns in the People's Republic of China (the "PRC"). The Company's shares have been listed on the Stock Exchange of Hong Kong Limited since 25 April 2014.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors for issue on 31 August 2016.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standards (IAS) 34, 'Interim financial reporting'. The condensed consolidated financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new amendments and interpretation of IFRSs are mandatory for the first time for the financial year ending 1 January 2016 and are relevant to the Group:

- (a) Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization", clarify when a method of depreciation or amortisation based on revenue may be appropriate.

Amendment to IAS 27 "Equity method in separate financial statements", allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Annual improvements 2014 include changes from the 2012-2014 cycle of the annual improvements project that affect 4 standards:

- Amendments to IFRS 7, 'Financial instruments: Disclosures': If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. Besides, it also clarifies the additional disclosure required by the amendments to IFRS 7, 'Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- Amendment to IAS 19, 'Employee benefits' clarifies when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise.
- Amendment to IAS 34, 'Interim financial reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

Amendments to IAS 1 "Disclosure initiative", clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the above new and amended standards did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2016.

Following standards, amendments and interpretations are effective in 2016 but not relevant to the Group.

		Effective for annual periods beginning on or after
IAS 41 (Amendment)	Agriculture	1 January 2016
IFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
IFRS 11 (Amendment)	Joint arrangements	1 January 2016
IFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016

- (b) New and amended standards that have been issued and are effective for periods commencing after 1 January 2016 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 12	‘Income taxes’	1 January 2017
Amendments to IAS 7	‘Statement of cash flows’	1 January 2017
IFRS 15	‘Revenue from contracts with customers’	1 January 2018
IFRS 9	‘Financial instruments’	1 January 2018
IFRS 16	‘Leases’	1 January 2019
Amendments to IFRS 10 and IAS 28	‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined

The Group is in the process of making an assessment of above new and amended standards’ impact and is not yet in a position to state whether any substantial changes to the Group’s significant accounting policies and presentation of the financial information will be resulted in.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures requires in the annual financial statements, and shall be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015.

There have been no changes in the risk management policies of the Group since year ended 31 December 2015.

5.2 Liquidity risk

Compared to the year end of 2015, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

As at 30 June 2016, the contractual borrowings of the Group's non-derivative financial liabilities were as follows.

	Unaudited				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2016					
Borrowings (exclude finance lease liabilities)	150,170	223,671	12,485	77,964	464,290
Interest payable on borrowings	22,513	22,513	1,675	5,897	52,598
Trade and other payables	159,510	5,982	–	–	165,492
	<u>332,193</u>	<u>252,166</u>	<u>14,160</u>	<u>83,861</u>	<u>682,380</u>
Audited					
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2015					
Borrowings (exclude finance lease liabilities)	104,111	125,757	97,977	77,221	405,066
Interest payable on borrowings	28,497	30,863	20,207	6,043	85,610
Trade and other payables	99,214	8,160	–	–	107,374
	<u>231,822</u>	<u>164,780</u>	<u>118,184</u>	<u>83,264</u>	<u>598,050</u>

6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business from both a product and geographical perspectives. In 2015, the management assesses the performance from sales of fabrics and cotton yarns. From 2016, the Group entered into the trading of polyetherimide ("PEI") and assess it as a new business segment.

The operations are further evaluated on a geographic basis including Mainland China and Hong Kong.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayments. They exclude deferred income tax assets, restricted bank deposits and cash and cash equivalents.

Segment liabilities comprise operating liabilities. They exclude borrowings from banks and other financial institutions, loans from government, current income tax liabilities and other payables due to related parties.

The segment information is set out below:

	Fabrics		Unaudited Yarns	PEI	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2016					
<i>Segment results</i>					
Total segment revenue	199,465	101,261	19,834	110,021	430,583
Inter-segment revenue	(83,599)	–	(19,834)	–	(103,433)
Revenue from external customers	<u>115,866</u>	<u>101,261</u>	<u>–</u>	<u>110,021</u>	<u>327,149</u>
Segment profit	<u>(26,379)</u>	<u>13,338</u>	<u>–</u>	<u>10,007</u>	<u>(3,034)</u>
Other operating expenses					(19,608)
Other income – net					1,144
Finance costs – net					<u>(14,809)</u>
Loss before income tax					(36,307)
Income tax credit					<u>2,500</u>
Loss for the period					<u>(33,807)</u>
<i>Other segment items</i>					
Capital expenditure	–	–	–	–	–
Amortisation of leasehold land and land use right	248	–	31	–	279
Depreciation of property, plant and equipment	<u>16,698</u>	<u>7</u>	<u>3,396</u>	<u>–</u>	<u>20,101</u>
As at 30 June 2016					
<i>Segment assets and liabilities</i>					
Segment assets	567,393	295,221	146,348	110,007	1,118,968
Unallocated assets					<u>460,036</u>
Total assets					<u>1,579,004</u>
Segment liabilities	166,141	2,611	4,374	–	173,126
Unallocated liabilities					<u>517,707</u>
Total liabilities					<u>690,833</u>

