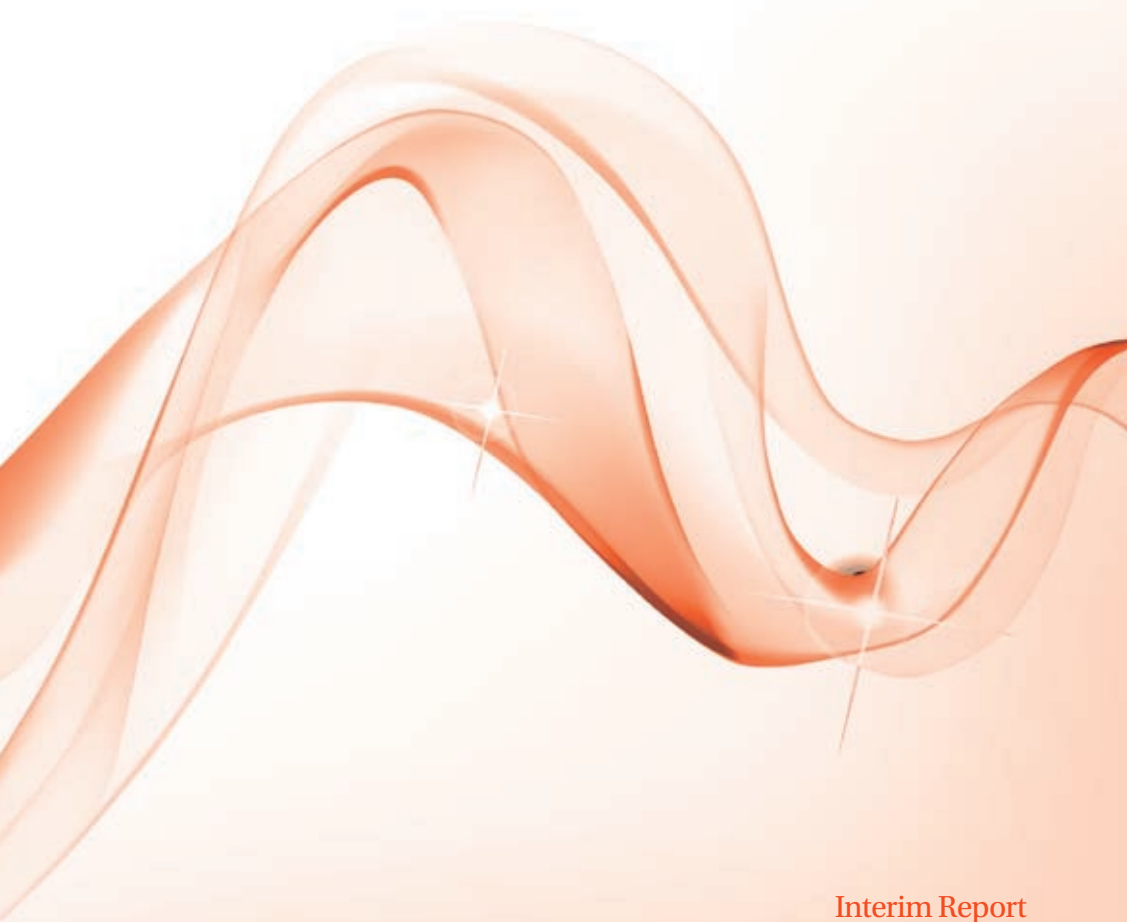




Hong Kong Jewellery Holding Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8048



Interim Report
2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This report, for which the directors (the “Directors”) of Hong Kong Jewellery Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this report misleading.

