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13 November 2012

The Directors
Casablanca Group Limited
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Casablanca Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2011 and for the six months ended 30 June 2012 (the "Track Record Period") for inclusion in the prospectus of the Company dated 13 November 2012 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

The Company was incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands on 2 April 2012. Through a group reorganisation as more fully explained in the section headed "History, Reorganisation and Group Structure" in the Prospectus (the "Group Reorganisation"), the Company has since 22 October 2012 become the holding company of the Group.

Particulars of the subsidiaries and an associate indirectly held by the Company, unless otherwise specified, at the end of each reporting period and the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Date of report	Principal activities
Alright Global Investment Limited	British Virgin Islands ("BVI") 18 May 2010	Hong Kong	US$100	N/A	100%	100%	100%	100%	Investment holding

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Date of report	Principal activities
CCW Home Tex (Shenzhen) Company Limited ("CCW Home Tex (Shenzhen)") 創想家居用品 (深圳) 有限公司[(2)(3)]	The People's Republic of China ("PRC") 25 April 2007	PRC	HK$20,000,000	100%	100%	100%	100%	100%	Trading of home textile products and accessories
Casablanca Home Holdings Limited ("Casablanca Home Holdings")[(1)]	BVI 5 October 2010	Hong Kong	US$4,230,000	N/A	100%	100%	100%	100%	Investment holding
Casablanca Home Limited ("Casablanca Home")	Hong Kong 22 June 2010	Hong Kong	HK$1,000,000	N/A	100%	100%	100%	100%	Investment holding
Casablanca Home (Shenzhen) Limited ("Casablanca (Shenzhen)") 卡撒天嬌家居用品(深圳)有限公司[(2)(3)]	PRC 20 August 2010	PRC	HK$10,000,000	N/A	100%	100%	100%	100%	Trading of home textile products and accessories
Casablanca Home (Huizhou) Company Limited ("Casablanca (Huizhou)") 卡撒天嬌家居(惠州) 有限公司[(2)(3)]	PRC 7 April 2011	PRC	HK$35,000,000	N/A	N/A	100%	100%	100%	Not yet commence operation
Casablanca Hong Kong Limited ("Casablanca Hong Kong")	Hong Kong 22 June 2010	Hong Kong	HK$1,000,000	N/A	100%	100%	100%	100%	Trading of home textile products and accessories
Casablanca International Limited ("Casablanca International")	Hong Kong 16 March 1993	Hong Kong	HK$3,000,000	100%	100%	100%	100%	100%	Investment holding (2009, 2010: trading of home textile products and accessories)

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Date of report	Principal activities
Forcetech (Shenzhen) Company Limited ("Forcetech (Shenzhen)") 科思特家居用品(深圳)有限公司[(2)(3)]	PRC 23 July 2003	PRC	HK$10,200,000	100%	100%	100%	100%	100%	Manufacture and sale of home textile products and accessories
Jollirich Investment Limited ("Jollirich")	Hong Kong 8 April 2002	Hong Kong	HK$10,000	100%	100%	100%	100%	100%	Investment holding (2009, 2010, 2011: trading of home textile products and accessories)
Leading Empire Investment Holdings Limited ("Leading Empire")	BVI 6 May 2010	Hong Kong	US$1	N/A	100%	100%	100%	100%	Investment holding
Leading Force International Limited (formerly known as Sea Tiger Consulting Limited) ("Leading Force")	Hong Kong 5 February 2007	Hong Kong	HK$1,000	N/A	100% *(Note a)*	100%	100%	100%	Investment holding
One Start Investment Limited	BVI 10 May 2010	Hong Kong	US$100	N/A	100%	100%	100%	100%	Investment holding
Rich Creation Asia Investment Limited ("Rich Creation")	Hong Kong 15 December 2006	Hong Kong	HK$10,000	100%	100%	100%	100%	100%	Investment holding
Shenzhen Casablanca E-commerce Company Limited ("Casablanca E-commerce") 深圳市卡撒天嬌家居用品電子商務有限公司[(3)]	PRC 29 July 2011	PRC	RMB500,000	N/A	N/A	100%	100%	100%	Inactive

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Date of report	Principal activities
Smart Glory Global International Investment Limited	BVI 18 August 2010	Hong Kong	US$100	N/A	100%	100%	100%	100%	Investment holding
Super Smart Global Investment Limited	BVI 18 May 2010	Hong Kong	US$100	N/A	100%	100%	100%	100%	Investment holding
Wealth Pine Asia Limited ("Wealth Pine")[4]	Hong Kong 20 May 2010	Hong Kong	HK$100	N/A	100%	100%	– *(Note c)*	–	Property letting
Name of associate									
Supreme Trade Development Limited ("Supreme Trade")	Hong Kong 17 June 1993	Hong Kong	HK$8,500,000	50%	50%	– *(Note b)*	–	–	Property investment and development

(1) Directly held by the Company.

(2) These companies were established in the PRC in the form of wholly foreign-owned enterprise.

(3) The English name is translated for identification purpose only.

(4) The company was controlled by Casablanca International by a declaration of trust entered into with a related company, Leading Asset Holdings Limited ("Leading Asset"), which is wholly-owned by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) (the "Ultimate Beneficial Owners").

Notes:

a. On 20 July 2010, Leading Empire acquired 100% equity interest in Leading Force from an independent third party at a consideration of HK$1,000. Details of the acquisition are set out in note 34.

b. On 12 July 2011, Jollirich disposed of the 50% equity interest in Supreme Trade to an independent third party at a consideration of HK$3,500,000.

c. On 26 April 2012, Casablanca International disposed of the 100% equity interest in Wealth Pine to a related company, Smart Blossom Limited ("Smart Blossom"), which is owned by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) as to 40%, 35% and 25%, respectively, at a consideration of HK$1,600,000. Details of the disposal are set out in note 35.

All of the above subsidiaries adopt 31 December as the financial year end date and the associate adopts 31 March as the financial year end date.

The statutory financial statements of the subsidiaries, other than those incorporated in the BVI, and the associate for the years ended 31 December 2009, 2010 and 2011, or since their respective dates of incorporation/establishment, where is a shorter period, were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Deloitte Touche Tohmatsu except for the followings:

Name of company	Financial period	Name of auditor[4]
CCW Home Tex (Shenzhen)	For each of the three years ended 31 December 2011[1]	深圳華堂會計師事務所
Casablanca (Shenzhen)	From 20 August 2010 (date of establishment) to 31 December 2010 and for the year ended 31 December 2011[1]	深圳華堂會計師事務所
Casablanca (Huizhou)	From 7 April 2011 (date of establishment) to 31 December 2011[1]	惠州市尚品信源會計師事務所
Casablanca International	For the year ended 31 December 2009[3]	Fung, Yu & Co.
Forcetech (Shenzhen)	For each of the three years ended 31 December 2011[1]	深圳華堂會計師事務所
Jollirich	For the year ended 31 December 2009[3]	Fung, Yu & Co.
	For the year ended 31 December 2010[2]	H. C. Wong & Co.
Leading Force	For the year ended 31 December 2010[2]	H. C. Wong & Co.
Casablanca E-commerce	From 29 July 2011 (date of establishment) to 31 December 2011[1]	深圳華堂會計師事務所
Supreme Trade[5]	For each of the three years ended 31 March 2011[3]	Thomson Y. W. Lai & Co.

[1] Statutory financial statements prepared in accordance with relevant accounting principles and regulations in the PRC.

[2] Statutory financial statements prepared in accordance with HKFRSs.

[3] Statutory financial statements prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standards ("SMEFRSs") issued by the HKICPA.

[4] These auditors are certified public accountants registered in Hong Kong and the PRC, as appropriate.

[5] Supreme Trade was disposed of during the year ended 31 December 2011.

No statutory audited financial statements have been prepared for the Company and its subsidiaries incorporated in the BVI as they were incorporated in jurisdictions where there are no statutory audit requirements.

For the purpose of this report, the directors of Casablanca Home Holdings have prepared consolidated financial statements of Casablanca Home Holdings and its subsidiaries for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). We have carried out an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting accountant" as recommended by the HKICPA.

The Financial Information for the Track Record Period set out in this report has been prepared based on the Underlying Financial Statements on the basis set out in note 1 to the Financial Information after making such adjustments as we consider appropriate for the purpose of preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of Casablanca Home Holdings who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 to the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 and of the Company as at 30 June 2012 and of the combined profits and cash flows of the Group for the Track Record Period.