	Unaudited			
	Fabrics		Yarns	Total
	Mainland China RMB'000	Hong Kong RMB'000	RMB'000	RMB'000
Six months ended 30 June 2015				
<i>Segment results</i>				
Total segment revenue	266,081	97,223	42,495	405,799
Inter-segment revenue	(86,563)	–	(14,295)	(100,858)
Revenue from external customers	<u>179,518</u>	<u>97,223</u>	<u>28,200</u>	<u>304,941</u>
Segment profit	<u>22,327</u>	<u>8,648</u>	<u>2,796</u>	<u>33,771</u>
Other operating expenses				(16,937)
Other income – net				2,869
Finance costs – net				<u>(10,362)</u>
Profit before income tax				9,341
Income tax expense				<u>(2,458)</u>
Profit for the period				<u>6,883</u>
<i>Other segment items</i>				
Capital expenditure	33,430	–	3,407	36,837
Amortisation of leasehold land and land use right	248	–	31	279
Depreciation of property, plant and equipment	<u>16,817</u>	<u>–</u>	<u>2,078</u>	<u>18,895</u>
As at 30 June 2015				
<i>Segment assets and liabilities</i>				
Segment assets	817,541	60,713	66,892	945,146
Unallocated assets				<u>260,579</u>
Total assets				<u>1,205,725</u>
Segment liabilities	163,386	–	28,036	191,422
Unallocated liabilities				<u>400,386</u>
Total liabilities				<u>591,808</u>

7. PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND AND LAND USE RIGHTS

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Leasehold land and land use rights <i>RMB'000</i> (Audited)
Six months ended 30 June 2016		
Net book amount as at 1 January 2016	477,453	24,895
Additions	3	–
Disposal	(21)	–
Depreciation and amortisation	(20,101)	(279)
Net book amount as at 30 June 2016	457,334	24,616
Six months ended 30 June 2015		
Net book amount as at 1 January 2015	478,430	25,453
Additions	36,837	–
Disposal	(827)	–
Depreciation and amortisation	(19,268)	(279)
Net book amount as at 30 June 2015	495,172	25,174

As at 30 June 2016, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB349.0 million (31 December: approximately RMB266.0 million) were pledged to secure banking facilities of the Group (Note 13).

8. OTHER NON-CURRENT ASSET

	30 June 2016 <i>RMB'000</i>	31 December 2015 <i>RMB'000</i>
Prepayment for long-term investment	150,000	80,000

Other non-current asset represents a deposit payment for a proposed investment in Baixin (China) Co., Ltd ("Baixin"), a company in the business of manufacturing and sale of fabrics in Hubei province, China. On 29 December 2015, the Group entered into a framework agreement with the owners of Baixin for the acquisition of 50% stock equity of Baixin in 2016. On 30 June 2016, the Group further paid RMB70.0 million as deposit payment for the acquisition.

9. INVENTORIES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Raw materials and packaging materials	32,892	19,681
Work in progress	8,619	13,618
Finished goods	20,853	30,720
	62,364	64,019

The cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB299,499,429 for the six months ended 30 June 2016 (2015: RMB235,351,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables:		
Trade receivables	406,201	256,583
Bills receivables	—	—
Total of trade receivables	406,201	256,583
Other receivables:		
Prepayments for purchase of raw materials	195,702	155,598
Deductible value-added tax pending for validation	—	7,549
Others	1,868	76
Total of other receivables	197,570	163,223
Less: provision for unrecoverable prepayments	(4,500)	(4,500)
	193,070	158,723
Total of trade and other receivables	599,271	415,306

There is no concentration of credit risk with respect to trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries including Hong Kong and other overseas countries.

The ageing analysis of trade and bills receivables as at the balance sheet dates based on invoice date was as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 3 months	96,069	133,623
4 to 6 months	159,861	122,476
Over 6 months	150,270	484
	406,201	256,583

11. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Cash and bank balances		
– Cash on hand and at banks	35,861	55,401
– Time deposits	215,800	319,582
	251,661	374,983
Restricted bank deposits	13,750	23,368
	265,411	398,351

The time deposits have deposits periods within one year and interest bearing at 0.4% (2015: 0.4%) per annum.

The restricted bank deposits represented deposits pledged as security for issuing bank acceptance notes (notes payables) (Note 14).

Cash and cash equivalents are denominated in the following currencies:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
HK\$	2,925	193
US\$	103	101
RMB	262,383	374,689
	265,411	374,983

All time deposits and restricted bank deposits are denominated in RMB.