INTERIM RESULTS ENDED 30 JUNE 2013

The Directors of the Company present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 June 2013 ("Financial Statements"), together with the comparative figures for the corresponding periods in 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2013

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	2	198,118	79,248	250,550	136,689
Other revenue		3,672	206	3,895	938
Change in inventories		298	17,425	73,775	25,397
Purchase of goods		(149,612)	(41,002)	(234,506)	(61,566)
Professional fee		(6,691)	(9,756)	(10,676)	(15,089)
Employee benefits expense		(34,987)	(31,932)	(68,532)	(65,287)
Depreciation and amortisation		(1,376)	(1,200)	(2,724)	(2,418)
Other expenses		(9,397)	(7,734)	(16,060)	(13,167)
Finance costs	5	(197)	(69)	(268)	(142)
(Loss)/Gain on disposal of property, plant and equipment		(2)	30,870	(2)	30,870
(Loss)/Profit before income tax	4	(174)	36,056	(4,548)	36,225
Income tax expense	6	(189)	(164)	(191)	(192)
(Loss)/Profit for the period		(363)	35,892	(4,739)	36,033
Other comprehensive (loss)/income for the period, net of tax					
Exchange (loss)/gain on translation of financial statements of foreign operations		(932)	–	(932)	–
Total comprehensive (loss)/income for the period		(1,295)	35,892	(5,671)	36,033

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
(Loss)/Profit for the period attributable to:					
Owners of the Company		(760)	35,628	(3,845)	35,730
Non-controlling interests		397	264	(894)	303
		<u>(363)</u>	<u>35,892</u>	<u>(4,739)</u>	<u>36,033</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(1,692)	35,628	(4,777)	35,730
Non-controlling interests		397	264	(894)	303
		<u>(1,295)</u>	<u>35,892</u>	<u>(5,671)</u>	<u>36,033</u>
(Loss)/Earnings per share for the (loss)/profit attributable to the owners of the Company during the period – Basic and diluted (in HK cents)	8	<u>(0.06) cents</u>	<u>3.51 cents</u>	<u>(0.35) cents</u>	<u>3.52 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2013*

	Notes	(Unaudited) 30 June 2013 HK\$'000	(Audited) 31 December 2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	12,564	10,000
Available-for-sale financial assets		2,543	2,543
Development costs		1,620	2,633
Deferred tax assets		2,078	2,078
		<u>18,805</u>	<u>17,254</u>
Current assets			
Inventories		121,772	47,997
Finance lease receivables		–	187
Amounts due from customers for contract work		42,133	53,120
Trade receivables	10	45,260	138,608
Other receivables, deposits and prepayments		49,395	41,158
Financial assets at fair value through profit or loss		25,087	5,151
Bank balances and cash		78,265	87,763
		<u>361,912</u>	<u>373,984</u>

	Notes	(Unaudited) 30 June 2013 HK\$'000	(Audited) 31 December 2012 HK\$'000
Current liabilities			
Trade payables	11	85,464	73,127
Other payables and accrued charges		46,395	40,476
Borrowings		29,397	111,374
Amounts due to customers for contract work		16,146	12,264
Amounts due to directors		2,460	1,648
Tax payables		—	391
		<u>179,862</u>	<u>239,280</u>
Net current assets		<u>182,050</u>	<u>134,704</u>
Net assets		<u>200,855</u>	<u>151,958</u>
EQUITY			
Share capital	12	118,846	101,505
Reserves		<u>76,263</u>	<u>40,158</u>
Equity attributable to owners of the Company		<u>195,109</u>	<u>141,663</u>
Non-controlling interests		<u>5,746</u>	<u>10,295</u>
Total equity		<u>200,855</u>	<u>151,958</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Equity attributable to owners of the Company						Total equity
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	101,505	179,556	6,013	(145,411)	141,663	10,295	151,958
Issue of share capital	17,341	41,618	-	-	58,959	-	58,959
Share issuance expenses	-	(736)	-	-	(736)	-	(736)
Refund capital contribution to non-controlling interest of a closure subsidiary	-	-	-	-	-	(3,655)	(3,655)
Transaction with owners	17,341	40,882	-	-	58,223	(3,655)	54,568
Loss for the period	-	-	-	(3,845)	(3,845)	(894)	(4,739)
Other comprehensive loss							
Exchange loss on translation of financial statements of foreign operations	-	-	(932)	-	(932)	-	(932)
Total comprehensive loss for the period	-	-	(932)	(3,845)	(4,777)	(894)	(5,671)
At 30 June 2013	118,846	220,438	5,081	(149,256)	195,109	5,746	200,855
At 1 January 2012	101,505	179,556	5,612	(179,569)	107,104	9,266	116,370
Profit for the period	-	-	-	35,730	35,730	303	36,033
At 30 June 2012	101,505	179,556	5,612	(143,839)	142,834	9,569	152,403