The comparative combined statement of comprehensive income, combined statement of cash flows and combined statement of changes in equity of the Group for the six months ended 30 June 2011 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "30 June 2011 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 June 2011 Financial Information in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 30 June 2011 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2011 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2011 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

(A) FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Six months ended 30 June	
		2009	2010	2011	2011	2012
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
					(unaudited)	
Revenue	7	266,667	325,284	430,263	198,731	206,825
Cost of goods sold		(122,483)	(126,890)	(176,514)	(82,511)	(80,579)
Gross profit		144,184	198,394	253,749	116,220	126,246
Other income	8	688	1,304	841	378	680
Other gains and losses	9	3,303	3,794	8,519	(563)	3,369
Selling and distribution costs		(99,287)	(131,606)	(161,470)	(74,963)	(78,933)
Administrative expenses		(22,522)	(32,516)	(43,726)	(20,035)	(23,039)
Share of loss of an associate		(5)	(4)	–	–	–
Finance costs	10	(392)	(567)	(830)	(416)	(468)
Listing expenses		–	–	–	–	(9,414)
Profit before taxation	11	25,969	38,799	57,083	20,621	18,441
Taxation	13	(4,194)	(5,969)	(11,219)	(4,384)	(5,155)
Profit for the year/period		21,775	32,830	45,864	16,237	13,286
Other comprehensive income (expense)						
Exchange differences arising on translation		7	2,601	5,703	2,320	(1,390)
Increase in fair value of available-for-sale investments		2,833	502	–	–	–
Reclassification adjustment relating to disposal of available-for-sale investments		–	(3,335)	–	–	–
		2,840	(232)	5,703	2,320	(1,390)
Total comprehensive income for the year/period		24,615	32,598	51,567	18,557	11,896
Profit for the year/period attributable to owners of the Company		21,775	32,830	45,864	16,237	13,286
Total comprehensive income attributable to owners of the Company		24,615	32,598	51,567	18,557	11,896

STATEMENTS OF FINANCIAL POSITION

		THE GROUP				THE COMPANY
		As at 31 December			As at 30 June	As at 30 June
	NOTES	2009	2010	2011	2012	2012
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Property, plant and equipment	*16*	38,885	64,676	60,714	64,816	–
Prepaid lease payments	*17*	–	–	29,013	28,455	–
Intangible assets	*18*	13	12	10	9	–
Interest in an associate	*19*	114	110	–	–	–
Available-for-sale investments	*20*	9,339	–	–	–	–
Deposits paid for acquisition of property, plant and equipment		–	–	97	420	–
Rental deposits		1,177	1,030	2,156	2,397	–
Amount due from an associate	*23*	9,000	9,000	–	–	–
		58,528	74,828	91,990	96,097	–
Current assets						
Inventories	*21*	33,333	69,486	80,879	70,128	–
Trade and other receivables	*22*	44,095	66,552	82,231	62,897	–
Prepaid lease payments	*17*	–	–	597	592	–
Amount due from a fellow subsidiary	*24*	–	–	–	–	380
Amounts due from directors	*25*	16	87	–	–	–
Taxation recoverable		–	–	158	283	–
Fixed deposit held at a bank with maturity over three months	*26*	10,080	–	–	–	–
Bank balances and cash	*26*	49,815	60,796	107,050	77,869	–
		137,339	196,921	270,915	211,769	380
Current liabilities						
Trade and other payables	*27*	35,456	47,966	68,853	35,812	–
Amounts due to related companies	*28*	65,231	58,816	57,503	76	–
Amounts due to directors	*29*	3,362	4,506	4,714	–	–
Taxation payable		1,710	3,807	11,343	7,661	–
Bank borrowings	*30*	1,993	32,274	57,395	58,583	–
Obligations under finance leases	*31*	404	965	790	808	–
Bank overdrafts	*26*	–	3,052	–	–	–
		108,156	151,386	200,598	102,940	–
Net current assets		29,183	45,535	70,317	108,829	380
Total assets less current liabilities		87,711	120,363	162,307	204,926	380

		THE GROUP				THE COMPANY
		As at 31 December			As at 30 June	As at 30 June
	NOTES	2009	2010	2011	2012	2012
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities						
Bank borrowings	*30*	1,278	–	–	9,665	–
Obligations under finance leases	*31*	212	1,198	408	–	–
Deferred tax liabilities	*32*	1,355	1,701	868	961	–
		2,845	2,899	1,276	10,626	–
Net assets		84,866	117,464	161,031	194,300	380
Capital and reserves						
Share capital	*33*	1,320	1	1	33,374	380
Reserves		83,546	117,463	161,030	160,926	–
Total equity		84,866	117,464	161,031	194,300	380

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve	Merger reserve	Investment revaluation reserve	PRC statutory reserve	Translation reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)	*(Note ii)*		*(Note iii)*			
At 1 January 2009	1,320	–	–	–	2,408	4,203	52,320	60,251
Profit for the year	–	–	–	–	–	–	21,775	21,775
Exchange differences arising on translation	–	–	–	–	–	7	–	7
Increase in fair value of available-for-sale investments	–	–	–	2,833	–	–	–	2,833
Other comprehensive income for the year	–	–	–	2,833	–	7	–	2,840
Total comprehensive income for the year	–	–	–	2,833	–	7	21,775	24,615
Transfers	–	–	–	–	793	–	(793)	–
At 31 December 2009	1,320	–	–	2,833	3,201	4,210	73,302	84,866
Profit for the year	–	–	–	–	–	–	32,830	32,830
Exchange differences arising on translation	–	–	–	–	–	2,601	–	2,601
Increase in fair value of available-for-sale investments	–	–	–	502	–	–	–	502
Reclassification adjustment relating to disposal of available-for-sale investments	–	–	–	(3,335)	–	–	–	(3,335)
Other comprehensive income for the year	–	–	–	(2,833)	–	2,601	–	(232)

	Attributable to owners of the Company							
	Share capital	**Capital reserve**	**Merger reserve**	**Investment revaluation reserve**	**PRC statutory reserve**	**Translation reserve**	**Accumulated profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)	*(Note ii)*		*(Note iii)*			
Total comprehensive income for the year	–	–	–	(2,833)	–	2,601	32,830	32,598
Transfers	–	–	–	–	667	–	(667)	–
Arising from group reorganisation	(1,319)	–	1,319	–	–	–	–	–
At 31 December 2010	1	–	1,319	–	3,868	6,811	105,465	117,464
Profit for the year	–	–	–	–	–	–	45,864	45,864
Exchange differences arising on translation and other comprehensive income for the year	–	–	–	–	–	5,703	–	5,703
Total comprehensive income for the year	–	–	–	–	–	5,703	45,864	51,567
Transfers	–	–	–	–	1,629	–	(1,629)	–
Dividends paid	–	–	–	–	–	–	(8,000)	(8,000)
At 31 December 2011	1	–	1,319	–	5,497	12,514	141,700	161,031
Profit for the period	–	–	–	–	–	–	13,286	13,286
Exchange differences arising on translation and other comprehensive income for the period	–	–	–	–	–	(1,390)	–	(1,390)
Total comprehensive income for the period	–	–	–	–	–	(1,390)	13,286	11,896
Issue of shares	380	–	–	–	–	–	–	380
Capitalisation and waiver of amount due to a related company *(note 28)*	32,993	2,000	–	–	–	–	–	34,993
Dividends paid	–	–	–	–	–	–	(14,000)	(14,000)
At 30 June 2012	33,374	2,000	1,319	–	5,497	11,124	140,986	194,300

	Attributable to owners of the Company							
	Share capital	Capital reserve	Merger reserve	Investment revaluation reserve	PRC statutory reserve	Translation reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)	*(Note ii)*		*(Note iii)*			
At 1 January 2011	1	–	1,319	–	3,868	6,811	105,465	117,464
Profit for the period	–	–	–	–	–	–	16,237	16,237
Exchange differences arising on translation and other comprehensive income for the period	–	–	–	–	–	2,320	–	2,320
Total comprehensive income for the period	–	–	–	–	–	2,320	16,237	18,557
At 30 June 2011 (unaudited)	1	–	1,319	–	3,868	9,131	121,702	136,021

Notes:

(i) The capital reserve represents the waiver of the amount due to a related company as more fully detailed in Note 28.

(ii) The merger reserve of the Group represented the difference between the par value of the shares of Casablanca Home Holdings issued in exchange for the entire share capital of Jollirich, Casablanca International and Rich Creation and transfer of 11.76% equity interest in Forcetech (Shenzhen) pursuant to the Group Reorganisation.

