*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# TIANLI HOLDINGS GROUP LIMITED
# 天利控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 117)**

## ANNOUNCEMENT

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board (the "**Board**") of Directors (the "**Directors**") of Tianli Holdings Group Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period of 2015.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's audit committee.

## BUSINESS REVIEW

In 2016, the outlook for the global economy continued to face uncertainties and the real economy remained weak. Due to various factors, such as the depreciation of Renminbi and slowing growth in smartphone market, the Group's multi-layer ceramic chips ("**MLCC**") business was still struggling to step out from losses and facing gloomy prospect for growth. In recent years, the highly competitive market of downstream products, including smartphones, tablet and electrical appliance, has resulted in falling product prices, while downstream customers continued to depress the purchasing prices of MLCC in order to control production costs. On the other hand, product prices started to fall again after being stagnant for a period of time, as a result of the ever-changing strategies adopted by MLCC manufacturers, some of which even offered below-cost pricing to take up market shares. Reduction in product sale prices has become a common approach to survival amid such ferocious competition. As a result, the Group's MLCC business recorded a segment loss of approximately RMB3.2 million in the first half of 2016, despite the Group's remarkable progress in product transformation. The substantial increase in finance cost arising from the bond interest of approximately RMB13.4 million drove the consolidated loss of the Group to RMB20.4 million for the period.

Compared to international advanced enterprises in the industry, the Group started late and had a lower input for research and development, resulting in a relative lag in technologies and thus, a weak competitiveness. The industry is trailing behind in the market as there is still a gap on overall technological level compared to well-known foreign corporations. Hence, the Group still needs to enhance the competitiveness of its products, turn its production lines, technologies and focus of its efforts to distinctive specifications e.g. smaller size products, with a view to strengthening the Group and overcoming the weak profitability in operation level in the changeable market, which will be a tough mid-long term task.

As the MLCC business continued to incur losses in the previous years, the Board has also been actively exploring other business opportunities in order to diversify the business of the Group with the view to enhancing the business prospects of the Group and to create value to shareholders. In the first half of 2016, the Company established certain wholly-owned subsidiaries ("**New Subsidiaries**") in Hong Kong and overseas with a view to commencing business of investment in provision of financial services, which include provision of credit for entities, participation in overseas mezzanine facility, investments in various properties, mezzanine loan and private equity by setting up joint ventures. In addition, the Company has also established a wholly-owned subsidiary in Hong Kong to commence and develop the business of commodities trading, including but not limited to trading of metals, minerals and petroleum products.

## FINANCIAL REVIEW

### Revenue

The revenue from the Group's MLCC business amounted to RMB266.5 million for the first six months of 2016, representing an increase of 26.05% from the same period of 2015. The increase was mainly due to the seizure of remarkable shares in brand customer market during the second half of 2015, which led to a continued growth in the scale of production and sale of super-miniature 0201 capacitors. However, average selling prices of MLCC products continued to decrease due to intense price competition in the market, resulting in a lower growth in revenue than that in product sales.

As the Group's business of investment in financial services are still in their infancy, the revenue during the first six months of 2016 amounted to approximately RMB4.7 million, mainly arising from the external loans provided by the Company.

### Gross Profit Margin

The gross profit margin of the Group's business for the first six months of 2016 was 15.2%, representing an increase of 2.9% from 12.3% for the same period of 2015. The increase was partly due to the gradual adjustment to product structure, reduction in non-profitable products as well as upward adjustment of the production and sales of profitable products.

## Other Revenue and Other Net Income

Other revenue and other net income from the Group's business amounted to RMB3.8 million for the first six months of 2016, representing a decrease of RMB2.6 million from the same period of 2015. The decrease was mainly due to lower rental income and government subsidies compared to the corresponding period of last year.

## Selling and Distribution Costs

The selling and distribution costs of the Group's MLCC business amounted to RMB10.2 million for the first six months of 2016, representing an increase of RMB0.9 million from the same period of 2015. The increase was mainly due to the increased expenses such as wages and transportation cost as a result of the growth in sales.

## Administrative Expenses

The Group's administrative expenses were RMB24.4 million for the first six months of 2016, representing an increase of RMB8.5 million from the same period of 2015. The increase was mainly due to higher employee wages of the newly formed companies.