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	(Unaudited) Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Net cash generated from/(used in) operating activities	44,865	(27,637)
Net cash (used in)/from investing activities	(27,766)	37,131
Net cash (used in)/from financing activities	(26,597)	25,029
Net (decrease)/increase in cash and cash equivalents	(9,498)	34,523
Cash and cash equivalents at beginning of the period	87,763	69,233
Effect on foreign exchange rate changes, on cash held	—	—
Cash and cash equivalents at end of the period, represented by bank balances and cash	78,265	103,756

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). In this year, the accounting policies adopted by the Group are consistent with financial statements for the year ended 31 December 2012.

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair values.

2. Revenue and turnover

Revenue from external customers from the Group's principal activities recognised during the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Sales of jewellery	51,792	–	60,550	–
Enterprise software products	34,914	40,836	64,403	70,904
Systems integration	100,965	26,168	105,104	39,270
Professional services	9,568	11,428	18,717	24,764
ASP services	879	816	1,776	1,751
Total revenue	198,118	79,248	250,550	136,689

3. Segment information

The business components in the internal financial information reported to the executive directors are determined by the Group's major geographical areas. The Group has identified Hong Kong, PRC and South East Asia as the reportable segments. Each of these operating segments is managed separately as each of the geographical areas requires different resources as well as marketing approaches.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Six months ended 30 June 2013			
	Hong Kong	PRC	South East Asia	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
– From external customers	71,344	174,355	4,851	250,550
– From other segments	5,410	14,640	1,623	21,673
Reportable segment revenue	76,754	188,995	6,474	272,223
Reportable segment profit/(loss)	1,291	(7,485)	1,646	(4,548)
Interest income	151	45	34	230
Depreciation and amortisation of non-financial assets	1,242	1,452	30	2,724
Loss on disposal of property, plant and equipment	–	2	–	2
Fair value loss on financial assets at fair value through profit or loss	2,733	–	–	2,733
Finance costs	–	268	–	268
Reportable segment assets	213,930	254,925	11,565	480,420
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the period	146	4,015	117	4,278
Reportable segment liabilities	45,134	223,147	11,284	279,565

	Six months ended 30 June 2012			
	Hong Kong	PRC	South East Asia	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
– From external customers	75,018	58,043	3,628	136,689
– From other segments	6,722	11,248	1,455	19,425
Reportable segment revenue	81,740	69,291	5,083	156,114
Reportable segment profit/(loss)	37,397	(1,780)	608	36,225
Interest income	188	146	33	367
Depreciation and amortisation of non-financial assets	1,385	1,020	13	2,418
Gain on disposal of property, plant and equipment	30,870	–	–	30,870
Gain on disposal of financial assets at fair value through profit or loss	103	–	–	103
Fair value gain on financial assets at fair value through profit or loss	133	–	–	133
Finance costs	–	142	–	142
Reportable segment assets	212,186	148,094	10,873	371,153
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the period	471	238	28	737
Reportable segment liabilities	24,168	181,748	12,834	218,750

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2013 HK\$'000	2012 HK\$'000
Reportable segment revenue	272,223	156,114
Elimination of inter segment revenue	(21,673)	(19,425)
Group revenue	(250,550)	136,689

	2013 HK\$'000	2012 HK\$'000
Reportable segment assets	480,420	371,153
Consolidation	(99,703)	(99,061)
Group assets	380,717	272,092

	2013 HK\$'000	2012 HK\$'000
Reportable segment liabilities	279,565	218,750
Consolidation	(99,703)	(99,061)
Group liabilities	179,862	119,689

The Group's non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	2013 HK\$'000	2012 HK\$'000
Hong Kong	2,483	4,522
PRC	11,549	8,246
South East Asia	152	54
Total	14,184	12,822

