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CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3839)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) of Chia Tai Enterprises International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		US\$'000	US\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	81,211	63,369
Cost of sales		(62,084)	(46,955)
Gross profit		19,127	16,414
Other income, net	5	24	843
Selling and distribution costs		(6,917)	(5,309)
General and administrative expenses		(10,465)	(9,184)
Finance costs	6	(433)	(170)
Share of profits and losses of:			
Joint venture		(5,340)	5,502
Associate		1,113	703
(LOSS)/PROFIT BEFORE TAX	7	(2,891)	8,799
Income tax	8	(1,049)	(1,097)
(LOSS)/PROFIT FOR THE PERIOD		(3,940)	7,702

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued)

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
(Loss)/profit attributable to:			
Shareholders of the Company		(4,984)	6,724
Non-controlling interests		<u>1,044</u>	<u>978</u>
		(3,940)	7,702
		<i>US cents</i>	<i>US cents</i>
 (LOSSES)/EARNINGS PER SHARE			
ATTRIBUTABLE TO SHAREHOLDERS			
OF THE COMPANY			
	10		
Basic and diluted		<u>(1.97)</u>	<u>2.65</u>
		<i>US\$'000</i>	<i>US\$'000</i>
(LOSS)/PROFIT FOR THE PERIOD		(3,940)	7,702
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences related to translation of foreign operations		(4,214)	828
Share of other comprehensive income of:			
Joint venture		(6,144)	1,361
Associate		<u>(1,126)</u>	<u>219</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(11,484)	2,408
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(15,424)	10,110
 Total comprehensive income attributable to:			
Shareholders of the Company		(15,199)	8,890
Non-controlling interests		<u>(225)</u>	<u>1,220</u>
		(15,424)	10,110

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
	<i>Note</i>	<i>US\$'000</i> (Unaudited)	<i>US\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		91,038	92,586
Land lease prepayments		5,391	5,755
Investments in joint venture		109,075	120,559
Investments in associate		19,504	21,838
Other non-current assets		253	–
		<hr/>	<hr/>
Total non-current assets		225,261	240,738
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		38,484	36,070
Trade and bills receivables	11	43,539	39,559
Prepayments, deposits and other receivables		16,089	17,756
Cash and cash equivalents		28,298	31,093
		<hr/>	<hr/>
Total current assets		126,410	124,478
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	12	17,666	13,279
Other payables and accruals		16,091	14,250
Bank borrowings		32,427	26,325
Income tax payables		7,096	5,301
		<hr/>	<hr/>
Total current liabilities		73,280	59,155
		<hr/>	<hr/>
NET CURRENT ASSETS		53,130	65,323
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		278,391	306,061
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Bank borrowings	11,401	16,287
Other non-current liabilities	2,312	2,370
Deferred tax liabilities	2,613	3,881
	<hr/>	<hr/>
Total non-current liabilities	16,326	22,538
	<hr/>	<hr/>
NET ASSETS	262,065	283,523
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	25,333	25,333
Reserves	212,527	227,726
	<hr/>	<hr/>
	237,860	253,059
	<hr/>	<hr/>
Non-controlling interests	24,205	30,464
	<hr/>	<hr/>
TOTAL EQUITY	262,065	283,523
	<hr/> <hr/>	<hr/> <hr/>

NOTES

1. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's interim financial report for the six months ended 30 June 2022, but is derived from the interim financial report. The interim financial report is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all IFRSs, IASs and Interpretations) issued by the IASB, except for the accounting policy changes as set out in note 2 below. This interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

This interim financial information is presented in United States dollars ("US\$") and all values are rounded to the nearest thousand ("US\$'000") except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The IASB has issued a number of new standards, amendments to IFRSs and interpretation that are first effective for the current interim period. Of these, the following amendments may be relevant to the Group:

Annual Improvements to IFRSs 2018-2020 cycle	Amendments to IFRS 1 <i>First-time adoption of international financial reporting standards</i> , IFRS 9 <i>Financial instruments</i> , IFRS 16 <i>Leases</i> and IAS 41 <i>Agriculture</i>
Amendments to IFRS 3	Amendments to IFRS 3 <i>Reference to the conceptual framework</i>
Amendments to IAS 16	Amendments to IAS 16 <i>Property, plant and equipment: proceeds before intended use</i>
Amendments to IAS 37	Amendments to IAS 37 <i>Onerous contracts- cost of fulfilling a contract</i>

None of the new standard, amendment and interpretation have had a significant financial effect to the Group. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments:

- the biochemical segment is principally engaged in the manufacture and/or sale of chlortetracycline and other related products; and
- the industrial segment is principally engaged in the trading of machinery and the manufacture and sale of automotive parts, through the Group's joint venture and associate.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, finance costs and items not specifically attributed to individual segments, such as head office or corporate administration expenses are excluded from such measurements.

Segment assets exclude unallocated corporate assets. Unallocated corporate assets include cash and cash equivalents, income tax receivable and other assets that are managed on a group basis.

Segment liabilities exclude unallocated corporate liabilities. Unallocated corporate liabilities include bank borrowings, income tax payables, deferred tax liabilities and other liabilities that are managed on a group basis.

All revenue from contracts with customers is recognised at the point in time when our customer obtains control of the promised goods, i.e. when products are delivered to the customers' premises for domestic sales or in accordance with the terms and conditions of sale for export sales. The major product line of the Group is the manufacture and/or sale of chlortetracycline and other related products in biochemical segment as disclosed in note 3(a).

Disaggregation of revenue from contracts with customers by geographical location of customers is disclosed in note 3(b)(i).

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group's reportable operating segments during the period.

Six months ended 30 June 2022

	Biochemical operations <i>US\$'000</i> (Unaudited)	Industrial operations <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Segment revenue			
Sales to external customers	<u>81,211</u>	<u>–</u>	<u>81,211</u>
Segment results			
The Group	3,453	(804)	2,649
Share of profits and losses of:			
Joint venture	–	(5,340)	(5,340)
Associate	<u>–</u>	<u>1,113</u>	<u>1,113</u>
	<u>3,453</u>	<u>(5,031)</u>	<u>(1,578)</u>
Reconciliation:			
Bank interest income			68
Finance costs			(433)
Unallocated head office and corporate expenses			<u>(948)</u>
Loss before tax			<u>(2,891)</u>
Other segment information			
Depreciation and amortisation	3,569	–	3,569
Capital expenditure*	<u>6,800</u>	<u>–</u>	<u>6,800</u>

* Including additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 30 June 2022

	Biochemical operations US\$'000 (Unaudited)	Industrial operations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment assets	187,582	135,768	323,350
Reconciliation: Unallocated corporate assets			<u>28,321</u>
Total assets			<u><u>351,671</u></u>
Segment liabilities	35,243	18	35,261
Reconciliation: Unallocated corporate liabilities			<u>54,345</u>
Total liabilities			<u><u>89,606</u></u>
Other segment information			
Investments in joint venture	–	109,075	109,075
Investments in associate	–	19,504	19,504

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

Six months ended 30 June 2021

	Biochemical operations <i>US\$'000</i> (Unaudited)	Industrial operations <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Segment revenue			
Sales to external customers	63,369	–	63,369
Segment results			
The Group	4,338	(548)	3,790
Share of profits and losses of:			
Joint venture	–	5,502	5,502
Associate	–	703	703
	<u>4,338</u>	<u>5,657</u>	<u>9,995</u>
Reconciliation:			
Bank interest income			55
Finance costs			(170)
Unallocated head office and corporate expenses			<u>(1,081)</u>
Profit before tax			<u>8,799</u>
Other segment information			
Depreciation and amortisation	3,595	9	3,604
Capital expenditure*	<u>4,660</u>	<u>–</u>	<u>4,660</u>

* Including additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Reportable operating segments *(Continued)*