(iii) According to the relevant requirements in the memorandum of the Group's PRC subsidiaries, a portion of their profits after taxation is transferred to PRC statutory reserve. The transfer must be made before the distribution of a dividend to equity owners. The statutory reserve fund can be used to make up the prior year losses, if any. The statutory reserve fund is non-distributable other than upon liquidation.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Operating activities					
Profit before taxation	25,969	38,799	57,083	20,621	18,441
Adjustments for:					
Interest income	(139)	(184)	(445)	(107)	(404)
Interest expenses	392	567	830	416	468
Dividend income	(172)	(220)	–	–	–
Allowance for doubtful debts	226	350	241	238	483
Allowance for inventories	–	–	–	–	1,647
Amortisation of intangible assets	1	2	2	1	1
Amortisation of prepaid lease payments	–	–	243	–	298
Depreciation of property, plant and equipment	3,759	5,352	6,945	3,404	2,956
Gain on disposal of property, plant and equipment	(4,959)	(883)	(6,571)	(114)	(230)
Gain on disposal of available-for-sale investments	–	(3,335)	–	–	–
Gain on disposal of an associate	–	–	(3,390)	–	–
Gain on disposal of a subsidiary	–	–	–	–	(4,179)
Share of loss of an associate	5	4	–	–	–
Impairment loss recognised on investment in an associate	1,381	–	–	–	–
Write-off of goodwill arising on acquisition of a subsidiary	–	15	–	–	–
Write-back of other payables	–	(586)	–	–	–
Operating cash flows before movements in working capital	26,463	39,881	54,938	24,459	19,481
Decrease (increase) in inventories	3,237	(34,292)	(8,329)	(4,086)	8,516
(Increase) decrease in trade and other receivables	(5,394)	(21,663)	(14,191)	19,412	18,470
(Increase) decrease in rental deposits	(1,177)	161	(1,094)	(615)	(251)
(Decrease) increase in trade and other payables	(1,620)	10,933	20,461	7,208	(32,589)
Cash generated from (used in) operations	21,509	(4,980)	51,785	46,378	13,627
Hong Kong Profits Tax paid	(1,047)	(2,112)	(1,089)	–	(4,240)
PRC Enterprise Income Tax paid	(343)	(1,468)	(3,694)	(2,410)	(4,613)
Net cash from (used in) operating activities	20,119	(8,560)	47,002	43,968	4,774

	Note	Year ended 31 December 2009 HK$'000	2010 HK$'000	2011 HK$'000	Six months ended 30 June 2011 HK$'000 (unaudited)	2012 HK$'000
Investing activities						
Proceeds from disposal of property, plant and equipment		10,408	19,426	13,043	493	601
Dividends received from available-for-sale investments		172	220	–	–	–
Interest received		59	184	445	107	404
Repayments from a director		3	–	1,409	–	–
(Advance to) repayment from an associate		(9,000)	–	9,000	–	–
Purchase of property, plant and equipment		(2,651)	(46,288)	(10,175)	(3,336)	(46,228)
Acquisition of investment in an associate		(1,500)	–	–	–	–
Purchase of available-for-sale investments		(257)	(23)	–	–	–
Withdrawal of fixed deposit held at a bank with maturity over three months		–	10,080	–	–	–
Proceeds from disposal of available-for-sale investments		–	9,864	–	–	–
Advances to directors		–	(69)	(1,320)	(1,320)	–
Proceeds from disposal of an associate		–	–	3,500	–	–
Purchase of leasehold land		–	–	(29,186)	–	–
Disposal of a subsidiary	*35*	–	–	–	–	(587)
Net cash used in investing activities		(2,766)	(6,606)	(13,284)	(4,056)	(45,810)
Financing activities						
Advances from related companies		11,392	1,280	12,309	4,001	41
Advances from directors		207	2,092	23	–	–
Repayments of bank borrowings		(4,861)	(4,648)	(29,283)	(22,770)	(20,444)
Repayments to related companies		(2,161)	(7,695)	(13,626)	(3,817)	(488)
Interest paid		(392)	(567)	(830)	(416)	(1,040)
Repayments of obligations under finance leases		(386)	(527)	(965)	(583)	(390)
Repayment to directors		(269)	(1,102)	(25)	–	(4,700)
New bank loans raised		–	33,499	54,295	35,295	52,783
Dividends paid		–	–	(8,000)	–	(14,000)
Proceeds from issue of shares		–	–	–	–	380
Net cash from financing activities		3,530	22,332	13,898	11,710	12,142

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Net increase (decrease) in cash and cash equivalents	20,883	7,166	47,616	51,622	(28,894)
Cash and cash equivalents at beginning of the year/period	28,924	49,815	57,744	57,744	107,050
Effect of foreign exchange rate changes	8	763	1,690	1,234	(287)
Cash and cash equivalents at end of the year/period	49,815	57,744	107,050	110,600	77,869
Represented by:					
Bank balances and cash	49,815	60,796	107,050	111,112	77,869
Bank overdrafts	–	(3,052)	–	(512)	–
	49,815	57,744	107,050	110,600	77,869

NOTES TO FINANCIAL INFORMATION

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 April 2012 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus.

The companies now comprising the Group underwent a series of reorganisation in the preparation of the Listing. Before the completion of the Group Reorganisation, Jollirich, Casablanca International and Rich Creation were directly held as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively. To streamline the shareholding in the group entities, in 2010, the Ultimate Beneficial Owners transferred (the "First Transfer") their respective equity interest in Jollirich, Casablanca International and Rich Creation to Casablanca Home Holdings by way of issuing shares of Casablanca Home Holdings in proportion to the equity interest being transferred out at par value. The Group resulting from the First Transfer is regarded as a continuing entity. To further effect the Group Reorganisation as set out in section headed "History, Reorganisation and Group Structure" in the Prospectus, on 22 October 2012, Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), the controlling shareholders of the Company, transferred 40%, 35% and 25% equity interest in Casablanca Home Holdings to the Company (the "Second Transfer"), respectively, in consideration of the allotment and issue by the Company of 200,000 shares to World Empire Investment Inc. ("World Empire"), which is owned as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively. Upon completion of the Second Transfer, the Company became the holding company of the Group as at 22 October 2012. Accordingly, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 and the statements of financial position as at 31 December 2009, 2010, 2011 and 30 June 2012 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout those periods. The Financial Information has been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the group structure under the Group Reorganisation had been in existence throughout the Track Record Period or since their respective dates of incorporation/establishment of the entities now comprising the Group, whichever is the shorter period.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HKFRSs

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Group's accounting periods beginning on 1 January 2012. For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has adopted all these new and revised HKFRSs consistently throughout the Track Record Period.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[3]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKAS 32 "Offsetting financial assets and financial liabilities" and amendments to HKFRS 7 "Disclosures – Offsetting financial assets and financial liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of amendments to HKAS 32 and amendments to HKFRS 7 in the Group's consolidated financial statements for annual period beginning 1 January 2013 will not have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on the Group's financial assets and financial liabilities reported at the end of the Track Record Period.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 9 for annual period beginning 1 January 2013 will not have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on the Group's financial instruments reported at the end of the Track Record Period.

New and revised standards on consolidation, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that the application of these five standards effective for annual period beginning 1 January 2013 will not have significant impact on the results and financial position of the Group as the Group owns 100% equity interest in all of its subsidiaries and does not have any associates or jointly controlled entities at the end of the Track Record Period.

HKFRS 13 "Fair value measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard shall have no material impact on the amounts reported in the Financial Information but may result in more extensive disclosures in the Financial Information. The directors of the Company anticipate that this standard will be adopted for annual period beginning 1 January 2013.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods. The directors of the Company anticipate that this standard will be adopted for annual period beginning 1 January 2013.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, and in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the combined statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, incomes and expenses are eliminated on combination.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Merger accounting for business combinations involving entities under common control

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these combined financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the combined statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's combined financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the combined statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate, amount due from a fellow subsidiary, amounts due from directors, fixed deposit held at a bank with maturity over three months and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial assets because of financial difficulties.

For certain categories of financial asset such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period of 30 to 75 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related companies, amounts due to directors, bank borrowings, obligations under finance leases and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the combined statements of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the combined statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment loss recognised on trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, the carrying amounts of trade receivables are HK$40,183,000, HK$57,021,000, HK$71,970,000 and HK$46,796,000 (net of allowance for doubtful debts of HK$226,000, HK$593,000, HK$867,000 and HK$1,339,000), respectively.

Estimated impairment loss of inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and marketability of the inventories. Where the subsequent selling prices decline or increase in costs of completion and those necessary to make the sales, additional allowance may arise.

The carrying amounts of inventories at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 are HK$33,333,000, HK$69,486,000, HK$80,879,000 and HK$70,128,000 (net of allowance for inventories of nil, nil, nil and HK$1,647,000, respectively).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank borrowings and bank overdrafts disclosed in notes 30 and 26, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through payment of dividends, new share issues as well as issue of new debt or redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	109,604	128,889	181,306	126,913
Available-for-sale investments	9,339	–	–	–
Financial liabilities				
Amortised cost	103,498	141,879	175,360	96,531

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from an associate, amount due from a fellow subsidiary, amounts due from directors, fixed deposit held at a bank with maturity over three months, bank balances and cash, trade and other payables, amounts due to related companies, amounts due to directors, bank borrowings, obligations under finance leases and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank borrowings and bank overdrafts (see notes 30 and 26 for details of these balances). Interest charged on the Group's borrowings are at variable rates and are mainly at the prime lending rates of the banks. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to the fixed deposit. However, the management considers the fair value interest rate risk on the fixed deposit is insignificant as the fixed deposit is relatively short-term. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for variable-rate bank balances, bank borrowings and bank overdrafts. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of each reporting period were outstanding for the whole year/period. 25 basis points and 50 basis points increase or decrease represent the management's assessment of the reasonably possible change in interest rates of bank balances and bank borrowings and bank overdrafts, respectively. The calculation of 25 basis points decrease in interest rates of bank balances excluded the bank balances in Hong Kong of HK$28,838,000, HK$33,380,000, HK$49,880,000 and HK$30,805,000 at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively which carried an interest rate below 0.25%.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year/period end exposures do not reflect the exposures during the year/period.

