

**LUXKING GROUP HOLDINGS LIMITED**  
**(Incorporated in Bermuda)**

**Half Year Financial Statement Announcement for the Six Months Ended 31 December 2015**

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

The directors are pleased to announce the unaudited operating results of the Group for the six months ended 31 December 2015.

**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

1(a)(i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>	<u>Group</u>	
	<u>Six months</u>	<u>Six months</u>	
	<u>ended</u>	<u>ended</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	+ / (-)
	<u>RMB'000</u>	<u>RMB'000</u>	%
Revenue	262,872	340,388	(22.8%)
Cost of sales	<u>(231,911)</u>	<u>(308,673)</u>	(24.9%)
Gross profit	30,961	31,715	(2.4%)
Other income (Note)	515	457	12.7%
Selling and distribution costs	(7,868)	(7,964)	(1.2%)
Administrative and other operating expenses	(14,584)	(12,951)	12.6%
Finance costs	<u>(5,328)</u>	<u>(6,670)</u>	(20.1%)
Profit before income tax	3,696	4,587	(19.4%)
Income tax expense	<u>(1,255)</u>	<u>(1,343)</u>	(6.6%)
Profit for the period	<u><u>2,441</u></u>	<u><u>3,244</u></u>	(24.8%)

1(a)(ii) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2015</u> <u>RMB'000</u>	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2014</u> <u>RMB'000</u>	
Profit for the year	2,441	3,244	(24.8%)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations	<u>2,536</u>	<u>(613)</u>	N/M
Total comprehensive income attributable to the owners of the Company	<u>4,977</u>	<u>2,631</u>	89.2%

1(a)(iii) Profit before income tax is arrived at after charging/(crediting):

	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2015</u> <u>RMB'000</u>	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2014</u> <u>RMB'000</u>	<u>+ / (-)</u> <u>%</u>
Property, plant and equipment written-off	-	89	N/M
Depreciation of property, plant and equipment	8,440	8,059	4.7%
Amortisation of land use rights	56	56	0.0%
Interest expenses	5,328	6,670	(20.1%)
Net foreign exchange loss	1,398	409	241.8%

Note:

Other income comprises the following items:

	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2015</u> <u>RMB'000</u>	<u>Group</u> <u>Six months</u> <u>ended</u> <u>31.12.2014</u> <u>RMB'000</u>	<u>+ / (-)</u> <u>%</u>
Profit on sales of raw materials	505	362	39.5%
Interest income	10	95	(89.5%)
	<u>515</u>	<u>457</u>	12.7%

N/M = not meaningful comparison

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.12.2015</b>	<b>30.6.2015</b>	<b>31.12.2015</b>	<b>30.6.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	98,636	105,604	-	-
Investment properties	375	375	-	-
Land use rights	3,676	3,732	-	-
Deposits for acquisition of property, plant and equipment	-	1,002	-	-
Investments in subsidiaries	-	-	1	1
	<u>102,687</u>	<u>110,713</u>	<u>1</u>	<u>1</u>
<b>Current assets</b>				
Inventories	59,093	60,870	-	-
Trade receivables	180,845	186,520	-	-
Prepayments, deposits and other receivables	20,638	18,598	112,894	109,164
Restricted bank deposits	1,626	1,975	-	-
Cash and bank balances	20,751	19,520	-	-
	<u>282,953</u>	<u>287,483</u>	<u>112,894</u>	<u>109,164</u>
<b>Total assets</b>	<u><u>385,640</u></u>	<u><u>398,196</u></u>	<u><u>112,895</u></u>	<u><u>109,165</u></u>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the Company</b>				
Share capital	133,557	133,557	133,557	133,557
Reserves	30,303	25,326	(21,249)	(26,198)
<b>Total equity</b>	<u>163,860</u>	<u>158,883</u>	<u>112,308</u>	<u>107,359</u>
<b>Current liabilities</b>				
Trade and bills payables	22,504	26,724	-	-
Accrued expenses, deposits received and other payables	13,350	19,963	587	1,806
Bank borrowings, secured	112,219	109,989	-	-
Finance lease liabilities	100	123	-	-
Income tax payable	607	1,082	-	-
	<u>148,780</u>	<u>157,881</u>	<u>587</u>	<u>1,806</u>
<b>Non-current liability</b>				
Finance lease liabilities	-	32	-	-
Other loan	73,000	81,400	-	-
	<u>73,000</u>	<u>81,432</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>221,780</u>	<u>239,313</u>	<u>587</u>	<u>1,806</u>
<b>Total equity and liabilities</b>	<u><u>385,640</u></u>	<u><u>398,196</u></u>	<u><u>112,895</u></u>	<u><u>109,165</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