## Research and Development Costs

The research and development costs of the Group's MLCC business were RMB9.5 million for the first six months of 2016, representing a decrease of RMB5.1 million from the same period of 2015. The decrease was mainly due to the current R&D focus on improvement, upgrading and development of existing products, with no considerable R&D input for major projects.

## Other Expenses

Other expenses of the Group's MLCC business amounted to RMB6.6 million for the first six months of 2016, representing an increase of RMB5.1 million from the same period of 2015. The increase was mainly due to higher amount of provision for inventories compared to the corresponding period of last year.

## Finance Costs

The Group's finance costs were RMB15.8 million for the first six months of 2016, representing an increase of RMB13.7 million from the same period of 2015. The increase was mainly due to the additional interest expenses incurred relating to the issue of two-year corporate bond in August last year.

## Gearing Ratio

The Group monitors its capital structure through gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated at the sum of bank loans, bond payable, trade and bills payables and other payables (excluding deferred income, deposits from customers and provision of warranty) less cash and bank balances. Capital represents equity attributable to the owners of the Company (excluding share capital). As at 30 June 2016 and 31 December 2015, the gearing ratio of the Group was approximately 38.1% and 18.8% respectively.

**Property, Plant and Equipment**

The net carrying amount of the Group's property, plant and equipment as at 30 June 2016 was RMB205.4 million, representing an increase of RMB16.0 million from that of 31 December 2015. This was mainly due to: (i) depreciation of approximately RMB16.2 million in respect of the Group's property, plant and equipment in the current period; (ii) the Group's newly acquired equipment valued at approximately RMB20.4 million; (iii) the transfer of approximately RMB12.4 million from investment properties.

**Investment Properties**

The Group's investment properties amounted to RMB12.3 million as at 30 June 2016, representing a decrease of RMB12.6 million from that of 31 December 2015. The decrease was mainly due to the decline in property floor area for lease in 2016.

**Other Intangible Assets**

The Group's other intangible assets amounted to RMB1.2 million as at 30 June 2016, representing a decrease of approximately RMB0.3 million from that of 31 December 2015. The decrease was mainly due to the Group's amortisation of intangible assets.

**Trade and Bills Receivables**

As at 30 June 2016, the net carrying amount of the Group's trade and bills receivables amounted to approximately RMB231.3 million, representing an increase of RMB3.2 million from that of 31 December 2015 and remaining at a similar level.

**Prepayments, Deposits and Other Receivables**

As at 30 June 2016, the Group's prepayments, deposits and other receivables amounted to approximately RMB7.7 million, representing a decrease of RMB0.8 million from that of 31 December 2015. The decrease was mainly due to the decline in prepayments of equipment.

**Cash and Bank Balances and Pledged Bank Deposits**

As at 30 June 2016, the Group's cash and bank balances and pledged bank deposits amounted to RMB318.0 million, representing a decrease of approximately RMB154.2 million from that of 31 December 2015. The decrease was mainly due to its funding of RMB122.6 million and RMB10.7 million for external investment loans and deposit for investment in a joint venture respectively, and a small part of funding used for the purchase of fixed assets and repayment of bank loans.

**Trade and Bills Payables**

As at 30 June 2016, the Group's trade and bills payables amounted to RMB111.6 million, representing a decrease of approximately RMB9.7 million from that of 31 December 2015. The decrease was mainly due to its control over the purchases during the current period.

**Deferred Income, Accruals and Other Payables**

As at 30 June 2016, the Group's deferred income, accruals and other payables amounted to approximately RMB39.9 million, representing an increase of RMB2.4 million from that of 31 December 2015. This was mainly due to an increase in equipment related payables.

**Bank Loans**

As at 30 June 2016, the Group had outstanding bank loans of approximately RMB60.0 million, representing a decrease of RMB10.0 million as compared to that of 31 December 2015. All the bank loans were repayable within one year and bore floating interest rates, and all the banks loans were also secured.

**Bond Payable**

As at 30 June 2016, the Group had bond payable of approximately RMB366.8 million, representing an increase of RMB21.1 million as compared to that of 31 December 2015. The increase was mainly due to the provision for bond interest payable during the period.

In 2015, the Company issued corporate bond and raised proceeds of HK$400.0 million (equivalent to approximately RMB329.6 million). The proceeds raised have been applied to general working capital of the Group.