If interest rates on bank balances had been 25 basis points higher/ lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 is as follows:

	Year ended 31 December			Six months ended 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase (decrease) in profit for the year/period				
– as a result of increase in interest rate	104	127	223	163
– as a result of decrease in interest rate	(44)	(57)	(119)	(98)

If interest rates on bank borrowings and bank overdrafts had been 50 basis points higher/ lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 is as follows:

	Year ended 31 December			Six months ended 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(Decrease) increase in profit for the year/period				
– as a result of increase in interest rate	(14)	(147)	(240)	(285)
– as a result of decrease in interest rate	14	147	240	285

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities during the years ended 31 December 2009 and 2010. The management manages this exposure by maintaining a portfolio of investments comprising a number of different securities. The Group ceased to have the exposure of other price risk upon disposal of relevant investment during the year ended 31 December 2010.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is determined at 10% which represents management's assessment of the reasonably possible change in price.

If the prices of the available-for-sale investments had been 10% higher/lower, the Group's investment revaluation reserve as at 31 December 2009 would increase/decrease by HK$934,000 as a result of the change in fair value of the available-for-sale investments (2010: nil).

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year/period end exposures do not reflect the exposures during the year/period.

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

	Assets				**Liabilities**			
	As at 31 December			**As at 30 June**	**As at 31 December**			**As at 30 June**
	2009	**2010**	**2011**	**2012**	**2009**	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
HK$	48	47	341	773	–	–	–	–
Renminbi ("RMB")	–	8,784	19,936	12,804	–	–	–	–
Euro ("EUR")	–	634	508	187	–	2	–	155
United States dollars ("USD")	7,237	7,700	1,141	2,537	766	2,518	7,148	170
Macau pataca ("MOP")	–	–	592	346	–	–	–	–

Sensitivity analysis

The Group is mainly exposed to the foreign exchange risk of RMB and USD. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and USD will be immaterial as most USD denominated monetary assets and liabilities are held by group entities having HK$ as their functional currency, and therefore no sensitivity analysis has been prepared. For EUR and MOP, no sensitivity analysis has been prepared as the amount involved is insignificant.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in RMB. A positive (negative) number indicates an increase (decrease) in post-tax profit for the year/period when Hong Kong dollars strengthens 5% against RMB. For a 5% weakening of Hong Kong dollars against RMB, there would be an equal but opposite impact on the post-tax profit for the year/period.

	Year ended 31 December			**Six months ended 30 June**
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB	–	(367)	(832)	(535)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year/period end exposures do not reflect the exposures during the year/period.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had concentration of credit risk in relation to amount due from an associate amounting to HK$9,000,000 and HK$9,000,000 as at 31 December 2009 and 31 December 2010, respectively. The amount due from an associate had been fully recovered during the year ended 31 December 2011.

The Group also has concentration of credit risk on the investment funds placed with a financial institution and the fixed deposit placed with a bank, however, the credit risk is limited because all bank deposits and investment funds are deposited in or contracted with several financial institutions with good reputation and with high credit-ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk. The Group has no significant concentration of credit risk in trade receivables with exposure spread over a number of counterparties.

The Company has concentration of credit risk in relation to amount due from a fellow subsidiary amounting to HK$380,000 as at 30 June 2012. The management considers the credit risk is not significant because the counterparty is of sound financial position.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity date for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009							
Trade and other payables	–	31,018	–	–	–	31,018	31,018
Amount due to a related company	–	65,231	–	–	–	65,231	65,231
Amounts due to directors	–	3,362	–	–	–	3,362	3,362
Bank borrowings	6.34	179	358	1,612	1,306	3,455	3,271
Obligations under finance leases	2.75	36	71	321	215	643	616
		99,826	429	1,933	1,521	103,709	103,498

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2010							
Trade and other payables	–	41,068	–	–	–	41,068	41,068
Amount due to a related company	–	58,816	–	–	–	58,816	58,816
Amounts due to directors	–	4,506	–	–	–	4,506	4,506
Bank borrowings	2.01	27,565	–	4,915	–	32,480	32,274
Obligations under finance leases	1.96	105	209	728	1,240	2,282	2,163
Bank overdrafts	4.78	3,064	–	–	–	3,064	3,052
		135,124	209	5,643	1,240	142,216	141,879

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2011							
Trade and other payables	–	54,550	–	–	–	54,550	54,550
Amount due to a related company	–	57,503	–	–	–	57,503	57,503
Amounts due to directors	–	4,714	–	–	–	4,714	4,714
Bank borrowings	1.67	57,395	–	–	–	57,395	57,395
Obligations under finance leases	1.88	69	138	620	413	1,240	1,198
		174,231	138	620	413	175,402	175,360

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2012								
Trade and other payables	–	27,399	–	–	–	–	27,399	27,399
Amount due to a related company	–	76	–	–	–	–	76	76
Amounts due to directors	–	–	–	–	–	–	–	–
Bank borrowings	4.02	58,013	132	1,192	8,339	3,859	71,535	68,248
Obligations under finance leases	1.88	69	138	620	–	–	827	808
		85,557	270	1,812	8,339	3,859	99,837	96,531

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2010, 31 December 2011 and 30 June 2012, the aggregate undiscounted principal amounts of these bank loans amounted to HK$27,565,000, HK$57,395,000 and HK$57,966,000, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings								
At 31 December 2010	2.01	213	425	1,918	9,572	17,766	29,894	27,565
At 31 December 2011	1.67	333	667	22,201	14,120	24,755	62,076	57,395
At 30 June 2012	4.02	654	10,309	5,888	28,784	18,990	64,625	57,966

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the combined statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 December 2009		
	Level 1	**Level 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale investments			
Listed equity securities	7,012	–	7,012
Unlisted investment funds	–	2,327	2,327
	7,012	2,327	9,339

There were no transfers between Levels 1 and 2 during the Track Record Period.

7. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sales of bedding products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company, the chief operating decision maker of the Group. The executive directors of the Company regularly reviews revenue analysis by (i) self-operated retail sales; (ii) sales to distributors and (iii) others. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The executive directors of the Company review the revenue and the profit for the year of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors of the Group. Accordingly, no analysis of this single operating segment is presented.

- Self-operated retail sales: Sales through the self-operated retail sales channel refer to sales at the self-operated concession counters in department stores and self-operated retail stores.
- Sales to distributors: Sales to distributors refer to the sales to distributors who resell the products to end-user consumers, typically at concession counters in department stores and retail stores operated by distributors.
- Others: Other sales include sales to wholesale customers located in the PRC, including Hong Kong and Macau, and sales made to overseas customers and through e-commerce.

The information of segment revenue is as follows:

Segment revenue

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Self-operated retail sales	199,590	254,418	329,675	147,422	151,824
Sales to distributors	30,419	31,405	43,041	17,332	35,882
Others	36,658	39,461	57,547	33,977	19,119
	266,667	325,284	430,263	198,731	206,825

Entity-wide information

The following is an analysis of the Group's revenue from its major products:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Bed linens	136,799	173,554	237,257	115,465	114,131
Duvets and pillows	106,385	133,905	176,390	72,465	83,623
Other home accessories	23,483	17,825	16,616	10,801	9,071
	266,667	325,284	430,263	198,731	206,825

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
PRC	135,195	169,830	201,019	85,946	98,564
Hong Kong	115,142	139,685	210,761	104,273	100,587
Others	16,330	15,769	18,483	8,512	7,674
	266,667	325,284	430,263	198,731	206,825

Information about the Group's non-current assets (excluding interest in an associate, available-for-sale investments, rental deposits and amount due from an associate) is presented based on the location of the assets:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PRC	22,822	4,769	39,288	80,673
Hong Kong	16,076	59,919	50,546	13,027
	38,898	64,688	89,834	93,700

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during the Track Record Period.

8. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest income	139	184	445	107	404
Dividend income from available-for-sale investments	172	220	–	–	–
Government subsidies	182	251	75	–	–
Write-back of other payables	–	586	–	–	–
Others	195	63	321	271	276
	688	1,304	841	378	680

9. OTHER GAINS AND LOSSES

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Allowance for doubtful debts	(226)	(350)	(241)	(238)	(483)
Gain on disposal of available-for-sale investments	–	3,335	–	–	–
Gain on disposal of property, plant and equipment	4,959	883	6,571	114	230
Gain on disposal of an associate *(note 19)*	–	–	3,390	–	–
Gain on disposal of a subsidiary *(note 35)*	–	–	–	–	4,179
Impairment loss recognised on investment in an associate *(note 19)*	(1,381)	–	–	–	–
Net exchange losses	(49)	(59)	(1,201)	(439)	(557)
Write-off of goodwill arising on acquisition of a subsidiary *(note 34)*	–	(15)	–	–	–
	3,303	3,794	8,519	(563)	3,369

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest on:					
Bank borrowings					
– wholly repayable within five years	350	464	725	345	445
– wholly repayable after five years	–	–	–	–	572
Bank overdrafts	–	64	29	27	–
Finance leases	42	39	76	44	23
Total borrowing costs	392	567	830	416	1,040
Less: amounts capitalised *(note)*	–	–	–	–	(572)
	392	567	830	416	468

Note: Borrowing costs capitalised during the period ended 30 June 2012 solely arose from the specific bank borrowings for expenditure on qualifying assets. The effective interest rate of corresponding borrowings is 4% per annum.

11. PROFIT BEFORE TAXATION

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit before taxation has been arrived at after charging:					
Directors' remuneration *(note 12)*	2,453	4,092	5,067	2,155	2,988
Other staff costs	36,135	45,223	55,955	27,188	30,965
Retirement benefit schemes contributions for other staff	1,555	2,072	2,926	1,325	1,818
Total staff costs	40,143	51,387	63,948	30,668	35,771
Auditor's remuneration					
– current year	72	946	641	300	317
– under/(over)provision in prior years	–	600	–	–	(9)
	72	1,546	641	300	308
Amortisation of intangible assets	1	2	2	1	1
Amortisation of prepaid lease payments	–	–	243	–	298
Allowance for inventories (included in cost of goods sold)	–	–	–	–	1,647
Cost of inventories recognised as expenses	122,483	126,890	176,514	82,511	80,579
Depreciation of property, plant and equipment					
– owned assets	3,482	4,996	6,471	3,167	2,719
– leased assets	277	356	474	237	237
	3,759	5,352	6,945	3,404	2,956

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Operating lease rentals in respect of					
– rented premises	2,824	3,492	5,639	2,692	2,805
– retail stores *(Note 1)*	3,777	5,377	6,442	3,068	3,469
– department store counters (including concessionaire commission) (included in selling and distribution costs)	48,748	67,458	78,672	35,703	34,048
	55,349	76,327	90,753	41,463	40,322
Design costs (included in administrative expenses) *(Note 2)*	570	835	1,284	636	781

Notes:

(1) Included contingent rent of nil, HK$6,000, HK$39,000, HK$4,600 (unaudited) and HK$24,000 for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012. The contingent rent refers to the operating lease rentals based on pre-determined percentages to realised sales less basic rentals of the respective leases.

(2) The design costs comprised of staff salaries of HK$542,000, HK$760,000, HK$1,002,000, HK$495,000 (unaudited) and HK$569,000 for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, which were included in the staff costs disclosed above.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	Fees	Salaries and allowances	Performance related incentive payments	Retirement benefit schemes contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2009					
Mr. Cheng Sze Kin (鄭斯堅)	–	724	–	71	795
Mr. Cheng Sze Tsan (鄭斯燦)	–	795	–	71	866
Ms. Wong Pik Hung (王碧紅)	–	721	–	71	792
	–	2,240	–	213	2,453
For the year ended 31 December 2010					
Mr. Cheng Sze Kin (鄭斯堅)	–	1,413	–	116	1,529
Mr. Cheng Sze Tsan (鄭斯燦)	–	918	–	116	1,034
Ms. Wong Pik Hung (王碧紅)	–	1,413	–	116	1,529
	–	3,744	–	348	4,092
For the year ended 31 December 2011					
Mr. Cheng Sze Kin (鄭斯堅)	–	1,825	–	94	1,919
Mr. Cheng Sze Tsan (鄭斯燦)	–	1,135	–	94	1,229
Ms. Wong Pik Hung (王碧紅)	–	1,825	–	94	1,919
	–	4,785	–	282	5,067

	Fees	Salaries and allowances	Performance related incentive payments	Retirement benefit schemes contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2011 (unaudited)					
Mr. Cheng Sze Kin (鄭斯堅)	–	780	–	53	833
Mr. Cheng Sze Tsan (鄭斯燦)	–	436	–	53	489
Ms. Wong Pik Hung (王碧紅)	–	780	–	53	833
	–	1,996	–	159	2,155
For the six months ended 30 June 2012					
Mr. Cheng Sze Kin (鄭斯堅)	–	970	–	60	1,030
Mr. Cheng Sze Tsan (鄭斯燦)	–	868	–	60	928
Ms. Wong Pik Hung (王碧紅)	–	970	–	60	1,030
	–	2,808	–	180	2,988

In addition to the amounts disclosed above, during the Track Record Period, the Group also provided accommodations to a director, Mr. Cheng Sze Tsan (鄭斯燦). The estimated monetary value of these accommodations, using the rateable value as an approximation, amounted to HK$492,000, HK$922,000, HK$707,000, HK$691,000 (unaudited) and HK$735,000 for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. The Group disposed of two of the director quarters to an independent third party during the year ended 31 December 2011. The remaining director quarter provided by the Group to the director was owned by Wealth Pine, in which the equity interest was disposed of by the Group during the six months ended 30 June 2012.

No emolument was paid or payable to the independent non-executive directors, namely Mr. Tse Yat Hong (謝日康), Mr. Leung Lin Cheong (梁年昌) and Mr. Li Kai Fat (李啟發), during the Track Record Period. The independent non-executive directors are appointed by the Company on 22 October 2012.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three were directors of the Company for each of the year ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 whose emoluments are included in the disclosures above. The emoluments of the remaining two individuals were as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and allowances	511	964	1,785	824	892
Performance related incentive payments	32	100	–	–	–
Retirement benefit schemes contributions	23	44	79	40	33
	566	1,108	1,864	864	925

Their emoluments were within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
				(unaudited)	
Nil to HK$1,000,000	2	2	1	2	2
HK$1,000,001 to HK$1,500,000	–	–	1	–	–

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Track Record Period.

13. TAXATION

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current tax					
Hong Kong	1,502	3,655	7,066	3,489	2,703
PRC Enterprise Income Tax (the "EIT")	1,337	1,968	4,986	1,168	2,359
	2,839	5,623	12,052	4,657	5,062
Deferred taxation *(note 32)*	1,355	346	(833)	(273)	93
	4,194	5,969	11,219	4,384	5,155

The Company was incorporated in the Cayman Islands, together with those group entities incorporated in the BVI are not subject to any income tax.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Track Record Period.

Pursuant to the relevant laws and regulations in the PRC, Forcetech (Shenzhen) was entitled to exemption from Foreign Enterprise Income Tax for the first two years commencing from its first profit-making year in 2006, followed by a 50% reduction on the FEIT for the following three years ("Tax Holiday").

Following the Enterprise Income Tax Law (the "New EIT Law") passed in 2007, the income tax rate for both domestic and foreign-investment enterprise was unified at 25% effective from 1 January 2008 onwards. Under the New EIT Law, progressive tax rates applied to Forcetech (Shenzhen) until the expiration of exemption and reduction period pursuant to the Tax Holiday. The applicable EIT rate of Forcetech (Shenzhen) is 10%, 11%, 24%, 24% and 25% for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively.

The taxation charge for the Track Record Period can be reconciled to the profit before taxation per the combined statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit before taxation	25,969	38,799	57,083	20,621	18,441
Tax at Hong Kong Profits Tax rate of 16.5%	4,285	6,402	9,419	3,402	3,043
Tax effect of expenses not deductible for tax purposes	367	339	625	93	2,175
Tax effect of tax loss not recognised	–	–	–	–	38
Tax effect of income not taxable for tax purposes	(29)	(589)	(572)	(18)	(717)
Utilisation of tax losses previously not recognised	(113)	(1,375)	–	–	–
Income tax on concessionary tax rate	(1,946)	(364)	(65)	(16)	–
Effect of different tax rate of subsidiaries operating in other jurisdictions	1,146	1,262	1,272	219	615
Others	484	294	540	704	1
Taxation charge	4,194	5,969	11,219	4,384	5,155

14. DIVIDENDS

No dividend has been declared or paid by the Company since its date of incorporation. However, during the Track Record Period, Casablanca Home Holdings made the distributions to its ultimate shareholders.