12. SHARE CAPITAL AND OTHER RESERVE

	30 June 2016		31 December 2015	
	Number of shares (thousands)	HK\$'000	Number of shares (thousands)	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK\$'000	RMB'000
As at 1 January 2016	1,500,000	150,000	119,745
Proceeds from share issued for exercise of share option scheme	<u>20,000</u>	<u>2,000</u>	<u>1,709</u>
As at 30 June 2016	<u>1,520,000</u>	<u>152,000</u>	<u>121,454</u>
As at 1 January 2015	1,010,000	101,000	80,215
Issue of placing shares	200,000	20,000	15,760
Proceeds from share issued for exercise of share option scheme	<u>10,000</u>	<u>1,000</u>	<u>788</u>
As at 30 June 2015	<u>1,220,000</u>	<u>122,000</u>	<u>96,763</u>

The Company adopted a share option scheme (the “Scheme”) on 25 May 2016. Pursuant to the Scheme, share options to subscribe for an aggregate of 50,000,000 ordinary shares of the Company were granted to certain employees of the Company and selected customers and suppliers on 30 June 2016. The options granted are exercisable from the date of grant for a period of three years, and at an exercise price of HK\$0.5 per share.

The value of the options granted during the period was determined using the Binomial Model. The significant inputs into the model included the weighted average share price of HK\$0.468 at the grant date, exercise price of HK\$0.5 per share, volatility of 39.72%. The total share based compensation expense recognised in the income statement for the share options granted amounted to HK\$5,844,114 (equivalent to RMB4,942,000) of which HK\$1,753,000 (equivalent to RMB1,483,000) was charged to general and administrative expenses and HK\$2,336,000 (equivalent to RMB1,976,000) was charged to offset sales revenue and HK\$1,753,000 (equivalent to RMB1,483,000) was charged to cost of sales for the period ended 30 June 2016.

By the end of 30 June 2016, 20,000,000 shares were issued pursuant to exercise of share options granted on 25 May 2016.

The proceeds of HK\$2,000,000 (equivalent to approximately RMB1,709,000) representing par value of the ordinary shares, were credited to the Company’s share capital account and the remaining proceeds of HK\$8,000,000 (equivalent to approximately RMB6,836,000) were credited to the Company’s share premium account. The related weighted average price at the time of exercise was HK\$0.50 per share.

13. BORROWINGS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Non-current		
Bank borrowings – secured	117,019	123,147
Bond – unsecured	197,101	177,808
	314,120	300,955
Current		
Short term bank borrowings	145,051	64,000
Current portion of long term borrowings – secured	5,119	35,000
Other borrowings	–	2,500
Finance lease liabilities	–	2,611
	150,170	104,111
Total of borrowings	464,290	405,066

In 2016, the Group issued further HK\$28,100,000 (equivalent to approximately RMB23,323,000) bonds, due date between 2021 and 2024. The bonds were unsecured and carry a nominal interest at rate range from 5% to 8% per annum, with the interest being payable semi-annually.

The fair value of the liability component of the corporate bond and immigrant bond at 30 June 2016 amounted to HK\$223,169,000 (equivalent to RMB197,101,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 7.5%.

The secured bank borrowings from banks amount in RMB267.2 million (31 December 2015: RMB189.6 million) were secured by the Group's leasehold land and land use rights and property, plants and equipment with an aggregate net book value of approximately RMB266.0 million as at 30 June 2016 (31 December 2015: approximately RMB266.0 million) (Note 7).

The carrying amounts of the Group's borrowings from banks approximated their fair value as at the balance sheet dates.

The Carrying amounts of the Group's borrowings from banks were denominated in RMB as at the balance sheet dates.

Movements in borrowings is analysed as follows:

	<i>RMB'000</i> (Unaudited)
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	327,582
Repayments of borrowings	(154,826)
Proceeds from new borrowings	225,583
Closing amount as at 30 June 2015	398,339
Six months ended 30 June 2016	
Opening amount 1 January 2016	405,066
Repayments of borrowings	(102,806)
Proceeds from borrowings	162,030
Closing amount as at 30 June 2016	464,290

The Group has the following undrawn loan facilities as at the balance sheet date:

	30 June 2016 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i> (Audited)
– Expiring within one year	4,150	96,800
– Expiring beyond one year	75,750	13,650
	79,990	110,450

14. DEFERRED INCOME

	30 June 2016 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i> (Audited)
Government grants relating to leasehold land and land use right	14,409	14,565
Government grants relating to plant and equipment	5,526	4,667
	19,935	19,232

The government grants were received from the PRC government as a subsidy to the Group's purchase of leasehold land and equipment. It is amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above government grant were as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	19,232	26,590
Granted during the period	1,058	–
Amortised as income	(355)	(1,249)
At end of the period	19,935	25,341