**Contingent Liabilities**

As at 30 June 2016, the Group had no material contingent liabilities.

**Commitments**

As at 30 June 2016, the Group had capital commitments of RMB261.6 million, representing a increase of RMB247.4 million from that of 31 December 2015, which was mainly due to the formation of a joint venture to which the Company's wholly owned subsidiary Celestial Hope Limited undertakes to provide a sum of not more than HK$300 million.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

**Net Current Assets**

As at 30 June 2016, the Group had net current assets of approximately RMB548.3 million, including current assets of RMB779.0 million and current liabilities of RMB230.7 million.

**Banking Facilities**

As at 30 June 2016, the Group had aggregate banking facilities of approximately RMB280.0 million, of which approximately RMB185.5 million had not been utilised.

**Proceeds of Share Placement**

In September 2015, the Company conducted a share placement under which 81,100,000 new shares at the placing price of HK$1.15 per share were issued to independent investors. The Company raised net proceeds of approximately HK$90.8 million (equivalent to approximately RMB74.7 million) (the "**Proceeds**") which were intended and had been applied as working capital of the Group. At 31 December 2015, a large part of the Proceeds was held by the Group and deposited in banks to meet operating needs of the Group from time to time. On 31 March 2016, the Group had agreed to make available to a borrower a loan facility of up to HK$120,000,000 (as referred in the Company's announcement of the same date) and most of the Proceeds were then utilized to the grant of such loan facility.

## FOREIGN CURRENCY RISK

In the first six months of 2016, the Group's sales were mainly denominated in Renminbi, US dollars and Hong Kong dollars, whilst its purchases were mainly denominated in Renminbi, US dollars, Hong Kong dollars and Japanese Yen. The trade receivables denominated in US dollars were less than the trade payables denominated in US dollars, and the trade receivables denominated in Hong Kong dollars were greater than the trade payables denominated in Hong Kong dollars. Meanwhile, the Group is exposed to risks in respect of trade payables denominated in Japanese Yen, but is basically not exposed to risks in respect of trade receivables denominated in Japanese Yen. In the event of vigorous fluctuation of exchange rates, foreign currencies risk will exist to a certain extent.

## EMPLOYEES

As at 30 June 2016, the Group had a total of approximately 1,270 employees. Their remunerations and benefits are determined based on market conditions, state policies and individual performance.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2016*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2016** | 2015 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| Revenue | *3&4* | **271,159** | 211,416 |
| Cost of sales | | **(230,055)** | (185,439) |
| Gross profit | | **41,104** | 25,977 |
| Other revenue and other net income | *4* | **3,820** | 6,388 |
| Selling and distribution costs | | **(10,172)** | (9,301) |
| Administrative expenses | | **(24,397)** | (15,932) |
| Other expenses | | **(6,623)** | (1,502) |
| Research and development costs | | **(9,452)** | (14,592) |
| **Loss from operations** | | **(5,720)** | (8,962) |
| Finance costs | *5* | **(15,831)** | (2,083) |
| **Loss before taxation** | | **(21,551)** | (11,045) |
| Income tax | *6* | **1,143** | 344 |
| **Loss for the period** | | **(20,408)** | (10,701) |
| **Other comprehensive income/(loss) for the period, net of nil tax** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | **361** | (56) |
| **Total comprehensive loss for the period** | | **(20,047)** | (10,757) |
| **Loss for the period attributable to owners of the Company** | | **(20,408)** | (10,701) |
| **Total comprehensive loss attributable to owners of the Company** | | **(20,047)** | (10,757) |
| **Loss per share** | | **RMB cents** | RMB cents |
| Basic and diluted | *8* | **(4.11)** | (2.64) |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 30 June 2016*