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Dividends declared and paid/payable to ultimate shareholders during the Track Record Period and dividends attributable to owners of the Company	–	–	8,000	–	14,000

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

15. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful with regard to the Group Reorganisation and the results for the Track Record Period that is on a combined basis as set out in Note 1.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2009	43,292	1,196	4,189	5,349	6,875	–	60,901
Exchange adjustments	(2)	–	–	–	–	–	(2)
Additions	–	–	825	320	1,506	–	2,651
Disposals	(6,524)	(581)	–	(146)	(640)	–	(7,891)
At 31 December 2009	36,766	615	5,014	5,523	7,741	–	55,659
Exchange adjustments	218	–	194	141	58	–	611
Additions	39,482	5,264	407	1,260	2,915	–	49,328
Disposals	(21,099)	–	–	–	(1,650)	–	(22,749)
At 31 December 2010	55,367	5,879	5,615	6,924	9,064	–	82,849
Exchange adjustments	–	–	288	206	71	105	670
Additions	–	1,537	1,108	586	1,310	4,573	9,114
Disposals	(9,432)	(615)	–	–	(437)	–	(10,484)
At 31 December 2011	45,935	6,801	7,011	7,716	10,008	4,678	82,149
Exchange adjustments	–	–	(64)	(45)	(16)	(300)	(425)
Additions	–	862	34	569	3,119	41,890	46,474
Disposals	–	–	–	(1,978)	(1,521)	–	(3,499)
Disposal of a subsidiary *(Note 35)*	(39,712)	(4,340)	–	–	–	–	(44,052)
At 30 June 2012	6,223	3,323	6,981	6,262	11,590	46,268	80,647
DEPRECIATION							
At 1 January 2009	6,475	1,196	2,281	3,607	1,897	–	15,456
Exchange adjustments	1	–	–	–	–	–	1
Provided for the year	1,359	–	449	608	1,343	–	3,759
Eliminated on disposals	(1,193)	(581)	–	(28)	(640)	–	(2,442)
At 31 December 2009	6,642	615	2,730	4,187	2,600	–	16,774
Exchange adjustments	29	–	110	94	20	–	253
Provided for the year	2,874	156	401	546	1,375	–	5,352
Eliminated on disposals	(3,578)	–	–	–	(628)	–	(4,206)
At 31 December 2010	5,967	771	3,241	4,827	3,367	–	18,173
Exchange adjustments	–	–	161	144	24	–	329
Provided for the year	2,018	1,963	412	771	1,781	–	6,945
Eliminated on disposals	(3,186)	(615)	–	–	(211)	–	(4,012)
At 31 December 2011	4,799	2,119	3,814	5,742	4,961	–	21,435
Exchange adjustments	–	–	(36)	(33)	(4)	–	(73)
Provided for the period	522	832	224	404	974	–	2,956
Eliminated on disposals	–	–	–	(1,977)	(1,151)	–	(3,128)
Disposal of a subsidiary *(Note 35)*	(3,430)	(1,929)	–	–	–	–	(5,359)
At 30 June 2012	1,891	1,022	4,002	4,136	4,780	–	15,831
CARRYING VALUES							
At 31 December 2009	30,124	–	2,284	1,336	5,141	–	38,885
At 31 December 2010	49,400	5,108	2,374	2,097	5,697	–	64,676
At 31 December 2011	41,136	4,682	3,197	1,974	5,047	4,678	60,714
At 30 June 2012	4,332	2,301	2,979	2,126	6,810	46,268	64,816

The Group's leasehold land and buildings are situated on land:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
In the PRC (other than Hong Kong) under medium-term leases	18,123	–	–	–
In Hong Kong under medium-term leases	12,001	49,400	41,136	4,332
	30,124	49,400	41,136	4,332

The leasehold land and buildings with carrying values of HK$24,763,000, HK$44,308,000, HK$41,136,000 and HK$4,332,000 were pledged to banks as securities for banking facilities granted to the Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease or 25 years
Leasehold improvements	Over the shorter of the term of the lease or $33^1/_3$%
Plant and machinery	10%
Furniture and fixtures	20%
Motor vehicles	20%

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, the carrying values of motor vehicles include amounts of HK$1,040,000, HK$3,052,000, HK$1,816,000 and HK$1,579,000, respectively, in respect of assets held under finance leases.

17. PREPAID LEASE PAYMENTS

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Analysed for reporting purposes as:				
Current asset	–	–	597	592
Non-current asset	–	–	29,013	28,455
	–	–	29,610	29,047

The Group's prepaid lease payments comprise:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Leasehold land located in the PRC under medium-term leases	–	–	29,610	29,047

The leasehold land is amortised over the contractual life of 50 years using the straight-line method.

The prepaid lease payments with carrying values of nil, nil, nil and HK$29,047,000 were pledged to a bank as securities for a banking facility granted to the Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively.

18. INTANGIBLE ASSETS

	Patents
	HK$'000
THE GROUP	
COST	
At 1 January 2009 and 31 December 2009	14
Exchange adjustments	1
At 31 December 2010, 31 December 2011 and 30 June 2012	15
AMORTISATION	
At 1 January 2009	–
Charge for the year	1
At 31 December 2009	1
Charge for the year	2
At 31 December 2010	3
Charge for the year	2
At 31 December 2011	5
Charge for the period	1
At 30 June 2012	6
CARRYING VALUES	
At 31 December 2009	13
At 31 December 2010	12
At 31 December 2011	10
At 30 June 2012	9

The above intangible assets are amortised on a straight-line basis over 10 years.

19. INTEREST IN AN ASSOCIATE

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Cost of investment in unlisted shares	1,500	1,500	–	–
Less: Impairment loss recognised	(1,381)	(1,381)	–	–
Share of post-acquisition profits and other comprehensive income	(5)	(9)	–	–
	114	110	–	–

The summarised financial information in respect of the Group's associate is set out below:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	9,921	10,142	–	–
Total liabilities	(9,693)	(9,922)	–	–
Net assets	228	220	–	–
The Group's share of net assets of an associate	114	110	–	–
Revenue	–	–	–	–
Loss for the year/period	(9)	(9)	–	–
The Group's share of loss of an associate for the year/period	(5)	(4)	–	–

Impairment loss was recognised based on the recoverable amount of Supreme Trade which was determined by the estimated discounted net cash flows from that associate. During the year ended 31 December 2009, an impairment loss of HK$1,381,000 was recognised to write down the carrying amount of interest in an associate to its recoverable amount. No further impairment loss was recognised for the year ended 31 December 2010.

On 12 July 2011, in order to rationalise the core business of the Group, the Group disposed of the 50% equity interest in Supreme Trade to an independent third party at a consideration of HK$3,500,000. A gain on disposal of interest in an associate amounting to HK$3,390,000 has been recognised in the combined statement of comprehensive income for the year ended 31 December 2011.

20. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Available-for-sale investments include:				
Equity securities listed in Hong Kong	7,012	–	–	–
Investment funds, unlisted in Hong Kong	2,327	–	–	–
	9,339	–	–	–

The unlisted investment funds represented the 5-year investment funds contracted with a financial institution. The fair values of the unlisted investment funds as at 31 December 2009 were determined with reference to the quoted price provided by the financial institution at the end of the reporting period.

During the year ended 31 December 2010, the Group disposed of all the above available-for-sale investments. A gain on disposal of available-for-sale investments amounting to HK$3,335,000 has been recognised in the combined statement of comprehensive income for the year ended 31 December 2010.

21. INVENTORIES

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Raw materials	9,219	21,466	8,190	4,246
Work in progress	653	417	–	–
Finished goods	23,461	47,603	72,689	65,882
	33,333	69,486	80,879	70,128

22. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Trade receivables	40,409	57,614	72,837	48,135
Less: Allowance for doubtful debts	(226)	(593)	(867)	(1,339)
	40,183	57,021	71,970	46,796
Bills receivables	–	–	–	220
Trade and bills receivables	40,183	57,021	71,970	47,016
Other receivables				
– Deposits	1,520	2,983	2,335	2,460
– Prepayments	1,728	3,503	2,136	7,277
– Value added tax recoverable	154	1,060	3,504	1,654
– Advances to employees	301	505	929	646
– Others	209	1,480	1,357	3,844
	3,912	9,531	10,261	15,881
Total trade and other receivables	44,095	66,552	82,231	62,897

Retailing sales are mainly made at concession counters in department stores, the department stores collect cash from the ultimate customers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores ranging from 30 to 75 days. For distributors and wholesale sales, the Group allows a credit period up to 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period.

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	27,163	39,690	44,261	32,018
31 to 60 days	9,733	12,253	21,169	4,901
61 to 90 days	1,982	4,610	4,530	7,638
91 to 180 days	690	453	1,396	1,456
181 to 365 days	566	15	488	1,003
Over 365 days	49	–	126	–
	40,183	57,021	71,970	47,016

For sales by distributors, the Group requests new distributors for upfront payment, while the Group allows other distributors a shorter credit period. For sales by wholesale, before accepting any new customer, the Group will check the historical default records of these customers through external source.