15. TRADE AND OTHER PAYABLES

	30 June	31 December
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current		
Payables for purchase of property, plant and equipment	5,982	8,160
Current		
Trade payables:		
Trade payables	92,474	44,350
Bills payables	27,500	48,100
Total of trade payables	119,974	92,450
Other payables:		
Advanced payments from customers	14,460	10,837
Salary and welfare payables	14,451	6,477
Payables for purchase of property, plant and equipment	11,482	11,482
Other taxes payables	12,205	14,225
Other payables	28,054	287
Total of other payables	80,652	43,308
Total of trade and other payables – current	200,626	135,758
Total of trade and other payables	206,608	143,918

At 30 June 2016, the ageing analysis of the trade and bills payables were as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 3 months	153,679	41,516
4 to 12 months	38,068	46,149
Over 12 months	14,861	4,785
	206,608	92,450

16. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cost of inventories (<i>Note 9</i>)	299,499	235,351
Employee benefit expenses	10,583	12,054
Amortisation of leasehold land and land use rights (<i>Note 7</i>)	279	279
Depreciation of property, plant and equipment (<i>Note 7</i>)	20,101	19,268
Miscellaneous tax charges other than VAT and income tax	1,136	2,049
Utility expenses	8,607	12,926
Rental expense	461	482
Office and other expenses	9,125	5,698
	349,791	288,107

17. FINANCE COST – NET

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	(1,248)	(2,602)
Finance costs:		
Interest expense from bank borrowings	7,429	7,220
Interest expense of other borrowings and bonds	7,150	4,326
Less: capitalised interest expense	–	(273)
Net interest expense from borrowings	14,579	11,273
Bank charges and others	1,478	1,691
Finance costs, net	<u>14,809</u>	<u>10,362</u>

18. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	–	3,133
Deferred income tax	(2,500)	(675)
	<u>(2,500)</u>	<u>2,458</u>

The reconciliation between tax on the Group's profit before tax and the theoretical amount that would arise using the tax rate applicable to profits is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit before income tax	(36,307)	9,341
Tax calculated at income tax rates applicable to profits in the respective periods (25%)	(9,077)	2,335
Expenses not deductible for tax purposes	90	123
Loss for which deferred tax assets were not recognised	6,487	–
Tax (credit)/charges	<u>(2,500)</u>	<u>2,458</u>
Effective tax rate	<u>6.9%</u>	<u>26.3%</u>

19. EARNINGS PER SHARE

(a) Basic

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to the owners of the Company	<u>(33,807)</u>	<u>6,883</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,500,967</u>	<u>1,045,000</u>
Basic (loss)/earnings per share (RMB cents per share)	<u>(0.02) cent</u>	<u>0.66 cent</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share options have no dilutive effect on the earnings per share as at 30 June 2016. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. Diluted earnings per share is therefore equal to basic earnings per share.

20. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2016 (2015: Nil).

21. COMMITMENTS

(a) Capital commitments

Capital expenditures at the balance sheet date that have not been incurred are as follows:

	30 June	31 December
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment Contracted but not provided for	<u>14,052</u>	<u>13,842</u>

(b) Operating lease commitments

The Group leases its office premises in Hong Kong under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
No later than 1 year	699	886
Later than 1 year and no later than 5 years	–	222
	<u>699</u>	<u>1,108</u>

22. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

There is no transaction with the related party during the period ended 30 June 2016.

23. KEY MANAGEMENT COMPENSATION

	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Salary	1,277	635
Pension costs	13	12
Medical, housing and other benefits	5	6
	<u>1,295</u>	<u>653</u>

24. SUBSEQUENT EVENT

On 18 July 2016, Hongtai (China) entered the equity interests transfer agreement on acquisition of 50% equity interests in Baixin.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The board of directors (the “Board”) of Wang Tai Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) presents the results of the Group for the six months ended 30 June 2016 to the Company’s shareholders. During the period under review, the Group’s revenue increased by 7.3% to approximately RMB327.2 million when compared to the corresponding period last year. From 2016, the Group entered into the trading of polytherimide (“PEI”) which is mainly sourced from Hong Kong raw materials trading companies and sold to the overseas trading companies. The increase was mainly attributable to increase in sales volume of fabrics and yarns as well as trading of PEI arising from increasing demand of the customers. Loss attributable to the owners of the Company for the six months ended 30 June 2015 increased to loss of approximately RMB33.8 million when compared to the corresponding period last year. (Loss)/earnings per share also decreased to loss of RMB0.02 cent for the six months ended 30 June 2016 from profit of RMB0.66 cents for the corresponding period last year.

Industry Review

The PRC textile market is highly competitive which limits the growth of the selling prices of fabric and yarn products. Limited increase in the sales of fabric and yarns products in the first half year of 2016 was broadly in line with the increase in the PRC textile market as a whole. The sales decreased to approximately 33.1 billion meters for fabrics products but slight increase of approximately 19.7 million tonnes for yarns respectively for the six months ended 30 June 2016 in the Mainland China based on the information provided by China Cotton Textile Association.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The Group’s revenue increased from approximately RMB304.9 million for the six months ended 30 June 2015 to approximately RMB327.2 million for the six months ended 30 June 2016 was mainly due to limited increasing demand for the Group’s fabric and yarn products in light of the worsening of market conditions and business environment and severe competition of the industry as well as the slowdown in economic growth in China.

Increase in cost of sales from approximately RMB271.2 million for the six months ended 30 June 2015 to approximately RMB330.2 million for the six months ended 30 June 2016 was mainly attributable to the increase in volume of fabrics sold.

The gross loss increased by 109.0% from profit of approximately RMB33.8 million for the six months ended 30 June 2015 to loss of approximately RMB3.0 million for the six months ended 30 June 2016 which was mainly due to increasing cost of sales and impact of share options of approximately RMB3.4 million.

The gross loss margin also increased by 12.0% from around 11.1% to loss of 0.9% which was mainly due to decrease in the average selling prices of fabrics and yarns as a result of strong market competition.

The Group's fabric products are classified into five series primarily according to their features. During the period under review, the Group only produced one type of yarns, namely the cotton yarns, which can be used as the raw materials for the production of the Group's fabrics products. The following table sets forth a breakdown of the revenue and gross profit by product series in business segments for the periods indicated:

	For the six months ended 30 June					
	2016			2015		
	Revenue	Gross	Gross	Revenue	Gross	Gross
	<i>RMB'000</i>	(Loss)/	(Loss)/	<i>RMB'000</i>	Profit	Profit
	<i>(Unaudited)</i>	profit	profit	<i>(Unaudited)</i>	<i>RMB'000</i>	Margin
		<i>RMB'000</i>	Margin			%
		<i>(Unaudited)</i>	%			%
Fabrics						
Interwoven fabric with multi-fibres series	165,681	(11,865)	(7.2)	218,070	25,779	11.8
Slub series	9,965	(1,248)	(12.5)	19,198	1,340	7.0
Blended fabric series	11,031	124	1.1	13,255	1,167	8.8
Stretch fabric series	15,742	685	4.4	18,112	1,756	9.7
Pure cotton series	14,709	(740)	(5.0)	8,106	933	11.5
Sub-total	217,128	(13,044)	(6.0)	276,741	30,975	11.2
Yarns						
Cotton yarns	–	–	–	28,200	2,796	9.9
Trading						
Trading of PEI	110,021	10,010	9.1	–	–	–
Total	327,149	(3,034)	(0.9)	304,941	33,771	11.1

Decrease in revenue from interwoven fabric with multi-fibres series from approximately RMB218.1 million for the six months ended 30 June 2015 to approximately RMB165.7 million for the six months ended 30 June 2016 was mainly due to the decreasing demand for the products.

Decrease in gross (loss)/profit margin of interwoven fabric with multi-fibres series from 11.8% for the six months ended 30 June 2015 to (7.2)% for the six months ended 30 June 2016 was mainly due to decrease in the average unit selling price from RMB14.7 per meter to RMB12.2 per meter.

Decrease in revenue from slub series from approximately RMB19.2 million for the six months ended 30 June 2015 to RMB10.0 million for the six months ended 30 June 2016 was mainly due to the same reason as per interwoven fabric with multi-fibres series.

Gross profit margin of slub series decreased from 7.0% for the six months ended 30 June 2015 to (12.5)% for the six months ended 30 June 2016 for the reason of decrease in its average selling price from RMB16.8 per meter to RMB11.3 per meter.

Decrease in revenue from blended fabric series from approximately RMB13.3 million for the six months ended 30 June 2015 to approximately RMB11.0 million for the six months ended 30 June 2016 was mainly due to decrease in demand for the product from 1,318.9 km to 824.5 km.

Decrease in gross profit margin of blended fabric series from 8.8% for the six months ended 30 June 2015 to 1.1% for the six months ended 30 June 2016 was mainly due to the decrease rate of the average unit selling price is higher than the decrease rate of the average unit cost of its sales.

Decrease in revenue from stretch fabric series from approximately RMB18.1 million for the six months ended 30 June 2015 to approximately RMB15.7 million for the six months ended 30 June 2016 was mainly due to decrease in demand for the product from 1,455.5 km to 1,129.5 km.

Decrease in gross profit margin of stretch fabric series from 9.7% for the six months ended 30 June 2015 to 4.4% for the six months ended 30 June 2016 was mainly due to decrease in the average unit selling price from RMB15.20 per meter for the six months ended 30 June 2015 to RMB12.80 per meter for the six months ended 30 June 2016.

Increase in revenue from pure cotton series from approximately RMB8.1 million for the six months ended 30 June 2015 to approximately RMB14.7 million for the six months ended 30 June 2016 was mainly due to the increase in demand for the product from 489.7 km to 943.0 km.

Decrease in gross profit margin of pure cotton series from 11.5% for the six months ended 30 June 2015 to (5.0)% for the six months ended 30 June 2016 was mainly due to the decrease rate of the average unit selling price is higher than the decrease rate of the average unit cost of its sales.

Decrease in revenue from cotton yarns by 100.0% from approximately RMB28.2 million for the six months ended 30 June 2015 to nil for the six months ended 30 June 2016 was mainly due to internal consumption of all cotton yarns.

During the period ended 30 June 2016, trading of PEI was approximately RMB110.0 million with gross profit margin of around 9.1%.

Selling expenses

Selling expenses decreased by 37.3% from approximately RMB1.6 million for the six months ended 30 June 2015 to approximately RMB1.0 million for the six months ended 30 June 2016, which represented approximately 0.3% and 0.3%, respectively, of the revenue for the corresponding period mainly due to decrease in advertising and promotion expenses for participation in trade fairs and exhibitions in China during the six months ended 30 June 2016.

Administrative expenses

Administrative expenses increased by 21.6% from approximately RMB15.3 million for the period ended 30 June 2015 to approximately RMB18.6 million for the period ended 30 June 2016, which represented 5.7% and 3.4% of the Group's revenue during the corresponding period, respectively. Increase was mainly due to impact of share option scheme valuation of approximately RMB1.5 million and increase of remuneration in Hong Kong companies.

Finance costs

The increase in finance costs from approximately RMB13.0 million for the period ended 30 June 2015 to approximately RMB16.1 million was mainly because of increase in interest in the average balance of borrowings during the period under review.

Income tax credit/(expense)

The income tax expense decreased from income tax expense of RMB2.5 million for the six months ended 30 June 2015 to income tax credit of RMB2.5 million for the six months ended 30 June 2016, mainly due to decrease in the taxable profit and part of taxable loss were not recognised as deferred tax assets.

Loss for the period and attributable to the owners

As a result of the above factors, the loss attributable to the owners increased from profit of approximately RMB6.9 million for the six months ended 30 June 2015 to loss of approximately RMB33.8 million for the six months ended 30 June 2016.

FUTURE OUTLOOK

At present, the Group has two production facilities, namely, the Shishi Production Facilities and Hubei Production Facilities. The Shishi Production Facilities commenced production in June 2006 and is used for production of fabrics with reed width of up to 1.9 metres and yarns while the Hubei Production Facilities is the Group's new production facilities. The Hubei Production Facilities will be implemented in three phases and the first phase of which commenced operation in June 2013. The Hubei Production Facilities can be used for production of fabrics with reed width of up to 2.3 metres and yarns after the completion of the construction of the three phases.

The Group has finished the construction of the second phase of the Hubei Production Facilities but the machinery and equipment have not yet been installed due to the current sluggish market situation.

Going forward, the Group will continue to focus on the Group's two existing business segments, namely producing of fabrics and yarns as well as trading of PEI, through continuing the construction of the second and third phase of the Hubei Production Facilities. The Group will also actively carry out the sales and marketing activities through the Group's sales and marketing department in Shishi and Hubei. The Group intends to establish the sales offices in Guangzhou and Changshu for promotion of the Group's products in Guangdong and Jiangsu provinces.

Liquidity and financial resources

As at 30 June 2016, the Group's bank and cash balances (including restricted bank deposits) amounted to approximately RMB265.4 million (as at 31 December 2015: approximately RMB398.4 million). The decrease was mainly due to decrease in time deposits of approximately RMB103.8 million.

As at 30 June 2016, the Group's inventories decreased by approximately RMB1.6 million to approximately RMB62.4 million (as at 31 December 2015: approximately RMB64.0 million), and trade and other receivables increased by approximately RMB184.0 million to approximately RMB599.3 million (as at 31 December 2015: approximately RMB415.3 million).

Further to the announcement of the Company dated 27 May 2015, there is no further progress of negotiation with an independent third party in relation to a potential fund-raising transaction.

The working capital turnover days were as follows:

	For the six months ended 30 June 2016	For the year ended 31 December 2015
Inventory turnover days	34.4 days	36.4 days
Trade and notes receivables turnover days	116.1 days	110.6 days
Trade payable turnover days	96.0 days	54.8 days

¹ Inventory turnover days is equal to the average of the opening and closing inventory balances divided by cost of sales for the period of 182 days for the six months ended 30 June 2016.

² Trade and notes receivables turnover days is equal to the average of the opening and closing trade and notes receivables balances divided by revenue for the period of 182 days for the six months ended 30 June 2016.

³ Trade payable turnover days is equal to the average of the opening and closing trade payable balances divided by cost of sales for the period of 182 days for the six months ended 30 June 2016.

During the six months ended 30 June 2016, when compared to that of last year, the inventory turnover days were comparable. Increase in trade and notes receivable days was mainly due to longer credit period provided to the customers. Trade payable turnover days increased from 54.8 days for the period ended 30 June 2015 to 96.0 days for the period ended 30 June 2016 which was mainly due to increase in trade and other payables from approximately RMB135.8 million to approximately RMB200.6 million.

The Group's borrowings increased to approximately RMB464.3 million, mainly as a result of issuance of corporate bonds of approximately RMB28.0 million and increase in bank borrowings of approximately RMB31.3 million (as at 31 December 2015: approximately

RMB405.0 million). All the borrowings are denominated in Renminbi and Hong Kong Dollar. The interest rates ranged from 3.0% to 14.4%. The Group did not use any financial instruments for hedging purposes.

The Group's financial ratios were as follows:

	As at 30 June 2016	As at 31 December 2015
Current ratio (%) ¹	264.3	364.6
Gearing ratio (%) ²	23.1	0.7

¹ Based on current assets to current liabilities

² Based on total borrowings net of cash and cash equivalents and restricted bank deposits over total equity

Decrease in current ratio was mainly due to the repayment of borrowings whereas gearing ratio increased mainly due to issue of corporate bonds during the period.

The Group received approximately RMB128.7 million net proceeds, after deducting underwriting fees and other related expenses, from the Company's global offering on 25 April 2014 (the "Global Offering"). As at 30 June 2015, these net proceeds were applied in the manner as stated in the prospectus of the Company dated 10 April 2014 (the "Prospectus") , as follows:

	Available		Net Proceeds Utilised	Unutilised
	<i>RMB' million</i>	<i>%</i>	<i>RMB' million</i>	<i>RMB' million</i>
For the construction and building of production facilities, purchase of machinery and equipment for the second phase of the Hubei Production Facilities	77.2	60	77.2	–
For sales and marketing activities, expanding the Group's sales network, establishing additional sales offices and recruiting additional sales and marketing staff	19.3	15	11.8	7.5
To enhance the Group's research and development capabilities, develop new products and enhance existing products testing and research equipment and further the Group's cooperation with accredited research institutions and universities	12.9	10	6.2	6.7

	Available		Net Proceeds	
	RMB'		Utilised	Unutilised
	<i>million</i>	<i>%</i>	<i>RMB'</i>	<i>RMB'</i>
			<i>million</i>	<i>million</i>
For promotion of the Group's brand recognition and brand value through establishing fabrics promotion centres and participating in trade shows and industry exhibitions and advertising in industry magazines	6.4	5	0.5	5.9
For working capital and other general corporate purposes	12.9	10	12.9	–
	<u>128.7</u>	<u>100</u>	<u>108.6</u>	<u>20.1</u>

The unutilised net proceeds have been deposited bank accounts in the PRC.

The Company will continue to utilize the net proceeds from the Global Offering for the purpose consistent with those set out in section headed “Future Plans and Proceeds” of the Prospectus.

USE OF PROCEEDS OF THE FIRST PLACING AND THE SECOND PLACING

On 19 May 2015, the Company completed a placing of 200,000,000 shares in the Company at a placing price of HK\$0.76 each (the “First Placing”) and on 28 August 2015, the Company completed a placing of 240,000,000 shares in the Company at a placing price of HK\$1.50 each (the “Second Placing”) For details of the First Placing and Second Placing, please refer to the announcement of the Company dated 7 May 2015, 19 May 2015, 30 June 2016 and 28 August 2016, respectively.

The net proceeds from the First Placing, after the deduction of the placing commission and other related expenses, were approximately HK\$152.0 million, which were intended to be applied as general working capital and any possible business development and investment of the Group when appropriate opportunities arise. As at the date of this announcement, all of the net proceeds had been used as to (i) approximately HK\$79.0 million (representing approximately 52.0% of the net proceeds) was applied as general working capital of the Group; and (ii) approximately HK\$73.0 million (representing approximately 48.0% of the net proceeds) as partial payment of deposit for a potential acquisition of 50% equity interests of Baixin of which the details are briefed in the announcement related to the disclosable transaction of acquisition of 50% equity interests of Baixin was released on 18 July 2016.

The net proceeds from the Second Placing, after the deduction of the placing commission and other related expenses, were approximately HK\$354.6 million, which were intended to be used as to (a) approximately HK\$104.6 million as general working capital of the Group; (b) approximately HK\$150.0 million for acquisition of the assets of the second phase of the Hubei Production Facilities; and (c) approximately HK\$100.0 million for any possible business development and investment of the Group when appropriate opportunities arise. As at the date of this announcement, approximately HK\$205.40 million (representing approximately 57.9% of the net proceeds) had been used as to (i) approximately HK\$102.8 million (representing approximately 29.0% of the net proceeds) was applied as general working capital of the Group; and (ii) approximately HK\$20.6 million (representing approximately 5.8% of the net proceeds) as partial deposit for a potential acquisition of Baixin. The balance net proceeds of approximately HK\$231.2 million (representing approximately 65.2% of the net proceeds) is retained as bank deposits which is intended to acquire the assets of the second phase of the Hubei Production Facilities as well as further payment of the consideration of the potential acquisition of Baixin.

Foreign exchange risk

The Group mainly operates in the PRC. Most of the Group's transactions, assets and liabilities are denominated in RMB and HKD, among which, significant amount of the sales revenue and certain costs are denominated in RMB, while certain assets and liabilities are denominated in HKD for the three investment holding companies registered in the overseas countries other than the PRC. Depreciation of RMB against HKD will be unfavourable to the Group. Foreign exchange risk arises from future recognized assets and liabilities, and net investments in foreign operations, if any. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposures. The Group did not use any financial instruments for hedging purposes.

Capital expenditure

For the six months ended 30 June 2016, the capital expenditure of the Group amounted to approximately RMB3,000 (for the six months ended 30 June 2015: approximately RMB36.8 million).

Pledge of assets

As at 30 June 2016, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB349.0 million were pledged to secure banking facilities for purposes of working capital and purchase of fixed assets for the Group (as at 31 December 2015: approximately RMB266.0 million).

Significant events after the reporting period

On 18 July 2016, Hongtei (China) entered the equity interests transfer agreement on acquisition of 50% equity interests in Baixin. For details of the equity transfer agreement, please refer to the announcement of the Company dated 18 July 2016.

Human resources

As at 30 June 2016, the Group had a total of 601 employees (as at 31 December 2015: 778 employees), of whom 337 employees were based in the Shishi Production Facilities, 261 employees were based in the Hubei Production Facilities and 3 employees were based in its Hong Kong office. The Group is required to make contribution to the social insurance scheme and the housing provident funds for its employees in the PRC. The Group has also adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong. The Group will continuously optimize the workforce structure and offer its employees with competitive remuneration schemes. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual employee and team building, as the Group's success depends on the contribution of the skilled and motivated employees in all functional divisions. A share option scheme (the "Share Option Scheme") was conditionally adopted by the Company on 27 March 2014 and the Share Option Scheme became effective on 25 April 2014. 50,000,000 share options were granted on 12 December 2014 and up to the date of this announcement, 50,000,000 share options were fully exercised. Further 50,000,000 share options were granted on 25 May 2016 and up to the date of this announcement, all 50,000,000 share options were fully exercised. Please refer to the announcement of the Company dated 25 May 2016 for further information on the grant of the share options.

Contingent liabilities

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

Dividend

The Board has resolved not to declare any dividend for the six months ended 30 June 2016.

Purchase, sale and redemption of the listed securities of the Company

For the period under review in 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate governance

The Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company acknowledges the important role of the Board in providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations.

In the opinion of the directors of the Company (the "Directors"), the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period under review save for code provision A.1.8.

Code provision A.1.8 of the CG Code stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against the Directors and is in the process of arranging such appropriate insurance. The Board believes with the current internal control system and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Model Code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the period under review.

Audit committee

The Company has established an audit committee which comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Chan Sui Wa is the chairman of the audit committee. The terms of reference of the audit committee comply with the code provisions of the CG Code. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

Remuneration committee

The remuneration committee of the Board comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Ma Chongqi is the chairman of the remuneration committee. The terms of reference of the remuneration committee comply with the code provisions of the CG Code. The remuneration committee is principally responsible for formulating the Group's policy and structure for all remuneration of the Directors and senior management and providing advice and recommendations to the Board.

Nomination committee

The nomination committee of the Board comprises three independent non-executive Directors, namely, Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Yu Yubin is the chairman of the nomination committee. The terms of reference of the nomination committee comply with the code provisions of the CG Code. The nomination committee is principally responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors, and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Regulatory compliance committee

The regulatory compliance committee was established by the Company on 26 February 2014, which is led by Mr. Qiu Zhiqiang, the executive Director and consists of Mr. Deng Qinghui, the executive Director and Mr. Siu Kai Chun, the Group's Chief Financial Officer and Company Secretary. The committee directly reports to the Board and is primarily responsible for ensuring that our business operations and activities are in compliance with the relevant laws and regulations.

Review of interim results

The Group's unaudited interim results for the six months ended 30 June 2016 have been reviewed by the audit committee of the Company.

Publication of interim results announcement and interim report

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and at the website of the Company at www.texitm.com. An interim report for the six months ended 30 June 2016 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Wang Tai Holdings Limited
Lin Qingxiong
Chairman

Hong Kong, 31 August 2016

As at the date of this announcement, the executive Directors are Mr. Lin Qingxiong, Mr. Qiu Zhiqiang and Mr. Deng Qinghui, and the independent non-executive Directors are Mr. Chan Sui Wa, Mr. Ma Chongqi and Mr. Yu Yubin.