At 31 December 2021

	Biochemical operations <i>US\$'000</i> (Audited)	Industrial operations <i>US\$'000</i> (Audited)	Total <i>US\$'000</i> (Audited)
Segment assets	<u>186,447</u>	<u>147,582</u>	334,029
Reconciliation:			
Unallocated corporate assets			<u>31,187</u>
Total assets			<u>365,216</u>
Segment liabilities	<u>29,123</u>	<u>39</u>	29,162
Reconciliation:			
Unallocated corporate liabilities			<u>52,531</u>
Total liabilities			<u>81,693</u>
Other segment information			
Investments in joint venture	–	120,559	120,559
Investments in associate	–	21,838	21,838

(b) Geographical information

(i) Revenue from external customers

	Six months ended 30 June	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Mainland China	32,905	32,069
Americas	19,720	12,634
Asia Pacific (excluding mainland China)	16,560	13,424
Elsewhere	12,026	5,242
	<u>81,211</u>	<u>63,369</u>

The revenue information shown above is based on the location of customers.

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical information *(Continued)*

(ii) *Non-current assets*

At 30 June 2022, 99% (31 December 2021: 99%) of the Group's non-current assets are located in mainland China.

4. REVENUE

Revenue represents the aggregate of the invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts recognised within the scope of IFRS 15. All of the Group's revenue is from the biochemical segment.

5. OTHER INCOME, NET

An analysis of other income, net is as follows:

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Bank interest income	68	55
Government grants	644	658
Foreign exchange differences, net	(906)	17
Others	218	113
	<u>24</u>	<u>843</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	1,018	578
Less: Interest expense capitalised*	<u>(585)</u>	<u>(408)</u>
	<u>433</u>	<u>170</u>

* Interest expense was capitalised at interest rate based on the respective loan facilities of 3.5%-5.4% per annum (six months ended 30 June 2021: 3.9%-5.4% per annum).

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	62,084	46,955
Depreciation of property, plant and equipment	3,497	3,529
Amortisation of land lease prepayments	72	75
	<u>65,653</u>	<u>50,559</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits in Hong Kong during the current period (six months ended 30 June 2021: nil).

Subsidiaries operating in the People's Republic of China ("PRC") are subject to income tax at the rate of 25% (six months ended 30 June 2021: 25%) on their taxable income according to the PRC corporate income tax laws. In accordance with the relevant tax rules and regulations in the PRC, certain subsidiaries of the Group in the PRC enjoy income tax exemptions or reductions.

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current – the PRC		
Charge for the period	2,474	774
(Over)/under-provision in prior years	(183)	24
Deferred	<u>(1,242)</u>	<u>299</u>
Total tax expense for the period	<u>1,049</u>	<u>1,097</u>

9. INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

10. (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic (losses)/earnings per share is based on the (loss)/profit for the period attributable to shareholders of the Company and the weighted average number of ordinary shares and convertible preference shares in issue during the period.

The calculation of basic (losses)/earnings per share is based on the following data:

	Six months ended 30 June	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
(Losses)/Earnings		
(Loss)/profit for the period attributable to shareholders of the Company, used in the basic (losses)/earnings per share calculation	<u>(4,984)</u>	<u>6,724</u>
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic (losses)/earnings per share calculation	<u>253,329,087</u>	<u>253,329,087</u>

As there were no potential dilutive ordinary shares during the six months ended 30 June 2022 and 2021, the amount of diluted (losses)/earnings per share is equal to basic (losses)/earnings per share.

11. TRADE AND BILLS RECEIVABLES

Depending on the requirements of the market and business, the Group may extend credit to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management and interest may be charged by the Group for overdue trade receivable at rates determined by the Group with reference to market practice. In the opinion of the directors, there is no significant concentration of credit risk. An aging analysis of the Group's trade and bills receivables, based on the date of delivery of goods, is as follows:

	30 June	31 December
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Audited)
60 days or below	22,154	22,244
61 to 180 days	13,756	11,824
Over 180 days	<u>7,629</u>	<u>5,491</u>
	<u>43,539</u>	<u>39,559</u>

12. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
60 days or below	15,247	12,331
61 to 180 days	1,910	647
Over 180 days	509	301
	<hr/> 17,666 <hr/>	<hr/> 13,279 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

The Group has two lines of business: biochemical business and industrial business. The biochemical business focuses on chlortetracycline (“CTC”) and other related products, and is carried on by Group subsidiaries. This business segment accounts for all of the Group’s consolidated revenue. The industrial business comprises the Group’s interests in its joint venture ECI Metro Investment Co., Ltd. (together with its subsidiaries, “ECI Metro”) and its associate Zhanjiang Deni Vehicle Parts Co., Ltd. (together with its subsidiaries, “Zhanjiang Deni”). The results of the Group’s industrial business are incorporated in the consolidated statement of comprehensive income as share of profits and losses of joint venture and associate.

For the six months ended 30 June 2022 (“1H22”), the Group’s revenue increased by 28.2% to US\$81.21 million (for the six months ended 30 June 2021 (“1H21”): US\$63.37 million). Overall, gross profit margin declined by 2.3 percentage points year-on-year to 23.6% (1H21: 25.9%).

Loss attributable to shareholders of the Company was US\$4.98 million in 1H22, compared to profit attributable to shareholders of the Company of US\$6.72 million in 1H21. The turn from profit to loss was mainly due to share of profits and losses of ECI Metro deteriorating from a profit of US\$5.50 million in 1H21 to a loss of US\$5.34 million in 1H22.

Basic and diluted earnings per share were both negative 1.97 US cents in 1H22 (1H21: positive 2.65 US cents). The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (1H21: Nil).

BUSINESS REVIEW

Biochemical

We generate a sizable portion of our revenue from the manufacture and sale of CTC products: CTC Premix and CTC HCL. CTC products are antibiotics used to prevent or cure animal diseases. In the past few years, we have been strategically broadening our product portfolio to cover other related veterinary products. Of these new offerings, some we manufacture and sell, and some we source and trade. The Group’s major customers include farms, pharmaceutical companies, trading companies and feed mills.

In 1H22, the Group’s revenue from biochemical business increased by 28.2% to US\$81.21 million (1H21: US\$63.37 million). Revenue contribution from China, Americas, Asia Pacific (excluding China) and elsewhere was 40.5%, 24.3%, 20.4% and 14.8%, respectively.

For the period under review, despite multiple challenges at home and abroad, we recorded solid revenue growth mainly due to an increase in overseas sales. Despite logistical issues caused by the COVID-19 pandemic, we managed to increase revenue from our customers abroad via targeted marketing and promotion efforts. Sales to North America, in particular, increased significantly as we successfully sold CTC products to new customers.

In China, in response to the ban on the use of antibiotics as feed additives, the Group has successfully shifted its key CTC customers from feed mills to farms. However, during the period under review, soft animal protein prices led to a slowdown in farming activities. As a result, our customers from the farming sector cut their orders for CTC products. However, in response to the weakening demand for CTC products, we actively explored sales of other related veterinary products. These products generated new business for the Group and were the key revenue growth driver in China. As a result, overall domestic sales in China remained stable.

In 1H22, average selling price of CTC premix, our main revenue contributor, increased by 3.0% compared to 1H21 while average selling price of CTC HCL reduced by 3.2% year-on-year due to intensified pricing competition. However, rising raw material and energy costs put pressure on our profitability. Overall, gross profit margin reduced from 25.9% in 1H21 to 23.6% in 1H22.

Industrial

The Group's industrial business is conducted through ECI Metro and Zhanjiang Deni.

ECI Metro is principally engaged in the sale, leasing and servicing of Caterpillar machinery equipment in the western part of China. According to the National Bureau of Statistics of the PRC, fixed-asset investment growth in China was 6.1% in 1H22, and that in the western part of China was 8.0%. Within fixed-asset investment, infrastructure investment in road transport and railway transport fell by 0.2% and 4.4%, respectively, when compared to 1H21. The sluggish industry environment and intensified competition from domestic manufacturers added pressure to both sales and margins. For the six months ended 30 June 2022, our share of losses of joint venture was US\$5.34 million, compared to share of profits of US\$5.50 million in 1H21.

Zhanjiang Deni is principally engaged in the manufacture and sale of automotive parts, which are mainly sold to automobile and motorcycle manufacturers. According to the China Association of Automobile Manufacturers, automobile sales was 6.6% lower than that in 1H21; and according to the China Chamber of Commerce for Motorcycle, motorcycle sales in 1H22 decreased by 14.3% year-on-year. In response to market challenges, measures have been taken to bring down operating costs. As a result, our share of profits of associate increased to US\$1.11 million (1H21: US\$0.70 million) for the six months ended 30 June 2022.

OUTLOOK

Looking forward, the Group continues to face multiple challenges. For our biochemical business, the COVID-19 pandemic poses continuous pressure to the economy in China and abroad. Meanwhile, the sagging farming market reduces the demand from our customers. These factors continue to bring uncertainties to our biochemical business. For our industrial business, fixed-asset investment growth in China in the remainder of 2022 is expected to hover at a low level and competition is likely to intensify. Overall, we expect the rest of 2022 to be difficult.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had total assets of US\$351.7 million, a decrease of 3.7% as compared to US\$365.2 million as at 31 December 2021.

Net debt (30 June 2022: US\$15.5 million, 31 December 2021: US\$11.5 million) to equity ratio (defined as total bank borrowings minus cash divided by total equity) was 0.06 as compared to 0.04 as at 31 December 2021.

All the borrowings of the Group are denominated in Renminbi (“RMB”) as at 30 June 2022 and 31 December 2021.

As at 30 June 2022, the Group’s fixed interest rate bank borrowings amounted to US\$26.6 million (31 December 2021: US\$20.9 million).

All domestic sales in mainland China are transacted in RMB and export sales are transacted in foreign currencies. The Group monitors exchange rate movements and determines appropriate hedging activities when necessary.

CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings. The Group had cash and cash equivalents of US\$28.3 million as at 30 June 2022, a decrease of US\$2.8 million compared to US\$31.1 million as at 31 December 2021.

CHARGES ON GROUP ASSETS

As at 30 June 2022, out of the total borrowings of US\$43.8 million (31 December 2021: US\$42.6 million) obtained by the Group, US\$20.2 million (31 December 2021: US\$18.9 million) was secured, which accounted for 46.2% (31 December 2021: 44.4%) of the total borrowings. Certain of the Group’s property, plant and equipment and land lease prepayments with an aggregate net book value of US\$14.4 million (31 December 2021: US\$10.8 million) were pledged as security.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed around 1,000 employees in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market conditions while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining strict corporate governance standards. The principles of these standards are to uphold a high standard of ethics, transparency, accountability and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

In the opinion of the Board, the Company applied the principles and complied with the code provisions prescribed in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2022.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Code of Conduct for Securities Transactions, which is based on the requirements set out in Appendix 10 to the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers, as the code of conduct for dealings in the Company’s securities by its directors. All Directors responded to a specific enquiry by the Company and confirmed that they complied with the Company’s Code of Conduct for Securities Transactions during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2022 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s unmodified review report is included in the interim report to be sent to shareholders of the Company.

The audit committee of the Company has also reviewed the interim results for the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Thanakorn Seriburi
Director

Hong Kong, 10 August 2022

As at the date of this announcement, the Board comprises Mr. Soopakij Chearavanont (Chairman and Non-executive Director), Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont, Mr. Chawalit Na Muangtoun (each an Executive Director), Mr. Yoichi Ikezoe (Non-executive Director), Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Edward Ko Ming Tung (each an Independent Non-executive Director).