4. (Loss)/Profit before income tax

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Depreciation of property, plant and equipment	887	677	1,711	1,371
Amortisation of development cost	489	523	1,013	1,047
Interest income	(127)	(158)	(230)	(367)
Dividend income from listed securities	(15)	(11)	(16)	(13)
Fair value loss/(gain) on financial assets at fair value through profit or loss	2,064	184	2,733	(133)
Gain on disposal of financial assets at fair value through profit or loss	—	—	—	(103)

5. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Interest charges on:				
Other interest expense	197	69	268	142
	197	69	268	142

6. Income tax expense

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's entities either incurred tax losses for the respective periods or their estimated assessable profits for the respective periods were wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation on overseas profits has been calculated on the estimated assessable profits for the respective periods at the rates prevailing in the countries in which the Group operates.

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Overseas				
Tax for the period	189	164	191	192
Total income tax expense	189	164	191	192

7. Interim dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

8. (Loss)/Earnings per share

The calculation of the basic and diluted loss per share for the six months ended 30 June 2013 is based on the loss attributable to owners of the Company of HK\$3,845,000 (2012: profit of HK\$35,730,000) and the weighted average number of ordinary shares of 1,100,317,901 (2012: 1,015,050,000) in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2013 and 2012 equates the basic (loss)/earnings per share as there is no potential dilutive ordinary share in existence during the period.

9. Property, plant and equipment

During the six months ended 30 June 2013, the Group spent HK\$4,278,000 (six months ended 30 June 2012: HK\$737,000) on acquisition of property, plant and equipment.

10. Trade receivables

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Trade receivables		
From third parties	41,649	134,997
From a related party	3,808	3,808
	<u>45,457</u>	<u>138,805</u>
Less: provision for impairment of trade receivables	(197)	(197)
	<u>45,260</u>	<u>138,608</u>

Trade receivables from third parties are due within 14 days to 60 days from the date of billing. Trade receivable from a related party is repayable on demand. Debtors with balances that are more than 90 days overdue are requested to settle all outstanding balances before any further credit is granted.

The directors of the Group considered that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods at their inception. All trade receivables are expected to be recovered within one year.

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
0 – 30 days	22,863	110,304
31 – 60 days	3,020	16,132
61 – 90 days	10,611	1,627
Over 90 days	8,766	10,545
	45,260	138,608

11. Trade payables

The Group was granted by its suppliers credit periods ranging from 30 – 60 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
0 – 30 days	29,503	16,112
31 – 60 days	496	10,766
61 – 90 days	500	11,346
Over 90 days	54,965	34,903
	85,464	73,127

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of its fair value.

12. Share capital

	Number of ordinary shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 31 December 2012 and 30 June 2013	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 31 December 2012	1,015,050,000	101,505
Issued Ordinary shares of HK\$0.10 each on 3 April 2013	<u>173,410,000</u>	<u>17,341</u>
Ordinary shares of HK\$0.10 each at 30 June 2013	<u>1,188,460,000</u>	<u>118,846</u>

13. Financial guarantee contracts

As at 30 June 2013, the Company had given corporate guarantee to a third party and a subsidiary of the Company in respect of all monies owed by and/or the obligations and liabilities of the subsidiary due to a third party under a service contract to the extent of HK\$600,000.

14. Related party transactions

Details of the transactions between the Group and its related parties are summarised below.

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Purchases of complementary hardware and software – a non-controlling shareholder	9,352	–
Sale of property, plant and equipment – directors of the Company	–	36,900

Sales to or purchases from the related parties stated above were conducted in the Group's normal course of business and at mutually agreed prices and terms.

Outstanding balances with related parties arising from sale and purchase of goods and services and loan advanced, included in trade receivables and other receivables, and borrowings are as follows:

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Non-controlling shareholder of a subsidiary Trade receivables	3,808	3,777
Companies controlled by a non-controlling shareholder who can exercise significant influence to the Group Other borrowings	(29,397)	(31,031)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's loss attributable to owners of the Company for the six months ended 30 June 2013 was HK\$3,845,000, comparing with a profit of HK\$35,730,000 in the same period of 2012.

During the period ended 30 June 2013, the Group recorded a turnover of HK\$250,550,000, representing an increase of 83% compared with a turnover of HK\$136,689,000 in the same period of last year.