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$6,045,000, HK$5,910,000, HK$10,625,000 and HK$9,013,000 as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables based on the invoice date which are past due but not impaired at the end of each reporting period.

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	990	498	18	193
31 to 60 days	3,440	2,599	7,104	1,020
61 to 90 days	601	2,345	1,639	5,341
91 to 180 days	399	453	1,250	1,456
181 to 365 days	566	15	488	1,003
Over 365 days	49	–	126	–
	6,045	5,910	10,625	9,013

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no history of default.

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

Movement in the allowance for doubtful debts

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at beginning of the year	–	226	593	867
Impairment loss recognised on receivables	226	350	241	483
Exchange adjustments	–	17	33	(11)
Balance at end of the year	226	593	867	1,339

Included in the allowance for doubtful debts are individually impaired trade receivables relating to distributors with an aggregate balance of HK$226,000, HK$593,000, HK$867,000 and HK$1,339,000 as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement as historical evidence shows that such amounts are not recoverable.

Included in trade and other receivables are the following amounts denominated in currencies other than functional currency of the respective group entities which they relate:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
EUR	–	–	74	125
USD	–	100	790	1,173
MOP	–	–	592	346

23. AMOUNT DUE FROM AN ASSOCIATE

THE GROUP

The balance representing a loan to an associate, Supreme Trade, for its business expansion, was unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 December 2011.

24. AMOUNT DUE FROM A FELLOW SUBSIDIARY

THE COMPANY

The amount is unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM DIRECTORS

THE GROUP

Particulars of the amounts due from directors are disclosed as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Cheng Sze Kin (鄭斯堅)	4	4	–	–
Mr. Cheng Sze Tsan (鄭斯燦)	7	78	–	–
Ms. Wong Pik Hung (王碧紅)	5	5	–	–
	16	87	–	–

Maximum amounts outstanding during the Track Record Period are as follows:

	Year Ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Cheng Sze Kin (鄭斯堅)	4	4	413	–
Mr. Cheng Sze Tsan (鄭斯燦)	7	78	580	–
Ms. Wong Pik Hung (王碧紅)	5	5	414	–

The amounts were unsecured, interest-free and repayable on demand. The amounts were fully settled during the year ended 31 December 2011.

26. FIXED DEPOSIT/BANK BALANCES/BANK OVERDRAFTS

THE GROUP

Fixed deposit/bank balances

The fixed deposit at 31 December 2009, 2010, 2011 and 30 June 2012 carry a fixed interest of 0.62%, nil, 1.96% and 1.85%, respectively, per annum. Bank balances carry interest at market rates of 0.01% to 0.36%, 0.01% to 0.36%, 0.01% to 0.50% and 0.01% to 2.00% per annum as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively.

Included in bank balances and fixed deposit are the following amounts denominated in currencies other than functional currency of the respective group entities which they relate:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	48	47	341	773
RMB	–	8,784	19,936	12,804
EUR	–	634	434	62
USD	7,237	7,600	351	1,364

Bank overdrafts

Bank overdrafts were unsecured and carried interest at Hong Kong Prime Rate ("Prime") minus 0.75% per annum as at 31 December 2010.

27. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Trade payables	25,077	24,093	35,523	18,101
Bills payables	–	9,055	11,233	1,673
Trade and bills payables	25,077	33,148	46,756	19,774
Deposits received from customers	2,015	2,017	9,834	3,391
Accrued expenses	2,423	4,881	4,469	5,022
Salaries payables	2,065	2,671	3,308	2,554
Payable for acquisition of property, plant and equipment	–	966	–	–
Other payables	3,876	4,283	4,486	5,071
	10,379	14,818	22,097	16,038
Total trade and other payables	35,456	47,966	68,853	35,812

The average credit period of trade and bills payables is from 30 to 60 days.

The following is an aged analysis of trade and bills payables based on the invoice date at the end of each reporting period.

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	21,489	23,550	39,262	16,996
31 to 60 days	1,643	8,251	5,737	218
61 to 90 days	1,321	738	211	14
91 to 180 days	299	137	116	1,087
Over 180 days	325	472	1,430	1,459
	25,077	33,148	46,756	19,774

Included in trade and other payables are the following amounts denominated in currency other than functional currencies of the respective group entities which they relate:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
EUR	–	2	–	155
USD	766	2,518	7,148	170

28. AMOUNTS DUE TO RELATED COMPANIES

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Cheer Win Trading Limited ("Cheer Win")	65,231	58,816	57,339	–
Shenzhen Fusheng Trading Company Limited ("Shenzhen Fusheng") 深圳富盛宏業貿易有限公司	–	–	164	76
	65,231	58,816	57,503	76

The amounts are unsecured, interest-free and have no fixed repayment terms.

The Ultimate Beneficial Owners have directorships and direct beneficial and controlling interests in the related companies, Cheer Win and Shenzhen Fusheng. The amount due to Shenzhen Fusheng as at 30 June 2012 has been settled prior to the issuance date of this report. For the amount due to Cheer Win, on 20 June 2012, the Group entered into a deed of novation and set-off with Cheer Win and Smart Blossom to offset the amount due to Cheer Win of HK$57,339,000, amount due from Wealth Pine of HK$20,386,000 and amount due from Smart Blossom of HK$1,600,000. The balance after set-off amounted to HK$35,353,000, in which HK$360,000 was settled in cash, HK$32,993,000 was settled by way of issue of 4,229,900 ordinary shares of US$1 each by Casablanca Home Holdings to the Ultimate Beneficial Owners and HK$2,000,000 was waived by Cheer Win.

29. AMOUNTS DUE TO DIRECTORS

THE GROUP

The amounts were unsecured, interest-free and had no fixed repayment terms. The amounts were fully settled during the six months ended 30 June 2012.

30. BANK BORROWINGS

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP				
Secured	3,271	26,828	53,086	64,522
Unsecured	–	5,446	4,309	3,726
	3,271	32,274	57,395	68,248
Carrying amount repayable*				
Within one year	1,993	6,916	22,434	15,886
More than one year, but not more than two years	1,278	–	–	1,234
More than two years, but not more than five years	–	–	–	4,935
More than five years	–	–	–	3,496
	3,271	6,916	22,434	25,551
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayable on demand clause (shown under current liabilities)	–	25,358	34,961	42,697
	3,271	32,274	57,395	68,248
Less: Amounts due within one year shown under current liabilities	(1,993)	(32,274)	(57,395)	(58,583)
Amounts shown under non-current liabilities	1,278	–	–	9,665

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The above bank borrowings bear interests ranging from Hong Kong Interbank Offered Rate plus 0.65% to Prime minus 1.5% per annum.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively, is as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
Effective interest rates:				
Variable-rate borrowings	5.84% to 6.34%	0.72% to 3.57%	0.95% to 3.57%	1.78% to 7.48%

Details of bank borrowings guaranteed by related parties are set out in note 41.

31. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**	**2009**	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP								
Amounts payable under finance leases:								
Within one year	428	1,042	827	827	404	965	790	808
More than one year but not more than two years	215	827	413	–	212	790	408	–
More than two years but not more than five years	–	413	–	–	–	408	–	–
Less: Future finance charges	(27)	(119)	(42)	(19)	N/A	N/A	N/A	N/A
Present value of lease obligations	616	2,163	1,198	808	616	2,163	1,198	808
Less: Amount due for settlement within one year (shown under current liabilities)					(404)	(965)	(790)	(808)
Amount due for settlement after one year					212	1,198	408	–

The Group leased motor vehicles under finance leases. The leases terms are 3 years. Interest rates underlying all obligations under finance leases are fixed at contract dates at 1.875% and 2.750% per annum.

32. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation
	HK$'000
THE GROUP	
Charged to profit or loss for the year ended 31 December 2009 and balance at 31 December 2009 *(note 13)*	1,355
Charged to profit or loss *(note 13)*	346
As at 31 December 2010	1,701
Credited to profit or loss *(note 13)*	(833)
As at 31 December 2011	868
Charged to profit or loss *(note 13)*	93
As at 30 June 2012	961

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, the Group had unused tax losses of HK$8,247,000, nil, nil and nil available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams as at the end of the financial period. The tax losses as at 31 December 2009 was fully utilised in the following year.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB13,639,000 (equivalent to HK$15,476,000), RMB19,455,000 (equivalent to HK$22,329,000), RMB32,197,000 (equivalent to HK$38,782,000) and RMB36,080,000 (equivalent to HK$44,325,000) as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. SHARE CAPITAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law on 2 April 2012 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. On 2 April 2012, 1 share of HK$0.10 was issued to Mapcal Limited at par to provide initial capital of the Company. The share was then transferred to World Empire on the same date. On 16 April 2012, 3,799,999 shares of HK$0.10 each were issued and allotted to World Empire.