| | Notes | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *9* | **205,359** | 189,385 |
| Investment properties | *10* | **12,275** | 24,881 |
| Prepaid land lease payments | *11* | **18,633** | 18,877 |
| Deposits paid for acquisition of property, plant and equipment | | **–** | 6,097 |
| Loan receivables | *14* | **19,796** | – |
| Deposits paid for the investment in joint venture | | **10,073** | – |
| Other intangible assets | | **1,225** | 1,496 |
| Deferred tax assets | | **13,920** | 12,264 |
| **Total non-current assets** | | **281,281** | 253,000 |
| **Current assets** | | | |
| Inventories | | **118,674** | 101,131 |
| Trade and bills receivables and interests receivable | *12(a),(b)* | **231,300** | 228,119 |
| Loan receivables | *14* | **102,840** | – |
| Prepayments, deposits and other receivables | | **7,689** | 8,497 |
| Due from related parties | | **580** | – |
| Pledged bank deposits | | **48,877** | 7,525 |
| Cash and bank balances | | **269,079** | 464,643 |
| **Total current assets** | | **779,039** | 809,915 |
| **Current liabilities** | | | |
| Trade and bills payables | *13* | **111,549** | 121,240 |
| Deferred income, accruals and other payables | | **39,862** | 37,456 |
| Tax payable | | **19,248** | 18,937 |
| Bank loans | | **60,000** | 70,002 |
| Dividends payable | | **90** | 88 |
| **Total current liabilities** | | **230,749** | 247,723 |
| **Net current assets** | | **548,290** | 562,192 |
| **Total assets less current liabilities** | | **829,571** | 815,192 |

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| **Non-current liabilities** | | |
| Bond payable | **366,796** | 345,693 |
| Deferred income | **33,360** | 23,529 |
| Deferred tax liabilities | **3,137** | 3,180 |
| **Total non-current liabilities** | **403,293** | 372,402 |
| **NET ASSETS** | **426,278** | 442,790 |
| **CAPITAL AND RESERVES** | | |
| Share capital | **4,571** | 4,571 |
| Reserves | **421,707** | 438,219 |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | **426,278** | 442,790 |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2016*

## 1. CORPORATE INFORMATION

Tianli Holdings Group Limited (formerly known as "EYANG Holdings (Group) Co., Limited") was incorporated in the Cayman Islands on 6 March 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised).

Pursuant to a special resolution passed at an extraordinary general meeting on 14 June 2016, the name of the Company was changed from "EYANG Holdings (Group) Co., Limited" to "Tianli Holdings Group Limited" with effect from 15 June 2016.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting".

The 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 2015.

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 annual financial statements for the year ended 31 December 2015, except for the joint ventures listed below and the adoption of the new and revised standards and interpretations that are effective for Group's current accounting period noted below.

### Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture. Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. If an investment in a joint venture becomes an investment in an associate, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

**Application of new and revised standards**

| | |
|---|---|
| Amendments to IFRSs | Annual Improvements to IFRSs 2012–2014 Cycle |
| Amendments to IAS 1 | Presentation of financial statements: Disclosure initiative |

The adoption of these new amendments and revised standards and interpretations has no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

## 3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) MLCC: Manufacture and sale of MLCC and trading of MLCC; and

(ii) Financial investment and provision of financial services: Include but not limited to (i) direct investments in debt, equity and/or any other assets; (ii) asset management; and (iii) provision of financial advisory services.

In order to diversify the existing business of the Group and to explore new markets with significant growth potential, the Group commenced and developed the business of financial investment and provision of financial services during the six months ended 30 June 2016 and thus a new segment is resulted and included in the segment reporting and no comparative information for this new segment for the six months ended 30 June 2015 is presented.

Information regarding the Group's reportable segments as provided to the Board for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2016 and 2015 is set out below:

| | **Six months ended 30 June 2016 (unaudited)** | | |
|---|---|---|---|
| | **MLCC** | **Financial investment and provision of financial services** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| Reportable segment revenue from external customers | **266,485** | **4,674** | **271,159** |
| Reportable segment (loss)/profit | **(3,200)** | **3,219** | **19** |

| | Six months ended 30 June 2015 (unaudited) | |
|---|---|---|
| | MLCC | Total |
| | *RMB'000* | *RMB'000* |
| Reportable segment revenue from external customers | 211,416 | 211,416 |
| Reportable segment loss | (9,867) | (9,867) |

There are no inter-segment sales for the six months ended 30 June 2016 and 2015.

The measure used for reporting segment profit/(loss) is earnings and loss of each segment without allocation of central administration costs, central finance costs and income tax.

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 June 2016 and 31 December 2015:

| | At 30 June 2016 (unaudited) | | |
|---|---|---|---|
| | **MLCC** | **Financial investment and provision of financial services** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| Reportable segment assets | **637,759** | **228,323** | **866,082** |
| Reportable segment liabilities | **(266,544)** | **–** | **(266,544)** |

| | At 31 December 2015 (audited) | |
|---|---|---|
| | MLCC | Total |
| | *RMB'000* | *RMB'000* |
| Reportable segment assets | 1,062,915 | 1,062,915 |
| Reportable segment liabilities | (620,125) | (620,125) |

Reconciliation of reportable segment profit:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Total reportable segment (loss)/profit derived from the Group's external customers | **19** | (9,867) |
| Unallocated head office and corporate income | **786** | – |
| Unallocated head office and corporate expenses | | |
| — Staff costs (including directors' emoluments) | **(7,331)** | (164) |
| — Finance costs | **(13,427)** | (1) |
| — Others | **(1,598)** | (1,013) |
| Consolidated loss before taxation | **(21,551)** | (11,045) |

## 4. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and interest income from financial investment.

An analysis of revenue, other revenue and other net income is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Sale of MLCC | **266,485** | 211,416 |
| Interest income from financial investment | **4,674** | – |
| | **271,159** | 211,416 |
| **Other revenue and other net income** | | |
| Bank interest income | **890** | 221 |
| Rental income | **2,590** | 3,630 |
| Government grants *(note)* | **106** | 1,408 |
| Amortization of deferred income | **105** | 397 |
| Sale of materials | **21** | 202 |
| Management fee income | **–** | 374 |
| Others | **108** | 156 |
| | **3,820** | 6,388 |
| | **274,979** | 217,804 |

For the six months ended 30 June 2016, the total amount of interest income on financial assets not at fair value through profit or loss, including bank interest income, was RMB5,564,000 (2015: RMB221,000).

*Note:* Government grants represented the subsidy to the Group by the People's Republic of China ("**PRC**") government as incentive primarily to encourage the development of the Group and the contribution to the local economic development.

## 5. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *RMB'000* |
| Total interest expense on financial liabilities not at fair value through profit or loss: | | |
| Interest on bank loans | **2,404** | 2,083 |
| Interest on bond payable | **13,427** | – |
| | **15,831** | 2,083 |

## 6. INCOME TAX

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *RMB'000* |
| Current tax — PRC Enterprise Income Tax | | |
| Charge for the period | **555** | – |
| Deferred taxation — Origination and reversal of temporary differences | **(1,698)** | (344) |
| Total tax credit for the period | **(1,143)** | (344) |

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 operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI respectively.

The subsidiaries of the Company in Mainland China were subject to pay enterprise income tax at the standard rate of 25% (six months ended 30 June 2015: 25%) on their respective taxable profit during the period.

## 7. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

## 8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the six months ended 30 June 2016 attributable to owners of the Company, and the weighted average number of 496,500,000 ordinary shares (six months ended 30 June 2015: 405,685,555) in issue during the period.

Diluted loss per share is the same as the basic loss per share as there were no potential ordinary shares outstanding during the six months ended 30 June 2016.

Diluted loss per share for the six months ended 30 June 2015 was the same as the basic loss per share because the share options outstanding during the period had an anti-dilutive effect.

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Notes | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|---|---|---|---|
| Carrying amount at 1 January | | **189,385** | 226,512 |
| Additions | | **20,379** | 18,557 |
| Transfer from investment properties | *10* | **12,408** | 247 |
| Transfer to investment properties | *10* | **(105)** | (1,469) |
| Disposals | | **(492)** | (1,813) |
| Depreciation | | **(16,216)** | (38,062) |
| Impairment | | **–** | (14,587) |
| Carrying amount at 30 June/31 December | | **205,359** | 189,385 |

The Group's buildings are held under medium term leases in Mainland China.

Certificates of ownership in respect of certain buildings of the Group located in Dongguan with a net carrying amount of approximately RMB7,964,000 as at 30 June 2016 (RMB8,528,000 as at 31 December 2015) have not yet been issued by the relevant PRC authorities.

## 10. INVESTMENT PROPERTIES

| | Notes | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|---|---|---|---|
| Carrying amount at 1 January | | **24,881** | 24,324 |
| Transfer from property, plant and equipment | *9* | **105** | 1,469 |
| Transfer to owner-occupied property | *9* | **(12,408)** | (247) |
| Depreciation provided during the period/year | | **(303)** | (665) |
| Carrying amount at 30 June/31 December | | **12,275** | 24,881 |

The Group's investment properties are held under medium term leases and are situated in Mainland China.

## 11. PREPAID LAND LEASE PAYMENTS

| | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|---|---|---|
| Carrying amount at 1 January | **19,365** | 19,853 |
| Amortization provided during the period/year | **(244)** | (488) |
| Carrying amount at 30 June/31 December | **19,121** | 19,365 |
| Current portion included in prepayments, deposits and other receivables | **(488)** | (488) |
| Non-current portion | **18,633** | 18,877 |

The Group's leasehold lands are held under medium-term leases and are situated in Mainland China.

## 12. TRADE AND BILLS RECEIVABLES AND INTERESTS RECEIVABLE

### (a) Trade and bills receivables

| | **30 June 2016 (Unaudited)** ***RMB'000*** | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Trade receivables | **187,399** | 188,522 |
| Bills receivables | **45,468** | 45,603 |
| | **232,867** | 234,125 |
| Less: Impairment | **(6,340)** | (6,006) |
| | **226,527** | 228,119 |

The Group's trading terms with its customers are mainly on credit. The credit periods are generally two to four months. Overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing.

The bills receivable were all due within 0 to 180 days from the end of the reporting period.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date are as follows:

| | **30 June 2016 (Unaudited)** ***RMB'000*** | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Within 90 days | **163,128** | 157,850 |
| 91 to 180 days | **16,018** | 24,168 |
| 181 to 360 days | **2,167** | 462 |
| 1 to 2 years | **128** | 108 |
| Over 3 years | **5,958** | 5,934 |
| | **187,399** | 188,522 |

An aged analysis of the bills receivables as at the end of the reporting period based on bills issue date are as follows:

| | **30 June 2016 (Unaudited)** ***RMB'000*** | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Within 90 days | **34,042** | 13,851 |
| 91 to 180 days | **11,426** | 31,674 |
| 181 to 360 days | **–** | 78 |
| | **45,468** | 45,603 |

**(b) Interests receivable**

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Interests receivable | **4,773** | – |

Approximately RMB4,773,000 (2015: RMBnil) of the Group's interests receivable are denominated in HK$. All of the interests receivable are expected to be recovered within one year.

As at 30 June 2016, the interests receivable were arising from the loan receivables, details of which are set out in note 14.

As at the end of the reporting period, the ageing analysis of interests receivable, based on the revenue recognition date, is as follows:

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Within 90 days | **1,591** | – |
| 91 to 180 days | **3,182** | – |
| | **4,773** | – |

Interests receivable are due on maturity of corresponding loan receivable according to the relevant loan agreements.

## 13. TRADE AND BILLS PAYABLES

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Trade payables | **82,317** | 102,656 |
| Bills payables | **29,232** | 18,584 |
| | **111,549** | 121,240 |

An aged analysis of the trade payables as at the end of the reporting period, based on the suppliers' statements date, is as follows:

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Within 90 days | **70,637** | 93,731 |
| 91 to 180 days | **10,181** | 7,912 |
| 181 to 360 days | **545** | 497 |
| 1 to 2 years | **479** | 382 |
| Over 2 years | **475** | 134 |
| | **82,317** | 102,656 |

The trade payables are non-interest-bearing and are normally settled within 30 to 120 days.

An aged analysis of the bills payables as at the end of the reporting period based on bills issue date is as follows:

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Within 90 days | **28,983** | 14,660 |
| 181 to 360 days | **249** | 3,924 |
| | **29,232** | 18,584 |

## 14. LOAN RECEIVABLES

| | **30 June 2016 (Unaudited)** *RMB'000* | 31 December 2015 (Audited) *RMB'000* |
|---|---|---|
| Loan receivables recoverable within one year | **102,840** | – |
| Loan receivables recoverable after 1 year | **19,796** | – |
| Less: impairment | **–** | – |
| | **122,636** | – |

The loan receivables comprise of:

(1) loan receivable of HK$120,000,000 (approximate to RMB102,840,000) due from an independent third party borrower, which is secured by (i) a second charge over the equity interests in each of the borrower and its subsidiary; (ii) second floating charge of all undertaking, property, assets and rights of a subsidiary of the borrower; and (iii) second deed of assignment and subordination of the indebtedness due by the borrower's subsidiary to the borrower. The loan receivable is interest-bearing at 22% per annum and repayable after 9 months after the date of drawdown of the loan.

(2) loan receivable of HK$23,099,000 (approximate to RMB19,796,000) due from an independent third party financier (the "**Financier 1**") under a sub-participation agreement pursuant to which the Group has agreed to assume a sub-participation of up to Australian dollars ("**A$**") 10,000,000 (equivalent to approximately HK$58,038,000) for a term of up to 30 September 2018 (the "**Loan Facility 1**") in the rights, benefits, interests and obligations of the Financier 1 under a mezzanine facility agreement (the "**Mezzanine Facility Agreement 1**").

The Financier 1 entered into Mezzanine Facility Agreement 1 with another independent third parties borrower and guarantors to provide a facility of up to A$33,500,000 to the borrower (the "**Mezzanine Facility 1**"). The Mezzanine Facility 1 is secured by (i) the first-ranking freehold mortgage over the land of a residential property development project located in Melbourne, Australia (the "**Development Project 1**"); (ii) a general security deed given by the borrower and guarantors of the Mezzanine Facility Agreement 1; and (iii) the guarantees provided by a number of individuals and corporate entities associated with the sponsors of the Development Project 1. The Mezzanine Facility 1 is interest-bearing at a range of 18% to 19% per annum and repayable by 30 September 2018.

The Loan Facility 1 is unsecured, interest-bearing at a range of 17.2% to 18.2% per annum and recoverable within 2 business days of receipt by the Financier 1 from the borrower.

## DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed shares of the Company during the six months ended 30 June 2016.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2016, the Company had complied with the code provisions set out in the Corporate Governance Code ("**CG Code**") stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except the following:

(i) Pursuant to Rule 3.10(1) and Rule 3.10A of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Following the retirement of Mr. Liang Rong ("**Mr. Liang**") from the Board on 14 June 2016, the number of Independent Non-executive Directors of the Board reduced to two which is below the minimum number prescribed under Rule 3.10(1) of the Listing Rules and the number of Independent Non-executive Directors falls below one-third of the Board as required under Rule 3.10A of the Listing Rules.

(ii) According to the Rule 3.25 of the Listing Rules, the remuneration committee of a listed issuer must be chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Mr. Liang's departure left the post of the chairman of the Remuneration Committee vacant and the members of the Remuneration Committee did not comprise of a majority of Independent Non-executive Directors as required under Rule 3.25 of the Listing Rules.

(iii) The Company does not have a separate chairman and chief executive officer according to code provision A.2.1 of the CG Code and Mr. Huang Mingxiang, the Executive Director, currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive officer in the same person could provide the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to changes. The independent non-executive directors of the Board, who had diverse skills, experience and expertise, could provide a check and balance function inside the Board.

On 17 July 2016, the Board appointed two additional Independent Non-executive Directors and made changes to the composition of the Remuneration Committee. As such, the number of Independent Non-executive Directors on the Board is more than three and represents not less than one-third of the members of the Board as required under Rule 3.10(1) and 3.10A of the Listing Rules. The Remuneration Committee is chaired by an Independent Non-executive Director and comprising a majority of Independent Non-executive Directors as required under Rule 3.25 of the Listing Rules.

## MODEL CODE FOR DEALING SECURITIES BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors of the Company (the "Company Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Following specific enquiries of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company Code regarding the directors' securities transactions throughout the six months ended 30 June 2016.

## AUDIT COMMITTEE AND INTERIM REVIEW

The Audit Committee, comprising four Independent Non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (Chairman of the Audit Committee), Mr. Chan Chi On, Derek, Mr. To Yan Ming, Edmond and Mr. Xu Xuechuan, is established to review the financial information of the Company and oversee the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2016.

By order of the Board
**Tianli Holdings Group Limited**
**Huang Mingxiang**
*Chairman*

Hong Kong, 29 August 2016

*As at the date of this announcement, the Board comprises seven Executive Directors, namely, Mr. Huang Mingxiang, Mr. Jing Wenping, Mr. Kwok Oi Lung, Roy, Mr. Sue Ka Lok, Mr. Xue Hongjian, Mr. Zhou Chunhua and Mr. Zhu Xiaodong and four Independent Non-executive Directors, namely Mr. Chan Chi On, Derek, Mr. Chu Kin Wang, Peleus, Mr. To Yan Ming, Edmond and Mr. Xu Xuechuan.*