The sales of gold products in our new business unit contributed turnover of HK\$60,550,000 during the period ended 30 June 2013. On the IT business side, sales of enterprise software products slightly decreased by 9% to HK\$64,403,000 (2012: HK\$70,904,000). Systems integration business significantly increased by 168% to HK\$105,104,000 (2012: HK\$39,270,000) and professional services business dropped by 24% to HK\$18,717,000 (2012: HK\$24,764,000). ASP business remained stable with revenue of HK\$1,776,000 (2012: HK\$1,751,000).

Liquidity and Financial Resources

As of 30 June 2013, the Group was in a healthy financial position with cash and cash equivalents of HK\$78,265,000 (31 December 2012: HK\$87,763,000).

The Group monitors its capital structure using the gearing ratio which is net debt divided by total equity. For this purpose, the Group defines net debt as debt, which comprises long-term and short-term borrowings, less cash and cash equivalents. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. As of 30 June 2013, cash and cash equivalents exceeded debt, therefore the gearing ratio of the Group was zero (31 December 2012: 16%).

Capital Structure

On 18 March 2013, the company entered in to a placing agreement with the placing agent in respect of the placing of up to a maximum of 203,000,000 new shares at an issue price of HK\$0.34 per share to raise additional general working capital for future business development. On 3 April 2013, the placing was completed and 173,410,000 new shares were placed by the placing agent to not less than six independent placees at an issue price of HK\$0.34 per share resulting in raising proceeds, before expenses, of approximately HK\$58,959,000. The related transaction costs amounting to HK\$736,000 have been recorded in the share premium account. The net proceeds of this placing of approximately HK\$58,223,000 were used for the general working capital of the Group. The Group's outstanding issued shares were 1,188,460,000 shares after the placing of new shares of 173,410,000 as at 30 June 2013.

Segmental Performances

For the six months ended 30 June 2013, Hong Kong region achieved turnover of HK\$76,754,000 (2012: HK\$81,740,000), the China operation recorded turnover of HK\$188,995,000 (2012: HK\$69,291,000) and South East Asia region's turnover was HK\$6,474,000 (2012: HK\$5,083,000).

Employees

The total number of employees as of 30 June 2013 was 524 (Beginning of 2013: 525)

Outlook for the Second Half of 2013

2013 is a year for our jewellery business to achieve a great-leapforward development, in particular, our turnover recorded notable growth in the second quarter. As the major customer source of gold and jewellery, middle class population of Mainland China is expected to grow significantly in the future, suggesting that demand of the world's largest retail market for jewellery will continue to increase.

In the second quarter, the dramatic drop in international gold price sparked the enthusiasm for gold products in Mainland China, which in turn contributed to the substantial increase in sales performance of our jewellery business as compared with the previous quarter. The management believes, leveraging on our brand advantages, our operating results will maintain sustainable growth momentum.

Through our efforts to expand business in the first half of the year, the Group opened several new stores under the brand **HH.K. JEWELRY** in Eastern China, Southern China, Northern China and other areas, further spreading our retail network. We also established two operation centers in Zhangjiagang and Wuhan, further enhancing the public awareness of **HH.K. JEWELRY**. In the following quarter, several operation centers are expected to be opened in Nanjing, Shandong, Beijing and other cities, which will greatly accelerate the further development of the brand **HH.K. JEWELRY**.

On the IT business side, we are seeing some impacts of the China economy slowing down. While we still have a healthy backlog of our enterprise software business, we started to see the slowing trend of new projects in the past months. Even though we had an increase in our systems integration business, the low margin of that business did not contribute much to our bottomline.

Efforts are being made to expand our sales coverage of enterprise software products in China. The banking industry in China, as well as many Southeast Asia countries, are undergoing rapid changes, we will generate certain opportunities in the areas of our expertises and experiences. We are therefore positioning ourselves to better capture these opportunities, and to establish differentiated product offerings of our IT business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2013, the interests and short positions of the directors and the chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), were as follows:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of director	Number of ordinary shares held			Total	Percentage of the issued share capital of the Company
	Beneficial owner	Held by family	Held by controlled corporation		
Li Xia	-	-	571,820,133 (Note)	571,820,133	48.12%

Note: These shares were held by Sino Eminent Limited, a company incorporated in the British Virgin Islands which is held as to 53% by Ms. Li Xia through Ocean Expert Investments Limited, a company incorporated in the British Virgin Islands.

Save as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2013.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Sino Eminent Limited (Note 1)	571,820,133	48.12%
Li Xia (Note 1)	571,820,133	48.12%
Cheung Kong (Holdings) Limited (Note 2)	143,233,151	12.05%
Li Ka-Shing Unity Trustee Company Limited (Note 2) (as trustee of The Li Ka-Shing Unity Trust)	143,233,151	12.05%
Li Ka-Shing Unity Trustcorp Limited (Note 2) (as trustee of another discretionary trust)	143,233,151	12.05%
Li Ka-Shing Unity Trustee Corporation Limited (Note 2) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	143,233,151	12.05%
Li Ka-shing (Note 2)	143,233,151	12.05%
Alps Mountain Agent Limited (Note 2)	71,969,151	6.06%
iBusiness Corporation Limited (Note 2)	67,264,000	5.66%

Notes:

- (1) Sino Eminent Limited is held as to 53% by Ms. Li Xia through Ocean Expert Investments Limited, 27% by Mr. Lin Di through Confluence Holdings Limited and 20% by Mr. Chen Yin through Flourish Zone Limited. Accordingly, Ms. Li Xia is deemed to be interested in the 571,820,133 shares interested by Sino Eminent Limited. Each of Ocean Expert Investments Limited, Confluence Holdings Limited and Flourish Zone Limited is a limited liability company incorporated in the British Virgin Islands.

- (2) Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). CKH is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Alps Mountain Agent Limited ("Alps") and iBusiness Corporation Limited ("iBusiness").

The entire issued share capital of each of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1, TDT2 and CKH is deemed to be interested in the 143,233,151 shares of the Company of which 71,969,151 shares are held by Alps and 67,264,000 shares are held by iBusiness.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 30 June 2013.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Company and for safeguarding the shareholders' interests and the Company's assets.

The Company's code of corporate governance practices was adopted with reference to the code provisions of the Code on Corporate Governance Practices ("CG Code") and Corporate Governance Report ("CG Report") contained in Appendix 15 of the GEM Listing Rules. There is no deviation from the Code Provisions in the CG Code as at 30 June 2013.

AUDIT COMMITTEE

The Company established an audit committee on 11 August 2000 with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee is currently comprised three members – Mr. Lam Tin Faat, Ms. Lu Haina and Mr. Fu Ping Man, all of whom are Independent Non-executive Directors. Mr. Lam Tin Faat is the chairman of the audit committee. The audit committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The unaudited consolidated results of the Group for the six months ended 30 June 2013 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee was established on 10 May 2005.

The Company adopted that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of Code Provisions B.1.2.

The remuneration committee is currently comprised of Mr. Lam Tin Faat and Mr. Fu Ping Man, both are Independent Non-executive Directors, and Ms. Li Xia who is Executive Director. Mr. Lam Tin Faat is the Chairman of the remuneration committee.

NOMINATION COMMITTEE

The nomination committee was established on 21 March 2012.

The Company adopted that a nomination committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference will follow the requirement of Code Provisions A.5.2.

The nomination committee is currently comprised of Mr. Lam Tin Faat and Mr. Fu Ping Man, both are Independent Non-executive Directors, and Ms. Li Xia who is Executive Director. Mr. Lam Tin Faat is the Chairman of the nomination committee.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors, the management shareholders or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

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

During the six months period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Hong Kong Jewellery Holding Limited
Li Xia
Chairman

Hong Kong, 9 August 2013

The Board comprises of:

Li Xia (*Executive Director*)

Lin Di (*Executive Director*)

Chen Yin (*Executive Director*)

Yip Tin Hung (*Executive Director*)

Lam Tin Faat (*Independent Non-executive Director*)

Lu Haina (*Independent Non-executive Director*)

Fu Ping Man (*Independent Non-executive Director*)