**Amount repayable in one year or less, or on demand**

As at 31.12.2015		As at 30.6.2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
112,319	-	110,112	-

**Amount repayable after one year**

As at 31.12.2015		As at 30.6.2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	73,000	32	81,400

**Details of any collateral**

The Group's bank borrowings of RMB112,319,000 represented by:

- (i) bank loans granted by China Construction Bank and Bank of Communications in the People's Republic of China (the "PRC");
- (ii) export finance granted by Industrial and Commercial Bank of China Limited, China Construction Bank and Bank of Communications in the PRC;
- (iii) bills acceptance granted by Industrial and Commercial Bank of China Limited in the PRC;
- (iv) trust receipt loans granted by ICBC (Asia) and CTBC Bank Co. Ltd. in Hong Kong;
- (v) bank loan granted by CTBC Bank Co. Ltd. in Hong Kong under the Hong Kong Mortgage Corporation Limited SME Financing Guarantee Scheme; and
- (vi) finance lease granted by OCBC Wing Hang Bank Limited in Hong Kong.

As at 31 December 2015, the Group's bank borrowings were secured by corporate guarantees executed by the Company, a subsidiary of the Company, Mr Leung Chee Kwong and Dr Chan Siu Hang Godwin, directors of the Company, the pledge of certain of the Group's property, plant and equipment, the Group's entire land use rights, certain of the Group's trade receivables, the Group's restricted bank deposits and an independent third party's land use rights.

The Group finance lease liabilities are secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default of repayment by the Group.

As at 31 December 2015, these bank borrowings and finance lease liabilities bear fixed interest rates ranging from 4.6% to 5.2% per annum and floating interest rates ranging from 3.3% to 4.0% per annum.

Other loan is unsecured and interest bearing at the prevailing market rate in the PRC plus 1% per annum. The effective interest rate was 7.0% per annum as at 31 December 2015. Written consent with the lender was made on 17 December 2015 that the loan repayment date was extended from 2017 to 2018.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b> <b>Six months</b> <b>ended</b> <b>31.12.2015</b> <b>RMB'000</b>	<b>Group</b> <b>Six months</b> <b>ended</b> <b>31.12.2014</b> <b>RMB'000</b>
<b>Operating activities</b>		
Profit before income tax	3,696	4,587
Adjustments for:		
Amortisation of land use rights	56	56
Depreciation of property, plant and equipment	8,440	8,059
Interest expenses	5,328	6,670
Interest income	(10)	(95)
Property, plant and equipment written-off	-	89
Operating profit before working capital changes	17,510	19,366
Decrease/(increase) in inventories	1,777	(1,797)
Decrease in trade receivables	7,439	979
(Increase)/decrease in prepayments, deposits and other receivables	(1,834)	1,627
Decrease in trade and bills payables	(4,266)	(10,450)
Decrease in accrued expenses, deposits received and other payables	(6,669)	(671)
Cash generated from operations	13,957	9,054
Interest received	10	95
Income taxes paid	(1,748)	(2,130)
Net cash generated from operating activities	12,219	7,019
<b>Investing activities</b>		
Decrease in restricted bank deposits	349	680
Purchases of property, plant and equipment	(240)	(166)
Net cash generated from investing activities	109	514
<b>Financing activities</b>		
Repayment of capital element of finance lease liabilities	(52)	(60)
Interest element of finance lease payments	(3)	(5)
Repayments of other loan	(8,400)	(9,100)
Interest paid	(5,328)	(6,665)
Net proceeds from bank borrowings	2,230	9,829
Net cash used in from financing activities	(11,553)	(6,001)
<b>Net increase in cash and cash equivalents</b>	<b>775</b>	<b>1,532</b>
Cash and cash equivalents at beginning of period	19,520	24,977
Effect of foreign exchange rate changes, net	456	(72)
Cash and cash equivalents at end of period	20,751	26,437
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	20,751	26,437

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Group**

	Share capital	Share premium	Other reserves	Exchange reserve	(Accumulated losses)/ Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1.7.2014	133,557	33,961	9,017	(19,535)	(2,202)	154,798
Profit for the period	-	-	-	-	3,244	3,244
Other comprehensive income						
- Exchange loss on translation of financial statements of foreign operations	-	-	-	(613)	-	(613)
Total comprehensive income for the period	-	-	-	(613)	3,244	2,631
At 31.12.2014	<u>133,557</u>	<u>33,961</u>	<u>9,017</u>	<u>(20,148)</u>	<u>1,042</u>	<u>157,429</u>
At 1.7.2015	133,557	33,961	9,468	(19,144)	1,041	158,883
Profit for the period	-	-	-	-	2,441	2,441
Other comprehensive income						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	2,536	-	2,536
Total comprehensive income for the period	-	-	-	2,536	2,441	4,977
At 31.12.2015	<u>133,557</u>	<u>33,961</u>	<u>9,468</u>	<u>(16,608)</u>	<u>3,482</u>	<u>163,860</u>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Company**

	<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Exchange reserve</u> RMB'000	<u>Accumulated losses</u> RMB'000	<u>Total equity</u> RMB'000
At 1.7.2014	133,557	33,961	(41,500)	(15,132)	110,886
Loss for the period	-	-	-	(1,269)	(1,269)
Other comprehensive income					
- Exchange loss on translation of the Company's financial statements to RMB	-	-	(678)	-	(678)
Total comprehensive income for the period	-	-	(678)	(1,269)	(1,947)
At 31.12.2014	<u>133,557</u>	<u>33,961</u>	<u>(42,178)</u>	<u>(16,401)</u>	<u>108,939</u>
At 1.7.2015	133,557	33,961	(42,216)	(17,943)	107,359
Loss for the period	-	-	-	(1,713)	(1,713)
Other comprehensive income					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	6,662	-	6,662
Total comprehensive income for the period	-	-	6,662	(1,713)	4,949
At 31.12.2015	<u>133,557</u>	<u>33,961</u>	<u>(35,554)</u>	<u>(19,656)</u>	<u>112,308</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options of warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 18 November 2015, the Board of Directors announced that the share consolidation of every twenty (20) ordinary shares with a par value of HKD0.50 each in the authorised and issued capital of the Company into one (1) consolidated share with a par value of HKD10.00 in the authorised and issued capital of the Company has been completed, fractional entitlements to be disregarded. Accordingly, the issued share capital of the Company is 12,650,000 consolidated shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<b>Ordinary shares</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.12.2015</b>	<b>30.6.2014</b>
Total number of issued shares (Please refer paragraph 1(d)(ii))	<u>12,650,000</u>	<u>253,000,000</u>

(There were no treasury shares)

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors? Report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the same accounting policies and methods of computations used in the audited financial statements for the year ended 30 June 2015 have been applied to the financial statements for the current period.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the applicable new and amended International Financial Reporting Standards ("IFRS") that are effective during the period. The adoption of these new and amended IFRS did not result in significant changes to the Group's accounting policies.



**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>Group</u>	<u>Group</u>
	Six months ended	Six months ended
	<u>31.12.2015</u>	<u>31.12.2014</u>
	RMB cents	RMB cents
Basic earnings per ordinary share	<u>19.30</u>	<u>25.64</u>
(Please refer paragraphy 1(d)(ii) and note below)		

Basic earnings per ordinary share for the six months ended 31 December 2015 are calculated based on the profit attributable to the owners of the Company of approximately RMB2,441,000 (HY2015: RMB3,244,000) divided by 12,650,000 (HY2015: 12,650,000, please refer note below) ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 31 December 2015 and 2014 are the same as the basic earnings per share, as the Group has no dilutive potential shares during both years.

Note: On 18 November 2015, a share consolidation of twenty (20) existing ordinary shares for one (1) new share completed thereby reducing the number of share in issue. The comparative numbers for the prior year have been adjusted as though that share consolidation had taken place to enable direct comparison. The basic earnings per ordinary share and number of share in issue of the Group without consolidation as reported at 31 December 2014 was RMB cents 1.28 per ordinary share and 253,000,000 shares respectively.

**7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	<u>31.12.2015</u>	<u>30.6.2015</u>	<u>31.12.2015</u>	<u>30.6.2015</u>
	RMB cents	RMB cents	RMB cents	RMB cents
Net assets value per ordinary share	<u>1,295.34</u>	<u>1,255.99</u>	<u>887.81</u>	<u>848.69</u>

(Please refer paragraphy 1(d)(ii) and note below)

Net assets value per ordinary share is calculated based on the issued ordinary shares of 12,650,000 ordinary shares as at 31 December 2015 and 30 June 2015 (please refer note below).

Note: On 18 November 2015, a share consolidation of twenty (20) existing ordinary shares for one (1) new share completed thereby reducing the number of share in issue. The

comparative numbers for the prior year have been adjusted as though that share consolidation had taken place to enable direct comparison. The net assets value per ordinary share of the Group, the Company and number of share in issue without consolidation as reported at 30 June 2015 was RMB cents 62.80, RMB cents 42.43 and 253,000,000 shares respectively.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**a) Review of Profit and Loss**

***HY2016 vs HY2015***

***Group Revenue***

Group revenue decreased by 22.8% from RMB340.4 million (HY2015) to RMB262.9 million (HY2016), due to lower sales of industrial specialty tapes ("IS tapes") and general purpose adhesive tapes ("General tapes"). This was partially offset by an increase in sales of biaxially oriented polypropylene films ("BOPP films") during HY2016.

Revenue generated from the BOPP films business increased 8.2% from RMB 143.2 million (HY2015) to RMB155.0 million (HY2016), driven by higher customer orders in the domestic market. The BOPP films business continued to benefit from its improved product offering which includes more sophisticated and higher-grade BOPP films.

On the other hand, sales of industrial specialty tapes ("IS tapes") declined 55.0% from RMB143.4 million (HY2015) to RMB64.6 million (HY2016) due to lower average selling prices and slower demand from customers in domestic and overseas markets.

Sales of General tapes also decreased 19.5% from RMB53.8 million (HY2015) to RMB43.3 million (HY2016). This was attributed mainly to weaker demand and pressure on selling prices in overseas markets.

As a result of the above, the BOPP films business accounted for a larger share of Group revenue of 58.9% in HY2016 compared to 42.1% in HY2015. The IS tapes and General tapes businesses contributed to 24.6% and 16.5% of Group revenue in HY2016 respectively, compared to 42.1% and 15.8% in HY2015.

Total sales in the domestic market contracted by 22.3% from RMB274.2 million (HY2015) to RMB213.0 million (HY2016), due mainly to lower revenue of the IS tapes business. Sales to overseas markets were also reduced by 24.8% from RMB66.2 million (HY2015) to RMB49.9 million (HY2016) due to lower export sales of BOPP films, IS tapes and General tapes during HY2016.

***Group Gross Profit and Gross Profit Margin***

Notwithstanding the 22.8% decrease in revenue, the Group's gross profit decreased marginally by 2.4% from RMB31.7 million (HY2015) to RMB31.0 million (HY2016). Correspondingly, the Group's gross profit margin increased from 9.3% (HY2015) to 11.8% (HY2016). The improvement in gross profit margin can be attributed mainly to the decline in raw material costs, the appreciation of the US dollar against the Renminbi which helped to lift the profit margins of overseas sales, higher

production efficiency and improved sales mix for the BOPP films business. These factors offset the impact of higher labour costs and lower average selling prices in HY2016.

**Other Income**

Other income increased by 12.7% to RMB0.5 million due mainly to higher profit from sales of raw materials.

**Selling and Distribution Costs, Administrative and Other Operating Expenses**

Although sales volume was lower in HY2016, the total selling and distribution costs remained unchanged at RMB7.9 million due to the increase in cost of transportation and overseas shipments. Administrative and other operating expenses increased by 12.6% from RMB13.0 million (HY2015) to RMB14.6 million (HY2016), attributed mainly to a net foreign exchange loss of RMB1.4 million which arose from the Group's loans that are denominated in US dollars and also the salary adjustment for key executives.

**Finance Costs**

Finance costs fell 20.1% from RMB6.7 million (HY2015) to RMB5.3 million (HY2016) in tandem with the decrease in total borrowings.

**Group Net Profit**

Group net profit decreased 24.8% from RMB3.2 million (HY2015) to RMB2.4 million (HY2016), primarily as a result of lower revenue in HY2016.

**(b) Review of Financial Position as at 31 December 2015**

**Group Financial Position**

Non-current assets changed from RMB110.7 million (FY2015) to RMB102.7 million (HY2016) due mainly to depreciation of property, plant and equipment of RMB8.4 million offset by additions of property, plant and equipment of RMB0.2 million.

To ensure sufficient stock to meet demand from customers before the Lunar New Year holiday season, the level of inventories was relatively unchanged at RMB59.1 million (HY2016) compared to RMB60.9 million (FY2015) previously. Trade receivables decreased from RMB186.5 million (FY2015) to RMB180.8 million (HY2016) in tandem with lower sales in HY2016. However, debtor turnover days increased from 108 days (FY2015) to 125 days (HY2016) due to an increase in sales to certain key customers with longer credit terms. Prepayments, deposits and other receivables increased from RMB18.6 million (FY2015) to RMB20.6 million (HY2016) mainly attributed to deposit paid to suppliers to secure delivery of certain raw materials ahead of the Lunar New Year holiday season.

Cash and bank balances increased from RMB19.5 million (FY2015) to RMB20.8 million (HY2016). Restricted bank deposits decreased from RMB2.0 million (FY2015) to RMB1.6 million (HY2016).

Total borrowings decreased from RMB191.5 million (FY2015) to RMB185.3 million (HY2016) as the Group pared down its long term loan which was partially offset by an increase in bank borrowings.

Trade and bills payable decreased from RMB26.7 million (FY2015) to RMB22.5 million (HY2016) and accrued expenses, deposits received and other payables decreased from RMB20.0 million (FY2015) to RMB13.4 million (HY2016) due to payment of outstanding sums owing to suppliers. Income tax payable declined from RMB1.1 million (FY2015) to RMB0.6 million (HY2016), following the payment of income tax expenses of both PRC and Hong Kong subsidiaries.

**Group Cash Flows**

Net cash generated from operating activities in HY2016 amounted to RMB12.2 million. This was derived primarily from operating profit before working capital changes of RMB17.5 million, offset

partially by working capital needs of RMB3.6 million and income tax payment of RMB1.7 million. Net cash generated from investing activities was RMB0.1 million, arising mainly from a decline in restricted bank deposits. Net cash used in financing activities totally RMB11.6 million, due mainly to interest payments and repayment of other loan, which were partially offset by net proceeds from bank borrowings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

N/A

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Business conditions are expected to remain challenging as current uncertainties in the global economy and China's slower economic growth could dampen market demand for the Group's products. In addition to operating in an intense competitive environment, the Group is also subject to risk factors such as fluctuations in currency rates, raw materials costs and rising labour costs. To mitigate these risks, the Group will continue with its on-going initiatives to improve production efficiencies and optimise operating expenses while exercising financial prudence.

To achieve long-term business sustainability, the Group will continue to focus on strengthening its IS tapes and higher-grade BOPP films businesses. In addition to continuous R&D efforts to enhance its product lines, the Group is constantly seeking to broaden its customer base.

Leveraging on its track record as a qualified supplier of IS tapes for leading brands of smartphones and other handheld consumer devices, the Group plans to drive this business segment by adapting and expanding its product offerings to meet the fast-changing requirements of existing and new customers.

The Group also intends to build on the progress of its BOPP films business following the upgrade of its production line. This new line, which has capabilities to manufacture higher-grade and more sophisticated BOPP films, has broadened its range of products for wider applications and enabled the Group to target new customer segments.

**11. Dividend**

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date Payable

Not applicable.

(d) Books closure date

Not Applicable.

**12. If no dividend has been declared/recommended, a statements to that effect.**

No dividend has been declared or recommended for the six months ended 31 December 2015.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There was no IPTs for the six months ended 31 December 2015.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 16. A breakdown of sales.**

Not applicable.

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

**Negative assurance confirmation on the interim financial results under Rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results of the Group as at 31 December 2015 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**Lisa Cheng  
Company Secretary**

**4 February 2016**