The share capital of the Group as at 1 January 2009 and 31 December 2009 represented the combined share capital of Casablanca International, Rich Creation, Jollirich and 11.76% of registered capital in Forcetech (Shenzhen). The share capital of the Group as at 31 December 2010 and 31 December 2011 represented the share capital of Casablanca Home Holdings. The share capital of the Group as at 30 June 2012 represented the combined share capital of the Company and Casablanca Home Holdings.

34. ACQUISITION OF A SUBSIDIARY

On 20 July 2010, the Group acquired 100% equity interest in Leading Force at a consideration of HK$1,000 from an independent third party. Leading Force was inactive before the acquisition and became an investment holding company after Casablanca International transferred 11.76% equity interest in Forcetech (Shenzhen) to it in 2010.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Other receivables	1
Other payables and accruals	(9)
Amount due to a director	(6)
	(14)
Consideration transferred	1
Add: Net liabilities acquired	14
Goodwill arising on acquisition	15
Satisfied by:	
Amount due from a director	1

During the year ended 31 December 2010, the Group immediately recognised an impairment loss of HK$15,000 on the goodwill due to the unfavourable profit stream of Leading Force in the foreseeable future.

35. DISPOSAL OF A SUBSIDIARY

On 26 April 2012, Casablanca International, Leading Asset and Smart Blossom entered into a share transfer agreement pursuant to which Casablanca International agreed to transfer its 100% equity interest in Wealth Pine to Smart Blossom at a consideration of HK$1,600,000, resulting in a gain on disposal of HK$4,179,000. The consideration is based on net assets value as at date of disposal adjusted with the fair value of the property, plant and equipment. The fair value of the property, plant and equipment as at date of disposal was arrived at on the basis of valuation carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professional valuer not connected with the Group. The address of the valuer is disclosed in the section headed "Directors and parties involved in Global Offering" in the Prospectus. Jones Lang LaSalle Corporate Appraisal and Advisory Limited has appropriate qualifications and recent experiences in the valuation of similar property in the relevant location. The fair value of the property, plant and equipment was arrived by reference to direct market comparison. The Group disposed of the equity interest in Wealth Pine as Wealth Pine only holds a non-core property which is not related to the Group's business. The non-core property was used by the director, Mr. Cheng Sze Tsan (鄭斯燦), as director quarter during the Track Record Period. The Group then leases-back the quarter to provide accommodation to the director.

Assets and liabilities of Wealth Pine at the date of disposal are as follows:

	HK$'000
Net liabilities disposed:	
Property, plant and equipment	38,693
Deposits	49
Bank balance	587
Amount due to then immediate holding company	(20,386)
Other payables and accruals	(98)
Bank borrowings	(21,424)
	(2,579)
Gain on disposal of a subsidiary:	
Consideration *(Note 36(c))*	1,600
Net liabilities disposed of	2,579
Gain on disposal	4,179
Net cash outflow arising on disposal of a subsidiary:	
Bank balance disposed of	(587)

36. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2010, the Group acquired 100% equity interest in Leading Force at a consideration of HK$1,000 and the amount was settled by offsetting the amount due from a director.

(b) During the year ended 31 December 2010, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$2,074,000.

(c) During the period ended 30 June 2012, the Group disposed of 100% equity interest in Wealth Pine at a consideration of HK$1,600,000 and the amount was settled by offsetting with the amount due from a related company.

(d) On 20 June 2012, the Group entered into a deed of novation and set-off with Cheer Win and Smart Blossom for settlement of amount due to a related company, Cheer Win. Details are set out in note 28.

37. CONTINGENT LIABILITIES

At 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, the Group has no significant contingent liabilities.

38. OPERATING LEASE COMMITMENTS

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	16,350	18,741	27,007	26,013
In the second to fifth years inclusive	14,653	19,212	29,154	27,785
Over five years	20,409	18,153	22,790	20,773
	51,412	56,106	78,951	74,571

Included in the above operating lease commitments are commitments for future minimum lease payments under non-cancellable operating leases to related parties in respect of rented premises which fall due as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	2,431	2,788	4,687
In the second to fifth years inclusive	–	7,929	5,755	7,138
	–	10,360	8,543	11,825

Operating lease payments represent rentals payable by the Group for the retail stores, department store counters, offices, factory, staff quarters and warehouses. Leases are negotiated for terms ranging from one to twenty years.

Certain retail stores and department store counters include payment obligations with rental varied with gross revenue. The additional rental payable (contingent rents) is determined generally by applying pre-determined percentages to future expected sales less the basic rentals of the respective leases.

39. CAPITAL COMMITMENTS

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the Financial Information	–	–	78,750	43,671

40. PLEDGE OF ASSETS

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Leasehold land and buildings	24,763	44,308	41,136	4,332
Prepaid lease payments	–	–	–	29,047
Trade receivables	–	23,545	24,646	24,027
	24,763	67,853	65,782	57,406

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Financial Information, the Group had entered into the following related party transactions:

Name of related companies	Relationship	Nature of transactions	Year ended 31 December 2009	2010	2011	Six months ended 30 June 2011	2012
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
						(unaudited)	
Shenzhen Fusheng	Related company *(Note)*	Rental expenses	–	399	1,997	1,000	1,181
Gain Harvest Investment Limited ("Gain Harvest")	Related company *(Note)*	Rental expenses	–	1,380	1,380	690	740
		Consultancy fee	–	224	504	336	–
Wealth Pine	Related company *(Note)*	Rental expenses	–	–	–	–	268

During the year ended 31 December 2010, the Group disposed of certain leasehold land and buildings to Shenzhen Fusheng at a consideration of RMB16,031,000 (equivalent to HK$18,399,000), resulting in a gain on disposal of HK$878,000. After the disposal, the same leasehold land and buildings were leased back to the Group.

Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) have also provided personal guarantees of HK$2,500,000, HK$66,162,000, HK$91,941,000 and HK$98,423,000 to financial institutions in respect of the Group's bank borrowings as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, respectively. The personal guarantees will be released upon Listing.

Shenzhen Fusheng has also provided corporate guarantee of HK$24,646,000 and HK$24,423,000 to a financial institution in respect of the Group's banking borrowings as at 31 December 2011 and 30 June 2012. The corporate guarantee will be released upon Listing.

Gain Harvest has pledged its leasehold property to secure the Group's bank borrowings amounting to HK$35,000,000 as at 30 June 2012. The pledge will be released upon Listing.

Note: The directors of the Company have directorship or direct beneficial and controlling interests in these related companies.

Compensation of key management personnel

The remuneration of directors and other member of key management during the Track Record Period was as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and allowances	2,724	5,280	7,290	3,092	4,580
Performance related incentive payments	–	–	126	–	–
Retirement benefit schemes contributions	243	423	397	215	247
	2,967	5,703	7,813	3,307	4,827

(B) IMMEDIATE HOLDING COMPANY

The Company's immediate holding company is World Empire, a company which was incorporated in the BVI and is owned as to 40% by Mr. Cheng Sze Kin (鄭斯堅), 35% by Mr. Cheng Sze Tsan (鄭斯燦) and 25% by Ms. Wong Pik Hung (王碧紅), respectively.

(C) DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period.

Under the arrangement currently in force, the aggregate amount of remuneration of the directors of the Company, except for performance bonus, payable for the year ending 31 December 2012 is estimated to be approximately HK$7,087,000.

(D) EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 30 June 2012:

(a) On 31 July 2012, an interim dividend of HK$11,000,000 was declared by Casablanca Home Holdings. The dividend was fully settled in August 2012.

(b) Pursuant to a written resolution passed by the shareholders of the Company on 22 October 2012, the authorised share capital of the Company was increased from HK$380,000 divided into 3,800,000 ordinary shares of HK$0.10 each to HK$50,000,000 divided into 500,000,000 ordinary shares of HK$0.10 each by creation of 496,200,000 ordinary shares. On the same date, Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred 1,692,000, 1,480,500 and 1,057,000 shares in Casablanca Home Holdings to the Company respectively as consideration to pay up in full 200,000 ordinary shares of HK$0.10 each allotted and issued by the Company to World Empire.

(c) Pursuant to a written resolution passed by the shareholders of the Company on 22 October 2012, conditional upon the share premium amount of the Company being credited as a result of the global offering, the directors of the Company authorised to capitalise the amount of HK$14,600,000 standing to the credit of the share premium account of the Company to pay up in full at par 146,000,000 ordinary shares of HK$0.10 each for allotment and issue to World Empire.

(d) Pursuant to a written resolution passed by the shareholders of the Company on 22 October 2012, the pre-IPO share option scheme was adopted. As at the date of this report, options to subscribe for an aggregate of 22,320,000 ordinary shares at an exercise price representing 20% discount to the offer price have been conditionally granted by the Company to certain directors, employees of the Group and other persons. Details of the share option scheme are set out in section headed "Pre-IPO Share Option Scheme" in Appendix V to the Prospectus.

(E) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies of the Group subsequent to 30 June 2012.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong