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Honworld Group Limited
老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2226)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2017 amounted to approximately RMB361.4 million, representing an increase of 0.4% from approximately RMB360.1 million for the corresponding period of 2016.

- Gross profit for the six months ended 30 June 2017 amounted to approximately RMB203.9 million, representing an increase of 3.4% from approximately RMB197.1 million for the corresponding period of 2016.

- Profit attributable to owners of the parent for the six months ended 30 June 2017 amounted to approximately RMB82.8 million, representing a decrease of 18.6% from approximately RMB101.7 million for the corresponding period of 2016.

- The Board does not recommend the payment of interim dividends for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

* *For identification purposes only*

In this announcement, "we", "us" and "our" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the "**Board**") of directors (the "**Directors**") of Honworld Group Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period of 2016 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	*4*	**361,355**	360,064
Cost of sales		**(157,425)**	(162,932)
Gross profit		**203,930**	197,132
Other income and gains	*4*	**6,256**	9,958
Selling and distribution expenses		**(49,653)**	(23,908)
Administrative expenses		**(37,242)**	(44,308)
Other expenses		**(23)**	–
Finance costs	*6*	**(23,425)**	(18,959)
PROFIT BEFORE TAX	*5*	**99,843**	119,915
Income tax expense	*7*	**(17,051)**	(18,261)
PROFIT FOR THE PERIOD		**82,792**	101,654
Attributable to:			
Owners of the parent		**82,792**	101,654
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB14.3 cents**	RMB19.5 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**82,792**	101,654
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(6,785)**	4,590
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**76,007**	106,244
Attributable to:		
Owners of the parent	**76,007**	106,244

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2017

	Notes	**30 June 2017 *RMB'000* (Unaudited)**	31 December 2016 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**840,331**	810,088
Prepaid land lease payments	*11*	**53,924**	51,035
Other intangible assets		**414**	414
Prepayments for items of property, plant and equipment		**373,886**	335,408
Time deposits	*15*	**152**	26
Deferred tax assets		**2,868**	2,666
Total non-current assets		**1,271,575**	1,199,637
CURRENT ASSETS			
Inventories	*12*	**1,229,421**	1,088,440
Trade receivables	*13*	**198,799**	162,471
Prepayments, deposits and other receivables	*14*	**192,109**	193,386
Time deposits	*15*	**–**	69,370
Pledged deposits	*15*	**144,590**	159,014
Cash and cash equivalents	*15*	**134,099**	291,815
Total current assets		**1,899,018**	1,964,496
CURRENT LIABILITIES			
Trade payables	*16*	**107,328**	143,819
Other payables and accruals	*17*	**86,799**	78,510
Interest-bearing bank and other borrowings	*18*	**845,697**	777,264
Tax payable		**28,934**	34,701
Total current liabilities		**1,068,758**	1,034,294
NET CURRENT ASSETS		**830,260**	930,202
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,101,835**	2,129,839

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*18*	**7,708**	71,723
Other long term liabilities	*20*	**137,259**	137,333
Deferred tax liabilities		**20,522**	18,774
Total non-current liabilities		**165,489**	227,830
Net assets		**1,936,346**	1,902,009
EQUITY			
Equity attributable to owners of the parent			
Share capital	*21*	**1,767**	1,767
Reserves		**1,934,579**	1,900,242
Total equity		**1,936,346**	1,902,009

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

1. CORPORATE INFORMATION

Honworld Group Limited (the "**Company**") was incorporated in the Cayman Islands on 4 December 2012 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 Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. In the opinion of the directors, the holding company and the ultimate holding company of the Company is Key Shine Global Holdings Limited, which was incorporated in the British Virgin Islands ("**BVI**").

The Company is an investment holding company. During the six months ended 30 June 2017, the Company and its subsidiaries (collectively known as the "**Group**") were principally engaged in the manufacture and sale of condiment products under the brand name of "Lao Heng He" in the People's Republic of China (the "**PRC**").

The Company's shares have been listed on the Main Board of The Stock Exchange Limited of Hong Kong (the "**SEHK**") since 28 January 2014.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 ("**the period**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("**the Listing Rules**") and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Committee.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

The interim condensed consolidated financial statements have been prepared under the historical cost convention. The unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("**IFRSs**", which also include International Accounting Standards and interpretations) that are relevant to the Group's operation for the preparation of the Group's interim condensed consolidated financial statements:

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in Annual Improvements 2014–2016 Cycle	*Disclosure of Interests in Other Entities*

The adoption of the above new and amended IFRSs has no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sales of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- the food segment manufactures and sells condiment products

As all of the Group's revenue is derived from sales of its products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by IFRS 8 Operating Segments is presented.

Information about major customers

Revenue amounting to 10 percent or more of the Group's revenue derived from sales to a single customer for the six months ended 30 June 2017 is set out in the following table:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Customer X	**53,122**	59,094
Customer Y	**47,026**	51,393
Customer Z	**36,881**	38,209
	137,029	148,696

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**361,355**	360,064
Other income and gains		
Subsidy received	**2,729**	5,940
Interest income	**1,785**	874
Exchange gain	**1,541**	–
Gain from sale of materials	**112**	3,050
Rental income	**86**	92
Others	**3**	2
	6,256	9,958

5. PROFIT BEFORE TAX

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

		Six months ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Cost of inventories sold		**157,425**	162,932
Depreciation	*10*	**19,536**	20,257
Amortisation of prepaid land lease payments	*11*	**608**	523
Minimum lease payments under operating leases		**1,405**	246
Employee benefit expenses (excluding directors' remuneration):			
Wages and salaries		**16,762**	11,623
Pension scheme contributions		**2,381**	1,369
		19,143	12,992
Foreign exchange loss/(gain), net		**(1,541)**	3
Research and development costs		**19,838**	29,414

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**22,361**	17,945
Interest on finance leases	**1,064**	1,014
	23,425	18,959

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — PRC		
Charge for the period	**15,506**	19,412
Deferred	**1,545**	(1,151)
Tax charge for the period	**17,051**	18,261

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands, the Group was not subject to any income tax in the Cayman Islands.

The income tax provision of the Group in respect of its operations in Mainland China has been provided on the taxable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited and Huzhou Laohenghe Wine Co., Limited, both being wholly-owned subsidiaries of the Company, were granted the "New and Advanced Technology Enterprise" status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2016 and 2017.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 578,750,000 (six months ended 30 June 2016: 521,387,000) in issue during the six months ended 30 June 2017.

	Six months ended 30 June	
	2017	2016
Profit attributable to ordinary equity holders of the parent (RMB'000)	**82,792**	101,654
Weighted average number of ordinary shares in issue (in thousands)	**578,750**	521,387
Earnings per share attributable to ordinary equity holders of the parent — Basic and diluted (RMB cents)	**14.3**	19.5

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2017 and 2016 in respect of a dilution as the group has no potential dilutive ordinary shares in issue.

9. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2017.

The proposed 2016 final dividend of RMB7.2 cents per share, totalling RMB41,670,000, was approved by the Company's shareholders at the annual general meeting on 31 May 2017. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2017.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Opening balance	**810,088**	629,556
Additions	**49,779**	212,549
Depreciation	**(19,536)**	(32,017)
Closing balance	**840,331**	810,088

11. PREPAID LAND LEASE PAYMENTS

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Carrying amount at 1 January	**52,222**	27,333
Additions during the period	**3,581**	25,969
Amortised during the period	**(608)**	(1,080)
Carrying amount at period end	**55,195**	52,222
Less: Current portion included in prepayments, deposits and other receivables	**(1,271)**	(1,187)
Non-current portion	**53,924**	51,035

The leasehold land is situated in Mainland China and is held under a long term lease.

12. INVENTORIES

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Raw materials	**8,339**	11,894
Work in progress	**1,197,442**	1,049,493
Finished goods	**23,640**	27,053
Total inventories	**1,229,421**	1,088,440

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months, extending to longer periods for those long standing customers.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables of the Group based on the credit term, is as follows:

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Within 1 month	**91,629**	119,143
1 to 3 months	**65,218**	41,957
3 to 6 months	**23,680**	498
6 months to 1 year	**17,954**	459
Over 1 year	**318**	414
Total	**198,799**	162,471

The directors are of the opinion that no provision for impairment of trade receivables is necessary.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 *RMB'000* (Unaudited)	31 December 2016 *RMB'000* (Audited)
Prepayments	**72,854**	76,684
Deposits and other receivables	**119,255**	116,702
	192,109	193,386

The above balances are unsecured, interest-free and have no fixed terms of repayment. The directors are of the opinion that no provision for impairment of prepayments, deposits and other receivables is necessary.

15. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2017 *RMB'000* (Unaudited)	31 December 2016 *RMB'000* (Audited)
Cash and bank balances	**134,099**	291,815
Time deposits	**144,742**	228,410
	278,841	520,225
Less:		
Pledged for bank loans	**(144,590)**	(159,014)
Non-pledged time deposits with original maturity of over three months when acquired	**(152)**	(69,396)
Cash and cash equivalents	**134,099**	291,815

Cash and cash equivalents are dominated in:

RMB	**90,844**	290,396
Hong Kong Dollar ("**HK$**")	**43,087**	1,212
USD	**168**	207
Cash and cash equivalents	**134,099**	291,815

16. TRADE PAYABLES

An aging analysis of the trade payables of the Group based on the invoice date, is as follows:

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Within 3 months	**55,215**	95,330
3 to 6 months	**20,589**	25,599
Over 6 months	**31,524**	22,890
	107,328	143,819

Trade payables of the Group are non-interest-bearing and are normally settled on terms of one to three months. The carrying amounts of the trade payables approximate to their fair values.

17. OTHER PAYABLES AND ACCRUALS

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Other payables	**68,930**	48,610
Accruals	**13,419**	15,727
Advances from customers	**4,450**	14,173
	86,799	78,510

The above balances are unsecured, interest-free and other payables have an average term of three months.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Current		
Bank loans — secured	**833,060**	754,560
Finance lease payables *(note 19)*	**12,637**	22,704
	845,697	777,264
Non-current		
Bank loans — secured	**–**	60,000
Finance lease payables *(note 19)*	**7,708**	11,723
	7,708	71,723
Total	**853,405**	848,987

The interest-bearing bank and other borrowings as at 30 June 2017 were all denominated in RMB, repayable within two years and bearing interests at 3.92%–5.99% per annum.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) The following assets were pledged as securities for interest-bearing bank and other borrowings:

	Carrying values	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Property, plant, and equipment	**164,895**	97,201
Leasehold land	**47,958**	40,350
Inventories	**533,777**	525,343
Trade receivables	**24,000**	23,100
Pledged deposits	**144,590**	159,014
	915,220	845,008

The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

19. FINANCE LEASE PAYABLES

The Group leased certain of its machinery and equipment in 2015 and these leases are classified as finance leases with remaining lease terms of 1.5 years as at 30 June 2017.

The balances represent loan borrowed by way of the following sales and leases back arrangements: with the principal amount of RMB55,000,000 and bearing effective interest at a fixed rate of 5.99% per annum. The Group provided a guarantee deposit of RMB5,500,000 and paid a service fee of RMB1,245,000 to the lessor. The loan will mature on 29 December 2018.

According to the sales and lease back agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at a price of RMB100.

As at 30 June 2017, the Group's machinery and equipment with a net carrying amount of RMB48,186,000 (31 December 2016: RMB50,487,000) were held under finance leases.

At 30 June 2017, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 30 June 2017	Minimum lease payments 31 December 2016	**Present value of minimum lease payments 30 June 2017**	Present value of minimum lease payments 31 December 2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts payable:				
Within one year	**13,405**	24,288	**12,637**	22,704
In the second year	**7,966**	12,229	**7,708**	11,723
Total minimum finance lease payments	**21,371**	36,517	**20,345**	34,427
Future finance charges	**(1,026)**	(2,090)		
Total net finance lease payables	**20,345**	34,427		
Portion classified as current liabilities *(note 18)*	**(12,637)**	(22,704)		
Non-current portion *(note 18)*	**7,708**	11,723		

20. OTHER LONG TERM LIABILITIES

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Other long term payables	(a)	**133,000**	133,000
Special payables	(b)	**4,259**	4,333
		137,259	137,333

(a) On 6 May 2016, two wholly-owned subsidiaries of the Company, Huzhou Chen Shi Tian Niang Management Consulting Co., Ltd (the "**Huzhou Chenshi**") and Huzhou Laohenghe Brewery Co., Limited ("**Huzhou Laohenghe**", which is also the wholly-owned subsidiary of Huzhou Chenshi) entered into an investment agreement with China Development Fund Co., Ltd ("**CD Fund**") (the "**Investment Agreement**"). Pursuant to the Investment Agreement, CD Fund agreed to subscribe for 3.5% of equity interest of Huzhou Laohenghe for a total cash consideration of RMB133 million (the "**Capital Investment**") and Huzhou Laohenghe shall pay CD Fund fix annual return equal to 1.2% of the Capital Investment from the date of the agreement. In additions, Huzhou Chenshi has contractual obligation to repurchase all the equity interest of Huzhou Laohenghe held by CD Fund within 8 years according to the repayment schedule under the Investment Agreement. Further details of the Investment Agreement have been disclosed in the announcements of the Company dated 9 May 2016 and 29 June 2016, respectively.

As Huzhou Chenshi does not have the unconditional right to avoid delivering cash to CD Fund pursuant to the Investment Agreement, the Capital Investment of RMB133 million was recorded as a financial liability.

(b) As at 30 June 2017, the actuarial liabilities existing in relation to the retirement benefit obligations for employees who retired prior to the acquisition of Huzhou Laohenghe by the controlling shareholders and the early retirement obligations for employees who early retired were RMB4,259,000 (31 December 2016: RMB4,333,000). The benefit obligations arising from the plans were unfunded.

The movements of the actuarial liabilities recognised in the statement of financial position are as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Carrying amount at the beginning of the period	**4,333**	4,505
Benefits paid	**(74)**	(172)
At the end of the period	**4,259**	4,333

21. SHARE CAPITAL

Shares

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Authorised:		
1,000,000,000 ordinary shares of US$0.0005 (RMB0.00305) each	**3,050**	3,050
Issued and fully paid:		
578,750,000 (31 December 2016: 578,750,000) ordinary shares of US$0.0005 (RMB0.00305) each	**1,767**	1,767

22. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its land and buildings under operating lease arrangements. Leases for land and buildings are negotiated for terms ranging between one to nineteen years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**1,544**	1,502
In the second to fifth years, inclusive	**2,570**	2,522
After five years	**962**	1,110
	5,076	5,134

23. COMMITMENTS

In addition to the operating lease commitments detailed in note 22 above, the Group had capital commitments as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Plant and machinery	**52,599**	56,116

24. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**418**	294
Pension scheme contributions	**24**	28
Total compensation paid to key management personnel	**442**	322

25. EVENTS AFTER THE PERIOD

There are no material subsequent events undertaken by the Company or the Group after 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are a condiment production enterprise recognised as China time-honoured brand. Our brand, "Lao Heng He", is the leading brand of the Chinese cooking wine industry. We are devoted to becoming the most influential condiment production enterprise in China, and provide consumers with quality, healthy and natural condiment products, namely brewed cooking wine, yellow rice wine, naturally-brewed soy sauce, vinegar, fermented bean curd and soybean paste, inherited from the mastery of traditional brewing techniques as a time-honored brand over a century. This is also the core strategy of the Group in the long-term development.

In 2017, being one of the three excellent "potential enterprises" in the food industry, we once again named China Top 100 Most Promising Public Listed Company by the Forbes. Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司), a wholly-owned subsidiary of the Group, was honored with "Three Famous" Development Pilot Enterprises of Zhejiang Province" (浙江省「三名」培育試點企業) and "Quality Award of Huzhou City Government" (湖州市政府質量獎) during the period.

Transformation and Upgrading Step-by-Step

Diversified Sales Channels

In the first half of 2017, with the increase of household expenditure and expenditure on catering, the overall market of the condiment industry kept expanding, of which over 70% of the capacity and the growth came from the distribution channels[1] and catering channels. The supermarket industry, on the other hand, experienced a downturn with a continuous drop in its revenue. In response to the market trend and to reduce the risk arising from the declining performance in the supermarket industry, we will continue to enhance and transform our existing sales channels to diversify our development. We envisage that diversified development strategy will bring in attractive business opportunities to enhance the future growth of the Group. Therefore, most of our sales and marketing resources will continue to be invested in the establishment of the distribution channels, catering channels and e-commerce channels (the "**New Sales Channels**"). In order to support the diversified development strategy, we have adopted a sales end market penetration strategy and actively established a sales team to promote the establishment of the New Sales Channels and currently, we have a sales force of around 283 staffs. Our product distribution terminals were gradually penetrated into the rural market of the third and fourth-tier cities, counties, villages and towns in Yangtze River Delta region and will penetrate into the markets of the third and fourth-tier cities in other areas across the nation, which helps us to react promptly to the market and improves the speed of product distribution. In the meantime, we have put greater efforts into brand promotion through traditional television media, new media, self-media and ancillary promotional activities, so as to enhance the brand awareness of "Lao Heng He" in various

[1] Distribution channels: retail channels of regional small retailers, including convenient stores, farmers' markets in cities, rural markets and other condiment sales networks.

aspects and consolidate our leading position and reputation in the cooking wine industry, which would in turn promote the sales of the products of the Group. Leveraging on the establishment and penetration of the New Sales Channels, sales from the distribution channels increased from RMB98.4 million in the first half of 2016 to RMB124.2 million for the corresponding period of 2017, representing an increase of 26.2%. Sales from the catering channels and the e-commerce channels increased from RMB2.2 million in the first half of 2016 to RMB7.6 million for the corresponding period of 2017, representing an increase of 245.5%. In the first half of 2017, the sales from our top 10 customers of New Sales Channels increased by 23.7% compared with that of the corresponding period of 2016. However, sales from the supermarket channel declined from RMB259.4 million in the first half of 2016 to RMB229.6 million for the corresponding period of 2017, representing a decrease of 11.5% due to the fact that less marketing resources were allocated to the supermarket channels since our sales resources were mainly invested in setting up the New Sales Channels.

The total number of our clients increased from 898 as at 31 December 2016 to 1,087 as at 30 June 2017, representing an increase of 21.0%. Among which, clients from the distribution channels increased from 856 as at 31 December 2016 to 975 as at 30 June 2017, representing an increase of 13.9%; and clients from the catering channels and the e-commerce channels increased from 19 as at 31 December 2016 to 87 as at 30 June 2017, representing an increase of 357.9%.

Diversified Products

In the first half of 2017, our key products, cooking wine, remained a major source of revenue, representing 72.5% of the total revenue. In view of the growing demand from the New Sales Channels and the anticipated sales growth of soy sauce products upon the further development of New Sales Channels, we consider that a rich and diversified condiment portfolio would be more beneficial to the business development of the Group in the coming years. Taking into consideration that the base wine stock of the Group would be sufficient to support the future sales needs, we will increase the production capacity of soy sauce products, so as to diversify the existing portfolio of condiment products of the Group. We believe that soy sauce products are complementary in terms of resource advantages with cooking wine products, such that we will be able to develop an in-depth industry chain for the Group's condiment products at multiple levels in line with the foregoing diversified sales channels. For the six months ended 30 June 2017, the Group extended natural drying yards for soy sauce by approximately 170 mu, and as at 30 June 2017, there were about 11,000 vats (i.e. about 6,600 tonnes) of naturally-brewed soy sauce.

Two-pronged Approach to Production and Research and Development

In the first half of 2017, we expanded our production facilities at our plants in Huzhou city, Zhejiang Province, by enhancing the production capacity of soy sauce products and acquiring new production equipment for the production of fermented bean curd, aromatic vinegar and mature vinegar. Besides, we carried out technical upgrades for all production lines so as to respond to the increasing market demand for green and healthy condiment products with premium quality. On another front, in order to minimize the risks associated with increasing capital expenditures, we made more prepayment for non-current assets to lock up the related cost of major materials.

Financial Review

Overview

The key financial indicators of the Group are as follows:

	Six months ended 30 June **2017** *RMB'000*	2016 *RMB'000*	**Period-to-period change** *(%)*
Income statement items			
Sales	**361,355**	360,064	0.4%
Gross profit	**203,930**	197,132	3.4%
Profit attributable to owners of the parent	**82,792**	101,654	(18.6%)
EBITDA	**143,412**	159,654	(10.2%)
Earnings per share (RMB cents) *(Note a)*			
— basic and diluted	**14.3**	19.5	(26.7%)
Selected financial ratios			
Gross profit margin (%)	**56.4%**	54.7%	3.1%
Net profit margin attributable to owners of the parent (%)	**22.9%**	28.2%	(18.8%)
EBITDA margin (%)	**39.7%**	44.3%	(10.4%)

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*	**Period-to-period change** *(%)*
Gearing Ratio *(Note b)*	**35.2%**	32.5%	8.3%

Notes:

(a) Please refer to Note 8 to the financial statements for the calculation of earnings per share.

(b) The Gearing Ratio is based on net debt divided by total equity and net debt as at 30 June 2017. Net debt includes total debt net of cash and cash equivalents. Total debt include trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

Revenue

The revenue of the Group increased by 0.4% from RMB360.1 million for the six months ended 30 June 2016 to RMB361.4 million for the corresponding period of 2017, primarily reflecting the combined effect of an increase in sales of cooking wine products and a decrease in sales of other products.

Revenue from cooking wine products increased by 1.0% from RMB259.2 million for the six months ended 30 June 2016 to RMB261.7 million for the corresponding period of 2017. The increase is mainly attributable to the continued advertising and promotion of the "Lao Heng He" brand and the extensive penetration of distribution channels.

Revenues from the Group's soy sauce products and vinegar products for the six months ended 30 June 2017 are basically in line with those for the corresponding period of 2016, primarily reflecting the combined effect of a decrease in sales of high-end products (such as Premium Flavored Soy Sauce (鮮上鮮醬油) and Crab Vinegar (蟹醋)) attributable to a decrease in the sales and marketing resources devoted by the Group in the supermarket channel, as well as of an increase in sales of distribution and catering channels attributable to launching of new products focused on the distribution and catering channels (such as Premium Soy Sauce (一品鮮醬油), Aromatic Vinegar (香醋) and Mature Vinegar (老陳醋)).

Revenue from the Group's other products decreased by 6.1% from RMB19.5 million for the six months ended 30 June 2016 to RMB18.3 million for the corresponding period of 2017, primarily reflecting a decrease in sales of chilli sauce products of the Group attributable to a decrease in the sales and marketing resources allocated by the Group in the supermarket channels. Despite the deepened penetration of the Group's distribution channels, the Group's maintained its on-going growth trend for sales of fermented bean curd and soybean paste products.

We believe the slowdown in the Group's sales during the six months ended 30 June 2017 is, to a large extent, due to the fact that 1) the New Sales Channels would bring significant growth to the Group's sales only if certain amount of time, sales and marketing resources has been devoted by the Group for construction and penetration of channels during the channel restructuring period; and 2) a decrease in sales resulted from a decrease in sales activities for the supermarket channels as the Group allocated most of its sales and marketing resources to construct New Sales Channels.

Cost of Sales

The Group's cost of sales, including raw materials, manufacturing overhead and salaries and benefits, decreased by 3.4% from RMB162.9 million in the six months ended 30 June 2016 to RMB157.4 million for the corresponding period of 2017.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 3.4% from RMB197.1 million in the six months ended 30 June 2016 to RMB203.9 million for the corresponding period of 2017, and the gross profit margin increased from 54.7% in the six months ended 30 June 2016 to 56.4% for the corresponding period of 2017. The increase in gross profit margin is due to the combined effect of an increase of price of certain products of the Group by 10% in February 2017 and an increase of cost of raw materials (mainly for packaging).

Other Income and Gains

Other income and gains decreased by 37.2% from RMB10.0 million for the six months ended 30 June 2016 to RMB6.3 million for the corresponding period of 2017. Other income and gains primarily include subsidies received, gains from sales of materials and interest income. The decrease in other income and gains was primarily due to the decrease in government subsidies received.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing expenses, travelling expenses, and remuneration for our sales employees. The Group's selling and distribution expenses increased by 107.9% from RMB23.9 million during the six months ended 30 June 2016 to RMB49.7 million for the corresponding period of 2017. The Group's selling and distribution expenses as a percentage of the Group's revenue increased from 6.6% for the six months ended 30 June 2016 to 13.7% for the corresponding period of 2017, primarily as a result of an increase in the Group's expenses relating to TV advertisement, name sponsorship on TV shows and brand ambassador during the channel restructuring period for facilitating the penetration of the Group's products into the New Sales Channels.

Administrative Expenses

The administrative expenses decreased by 15.9% from RMB44.3 million during the six months ended 30 June 2016 to RMB37.2 million for the corresponding period of 2017, mainly due to a decrease in research and development investment resulting from these two factors: the Group is still active in exploring consumption demand of the New Sales Channels for this period; and the research and development of improving the technological contents of the manufacturing craftsmanship and quality of the cooking wine products of the Group have achieved stage result. The Group's future directions of research and development will focus on the development of new products and new craftsmanship for the Group's New Sales Channels. Based on the existing budget of research and development, the Group is expected to increase its investment in research and development activities in the second half of the year.

Finance Costs

Finance costs increased by 23.6% from RMB19.0 million during the six months ended 30 June 2016 to RMB23.4 million for the corresponding period of 2017. The increase in finance costs primarily reflected an increase in average balance of bank loans to fulfill the increased working capital needs for our business expansion, and an increase of financing interest rate arising from monetary policy of the PRC.

Profit before Tax

As a result of the foregoing, the profit before tax decreased by 16.7% from RMB119.9 million during the six months ended 30 June 2016 to RMB99.8 million for the corresponding period of 2017.

Income Tax Expense

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2016: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof. Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司) and Huzhou Laohenghe Wine Co., Limited (湖州老恒和酒業有限公司), both being wholly-owned subsidiaries of the Company, were granted the “New and Advanced Technology Enterprise” status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

Income tax expenses decreased by 6.6% from RMB18.3 million during the six months ended 30 June 2016 to RMB17.1 million for the corresponding period of 2017, which was mainly due to a decrease in profit before tax. The effective income tax rate increased from 15.2% for the six months ended 30 June 2016 to 17.1% for the corresponding period of 2017, mainly due to the decrease of tax incentive on eligible expenditures resulting from the decrease in research and development investment as a result of the aforesaid reasons.

Earnings per Share Attributable to Ordinary Equity Holders of the Parent

Basic earnings per share decreased from RMB19.5 cents for the six months ended 30 June 2016 to RMB14.3 cents for the corresponding period of 2017. The decrease in earnings per share was attributable to the decrease in profit attributable to ordinary equity holders of the parent and the increase in weighted-average number of issued shares.

Net Profit Margin

Net profit margin decreased by 18.8% from 28.2% for the six months ended 30 June 2016 to 22.9% for the corresponding period of 2017. The decrease in net profit margin was mainly attributable to the combined effect of an increase in gross profit margin and an increase in selling and distribution expenses and finance costs as a result of the aforesaid reasons.

Financial and Liquidity Position

Working Capital Management

Prepayments for Non-current Assets

Prepayments for non-current assets of the Group primarily include the following two aspects: (1) prepayments to equipment manufacturers in respect of customizing wine storage equipment and production equipment for the Group; and (2) prepayments to major contractors of the projects before entering into formal construction contracts. Prepayments for non-current assets were primarily used for locking up the costs of major materials related to capital expenditure so as to reduce the risk to the Group due to the increasing capital expenditure scale.

Prepayments for non-current assets increased by 11.5% from RMB335.4 million as at 31 December 2016 to RMB373.9 million as at 30 June 2017. The increase in prepayments for non-current assets was mainly attributable to our plan to diversify our product structure and expand production capability of soy sauce products in the future, as well as an increase in prepayment to relevant facility providers and construction units.

Trade Receivables

Trade receivables primarily represented the receivables for goods sold to the distributors. Trade receivables turnover days increased from 67 days for the year ended 31 December 2016 to 90 days for the six months ended 30 June 2017, mainly because the Group was in the channel transforming period. As such, with the aim to solidify our customer base, the Group temporarily extended the credit terms of certain customers with intention to maintain long-term cooperation based on the sales expectation of such customers.

Inventories

Inventories increased from RMB1,088.4 million as at 31 December 2016 to RMB1,229.4 million as at 30 June 2017 primarily due to an increase in work in progress. A substantial part of our inventories were work in progress, which mainly represented base wine, base soy sauce, semi-finished soybean paste and base vinegar in the brewing period.

Due to the long production cycle and short sales cycle of cooking wine products, we need to keep an abundant stock of well-aged base wine to cope with the rapid sales growth in the future. As the Group has attained the goal for base wine stock as disclosed in the Interim Report of 2015, the base wine stock is basically able to satisfy the demand of the Group's business in the future.

On the other hand, given the growing demand from the customer of the New Sales Channels, we have invested more resources in the production of base soy sauce and base vinegar accordingly during the period.

The Group monitors the level of inventory maintained by its distributors on a regular basis. The Group's sales representatives maintain frequent telephone or email communications with each of its Categories A, B, C and D distributors, review their monthly inventory reports and visit their warehouses on a regular basis. The Group's sales representatives visit its Category A and B distributors' warehouses at least every three months to ensure that they keep optimal stock level and the Group's products are sold to end customers within the shelf life. The Group generally expects its distributors to maintain stock sufficient for 5 to 20 days of supply. In the event a distributor maintains stocks of more than 20 days of supply, the relevant sales representatives will assist such distributor in marketing and promotional activities and suggest smaller sized orders to be placed for the succeeding periods to minimize excess inventory.

Borrowings

As at 30 June 2017, the Group's total borrowings amounted to RMB853.4 million (31 December 2016: RMB849.0 million), including finance lease payables with a carrying amount of RMB20.3 million (31 December 2016: RMB34.4 million).

The Group's principal sources of liquidity include cash generated from business operations, bank and other borrowings. The cash from these sources was primarily used for the Group's working capital and the expansion of production capacity.

Exchange Risk

The Group conducted its business primarily in China with the majority of its revenue and expenditures denominated in Renminbi. The Group does not have a foreign currency hedging policy. However, the management will monitor the situation and will consider hedging any significant foreign currency exposure should the need arise.

Liquidity and Financial Resources

As at 30 June 2017, the Group had cash and cash equivalents of RMB134.1 million (31 December 2016: RMB291.8 million). As at 30 June 2017, the Group had interest-bearing bank and other borrowings of an aggregate amount of RMB853.4 million (31 December 2016: RMB849.0 million), which were denominated in RMB, repayable within two years and bearing interests at 3.92% to 5.99% per annum. The Gearing Ratio as at 30 June 2017, amounted to 35.2% (31 December 2016: 32.5%).

Capital Commitment

Capital commitment as at 30 June 2017 amounted to approximately RMB52.6 million (31 December 2016: RMB56.1 million), which was mainly related to construction contracts in progress relating to expansion of the condiment production plant.

Contingent Liabilities

As at 30 June 2017, the Group did not have any material contingent liability.

Pledge of Assets

Please refer to Note 18(a) to the financial statements for details of pledge of assets of the Group.

Except as disclosed in this announcement, the Group has not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. It does not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engages in leasing or hedging or research and development or other services with it.

FUTURE PROSPECTS

After years of development, the market-entry standards and system of the condiment industry are optimized, and an orderly market is gradually built up. Given more widespread application of industrialized and modernized production, couple with overall rising utilization rate of advanced technology, adjustments to the structure of products are expedited with higher concentration rate and accelerated upgrading process of the industry. In general, as the level of individual's income continue to increase and the concept of healthy consumption is gradually developed, the condiment industry is heading towards a healthier orderly market.

In addition to maintaining the leading position of our cooking wine products, we have maintained a decent growth of client base in catering channel since the establishment of our sales team for such channel in December 2016, with an aggregate of 68 clients secured as at 30 June 2017.

On the other hand, in order to raise the profit margin of soy sauce products by realisation of the economies of scale along with the increase in sales volume, we will further increase the production capacity of soy sauce products from 10,000 tonnes to 50,000 tonnes.

Looking into the second half of 2017, we firmly believe that the continuous upgrade of our product mix, product quality enhancement and the established presence of our brand will bring alone steady growth to the Group. Given the challenges brought by the strategy of channel transformation to the development of our business, we will strive to a steady growth for our business and continuously generate returns for our shareholders. Our sales strategy is still consumer-centered, and endeavours to enhance customer loyalty. We focus on providing better, safer and healthier naturally-brewed condiment products with premium quality to consumers. In order to better accommodate our strategy to diversify our sales channels and deepen the penetration of our distribution network to the New Sales Channels, in the second half of 2017, we will on one hand continue to ensure allocation of appropriate resources in marketing and advertising expenditure, to raise customers' awareness to the products of our "Lao Heng He" brand, and also to focus on promoting the excellent quality and healthiness of our products to our consumers. On the other hand, we will put greater efforts into the establishment of the marketing team to cope with the need of expanding the New Sales Channels and continuously strengthen the market presence of our products. Besides, in respect of the expansion of distributors, we will continue to cooperate with capable distributors to actively the market share of our "Lao Heng He" brand in the PRC market. "Lao Heng He" aims to become the top choice for middle to high-end customers.

At last, we also plan to increase research and development investment, and focus on developing and transforming traditional craftsmanship. With the modernised traditional craftsmanship, optimized quality control system, and strengthened capability in research and development, we are able to ensure the consistent excellent quality of the products under "Lao Heng He" brand and respond to the demand of customers from the New Sales Channels.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or the Group after 30 June 2017.

EMPLOYEES & REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of approximately 618 employees (31 December 2016: 561). The employees' cost (excluding directors' and chief executive's remuneration) of the Group was RMB19.1 million during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB13.0 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to the policies disclosed in the Group's annual report for the year ended 31 December 2016 (the "**2016 Annual Report**") and no change has been made during the six months ended 30 June 2017.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group as at 30 June 2017 (31 December 2016: nil).

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the six months ended 30 June 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management structures and internal control procedures of the Company as well as preserving the interests of the shareholders as a whole.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") since the Listing Date as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve the high standard of corporate governance practices.

Save for the deviations explained below, the Company has complied with the Code for the six months ended 30 June 2017.

Provision A.2.1 of the Code provides that the roles of the Chairman and the chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the CEO should be clearly established and set out in writing.

During the six months ended 30 June 2017, the positions of the Chairman and the CEO of the Company are held by Mr. Chen Weizhong. Although this deviates from the practice in provision A.2.1 of the Code, where the two positions should be held by two different individuals, Mr. Chen has considerable and extensive experience in the cooking wine industry and management in general. The Board believes that it is in the best interest of the Company to have an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in discussing the strategy and long-term development of the Group.

From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolize the voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure. The remuneration committee and nomination committee of the Board also regularly review the structure and composition of the Board and will make appropriate recommendations to the Board regarding any proposed changes.

The Board will continue to review and monitor the practices of the Company with an aim to maintain and implement a high standard of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all the Directors confirm that they have complied with the Model Code during the six months ended 30 June 2017. In addition, the Company is not aware of any noncompliance of the Model Code by the senior management of the Group during the six months ended 30 June 2017.

CHANGE IN CORPORATE POSITIONS

With effect from 29 June 2017, (i) Mr. Ma Chaosong and Mr. Lei Jiasu have resigned as independent non-executive Directors; and (ii) Mr. Ng Wing Fai and Mr. Sun Jiong have been appointed as the independent non-executive Directors.

Following the aforesaid changes of independent non-executive Directors, with effect from 29 June 2017, the composition of the Board committees has been changed as follows:

Audit Committee

(1) Mr. Ng Wing Fai has been appointed as the chairman and a member of the Audit Committee and Mr. Sun Jiong has been appointed as a member of the Audit Committee.

(2) Mr. Ma Chaosong resigned as the chairman and a member of the Audit Committee and Mr. Lei Jiasu resigned as a member of the Audit Committee.

Remuneration Committee

(1) Mr. Ng Wing Fai and Mr. Sun Jiong have been appointed as members of the Remuneration Committee.

(2) Mr. Ma Chaosong and Mr. Lei Jiasu resigned as members of the Remuneration Committee.

Nomination Committee

(1) Mr. Sun Jiong has been appointed as the chairman and a member of the Nomination Committee and Mr. Ng Wing Fai has been appointed as a member of the Nomination Committee.

(2) Mr. Lei Jiasu resigned as the chairman and a member of the Nomination Committee and Mr. Ma Chaosong resigned as a member of the Nomination Committee.

AUDIT COMMITTEE

The Audit Committee of the Company is comprised of three independent non-executive Directors and one non-executive Director, namely Mr. Ng Wing Fai (chairman) (appointed on 29 June 2017), Mr. Shen Zhenchang, Mr. Sun Jiong (appointed on 29 June 2017) and Mr. Sun Qingdong.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (which is comprised of three independent non-executive Directors and one non-executive Director, namely Mr. Ng Wing Fai (Chairman), Mr. Shen Zhenchang, Mr. Sun Jiong and Mr. Sun Qingdong) has discussed with the management of the Company and reviewed and passed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 and recommended its adoption by the Board.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hzlaohenghe.com. The interim report of the Company for the six months ended 30 June 2017 containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

I would again like to express my sincere appreciation to all Shareholders, diligent employees and friends from all sectors for their support to the Company.

By Order of the Board
Honworld Group Limited
Chen Weizhong
Chairman

Hong Kong, 29 August 2017

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chen Weizhong, Mr. Sheng Mingjian and Mr. Wang Chao; one non-executive Director, namely Mr. Sun Qingdong; and three independent non-executive Directors, namely, Mr. Shen Zhenchang, Mr. Ng Wing Fai and Mr. Sun Jiong.