



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159



Interim
Report 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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, and there are no other matters the omission of which would make any statement herein or this report misleading.

INTERIM RESULTS

The board of directors (the “Directors”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months (the “Second Quarterly Period”) and six months (the “Half-Yearly Period”) ended 30 June 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2014

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	69,797	68,158	142,740	132,764
Cost of sales		(62,400)	(60,511)	(125,021)	(116,257)
Gross profit		7,397	7,647	17,719	16,507
Other income		790	871	1,755	1,381
Selling and distribution expenses		(2,440)	(2,401)	(4,772)	(4,815)
Administrative expenses		(5,838)	(6,346)	(12,888)	(12,568)
Profit/(Loss) before taxation	5	(91)	(229)	1,814	505
Income tax expenses	6	(406)	(454)	(858)	(894)
Profit/(Loss) for the period		(497)	(683)	956	(389)
Other comprehensive (expense)/ income for the period:					
Exchange differences arising from translation of foreign operations		(277)	519	(1,066)	751
Total comprehensive (expense)/income for the period		(774)	(164)	(110)	362
Profit/(Loss) for the period attributable to:					
– Equity holders of the Company		(588)	(816)	720	(676)
– Non-controlling interests		91	133	236	287
		(497)	(683)	956	(389)
Total comprehensive income/(expense) attributable to:					
– Equity holders of the Company		(865)	(297)	(346)	75
– Non-controlling interests		91	133	236	287
		(774)	(164)	(110)	362
Earnings/(Loss) per share					
Basic	7	(HK0.09 cents)	(HK0.13 cents)	HK0.11 cents	(HK0.11 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2014*

	Notes	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	61,013	62,579
Prepaid lease payments		9,306	9,657
Investment properties	9	10,700	10,700
Available-for-sale investment		8,877	5,526
Club debenture	10	560	560
Deposit for land use rights		662	679
Deposits paid for acquisition of property, plant and equipment		1,972	2,399
Other receivable		818	1,027
		93,908	93,127
CURRENT ASSETS			
Inventories		22,048	28,591
Trade and other receivables	11	66,676	77,038
Bank balances and cash		96,883	95,504
		185,607	201,133
CURRENT LIABILITIES			
Trade and other payables	12	74,643	87,765
Amounts due to directors		1,665	1,330
Taxation payable		28,103	28,031
		104,411	117,126
NET CURRENT ASSETS			
		81,196	84,007
		175,104	177,134
CAPITAL AND RESERVES			
Share capital		64,000	64,000
Reserves		109,750	112,016
Equity attributable to owners of the Company		173,750	176,016
Non-controlling interests		1,354	1,118
Total Equity		175,104	177,134

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Non- controlling interests HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
As at 1 January 2013	64,000	680	11,987	96,229	172,896	1,023	173,919
Loss for the period	-	-	-	(676)	(676)	287	(389)
Other comprehensive income	-	-	751	-	751	-	751
Total comprehensive (expense)/ income for the period	-	-	751	(676)	75	287	362
Dividend recognized as distribution	-	-	-	(1,920)	(1,920)	-	(1,920)
As at 30 June 2013	64,000	680	12,738	93,633	171,051	1,310	172,361
As at 1 January 2014	64,000	680	13,567	97,769	176,016	1,118	177,134
Profit for the period	-	-	-	720	720	236	956
Other comprehensive expense	-	-	(1,066)	-	(1,066)	-	(1,066)
Total comprehensive (expense)/ income for the period	-	-	(1,066)	720	(346)	236	(110)
Dividend recognized as distribution	-	-	-	(1,920)	(1,920)	-	(1,920)
As at 30 June 2014	64,000	680	12,501	96,569	173,750	1,354	175,104

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) restated
NET CASH FROM OPERATING ACTIVITIES	8,881	3,407
NET CASH (USED IN) INVESTING ACTIVITIES	(5,607)	(59,248)
NET CASH (USED IN) FINANCING ACTIVITIES	(1,920)	(1,920)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	25	28
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,379	(57,733)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	95,504	157,985
CASH AND CASH EQUIVALENTS AT END OF PERIOD	96,883	100,252
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS represented by bank balances and cash	96,883	100,252

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The Company acts as an investment holding company.

The unaudited half-yearly consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of GEM Listing Rules and with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited half-yearly consolidated financial statements have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013 (“the 2013 Financial Statements”), except for the amendments and interpretations of HKFRSs (“New HKFRSs”) issued by HKICPA, which have become effective in this period and summarised in notes of the 2013 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

3. REVENUE

Revenue represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipments and subcontracting service rendered during the period under review.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the executive Directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resources allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to two classes of customers, namely, original equipment manufacturer customers (“OEM customers”) and retail distributors. The Group’s operating segments under HKFRS 8 are as follows:

Business segments

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue				
OEM customers	57,152	51,712	107,049	103,594
Retail distributors	17,645	16,446	35,691	29,170
	69,797	68,158	142,740	132,764
Segment Profit				
OEM customers	6,668	7,021	15,723	15,082
Retail distributors	729	626	1,996	1,425
	7,397	7,647	17,719	16,507
Other income	790	871	1,755	1,381
Unallocated expenses	(8,278)	(8,747)	(17,660)	(17,383)
Profit/(Loss) before taxation	(91)	(229)	1,814	505

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 30 June				Six months ended 30 June			
	2014 HK\$'000 (Unaudited)	%	2013 HK\$'000 (Unaudited)	%	2014 HK\$'000 (Unaudited)	%	2013 HK\$'000 (Unaudited)	%
Korea	23,233	33.3%	23,498	34.5%	47,029	33.0%	48,741	36.7%
Japan	19,896	28.5%	18,211	26.7%	40,703	28.5%	35,602	26.8%
Taiwan	12,211	17.5%	13,339	19.6%	34,869	24.4%	24,745	18.6%
United States of America ("U.S.A.")	13,799	19.8%	12,405	18.2%	18,278	12.8%	21,337	16.1%
Others	658	0.9%	705	1.0%	1,861	1.3%	2,339	1.8%
	69,797	100.0%	68,158	100.0%	142,740	100.0%	132,764	100.0%

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortisation	1,786	1,924	3,553	3,908

6. INCOME TAX EXPENSES

The amount represents current tax charge on assessable profit arising in jurisdiction other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdiction. No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements, as the Group has no assessable profit arising in Hong Kong in both periods.

No provision for deferred taxation has been made in the condensed consolidated financial statements, as it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic profit per share for the three months and six months ended 30 June 2014 is based on the consolidated (loss)/profit attributable to shareholders of approximately HK\$(588,000) and HK\$720,000 respectively (consolidated (loss) attributable to shareholders for three months and six months ended 30 June 2013: HK\$(816,000) and HK\$(676,000) respectively) and on the number of 640,000,000 shares (2013: 640,000,000 shares) in issue.

No dilutive earnings per share has been presented for the Second Quarterly Period and Half-Yearly Period because there were no outstanding share options in the respective periods.

8. DIVIDEND

During the period, a dividend of HK0.30 cents per share (2013: HK0.30 cents) was paid to shareholders as the final dividend for 2013.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2014. (six months ended 30 June 2013: nil).

9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a total cost of approximately HK\$2,866,000 (six months ended 30 June 2013: HK\$1,927,000). The investment properties were valued at HK\$10,700,000 on 31 December 2013 by Jointgoal Surveyors Limited, an independent qualified professional valuer not connected with the Group. Jointgoal Surveyors Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to the evidence of market prices for similar properties. The Directors consider that the fair value of the investment properties as at 30 June 2014 was not significantly different from their carrying value as at 31 December 2013.

10. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club held on a long-term basis. The directors of the Group are of the opinion that the underlying value of the club debenture is at least equal to its cost.

11. TRADE AND OTHER RECEIVABLES

The Group offered credit periods ranging from 30 days to 180 days to its trade customers. The following is an aged analysis of trade receivables as at the reporting date:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Within 30 days	22,888	23,555
From 31 days to 120 days	37,107	45,684
From 121 days to 180 days	466	788
Over 180 days	–	–
	60,461	70,027
Other receivables	6,215	7,011
	66,676	77,038

12. TRADE AND OTHER PAYABLES

The Group has been offered average credit periods ranging from 30 days to 150 days from its trade suppliers. The following is an aged analysis of trade payables as at the reporting date:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Within 30 days	11,985	14,905
From 31 days to 90 days	20,962	28,706
From 91 days to 150 days	8,641	9,131
Over 150 days	3,396	3,307
	44,984	56,049
Other payables	29,659	31,716
	74,643	87,765

13. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	Three months ended		Six months ended	
		30 June	2013	30 June	2013
		2014 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Glory Mark Electronic Limited (incorporated in Republic of China) ("GM Taiwan")	Rentals paid	39	39	77	78
Billion Mass Limited ("Billion Mass")	Rentals paid	258	201	516	402
San Chen	Rentals paid	39	39	77	78
Yu Lan	Rental paid	31	31	62	62

Mr. Pang Kuo-Shi ("Mr. Pang"), Mr. Wong Chun and Mr. Hsieh Chieh-Wen, Directors and shareholders of the Company, together hold 79% interest in GM Taiwan and 100% interest in Billion Mass. Mr. Pang Kuo-Shi holds 42.75% equity interest in San Chen and Yu Lan is the spouse of Mr. Pang.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and profit

For the six months ended 30 June 2014, the Group recorded a revenue of approximately HK\$142,740,000, representing an increase of approximately 7.5% as compared to the last corresponding period (six months ended 30 June 2013: approximately HK\$132,764,000).

Revenue from OEM customers and retail distributors for the six months ended 30 June 2014 were approximately HK\$107,049,000 and HK\$35,691,000 respectively, representing an increase of 3.3% and 22.4% respectively when compared to the last corresponding period.

In terms of geographical segment analysis, revenue from Taiwan and Japan increased by approximately 40.9% and 14.3% respectively. Revenue from Korea, USA and other regions decreased by approximately 3.5%, 14.3% and 20.4% respectively.

To secure the profit margin, the Group launched some higher value-added products and cost savings measures during the period under review to counteract the significant uptick in wages the People's Republic of China (the "PRC"). The Group maintained a gross profit percentage of 12.4% during the six months ended 30 June 2014 (six months ended 30 June 2013: 12.4%).

Other income

Other income was approximately HK\$1,755,000, as compared to the amount of HK\$1,381,000 as recorded in the last corresponding period.

Selling and distribution expenses

Selling and distribution expenses was approximately HK\$4,772,000, which was close to the amount of HK\$4,815,000 as recorded in the last corresponding period.

Administrative expenses

The administrative expenses was approximately HK\$12,888,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$12,568,000). The increase of administrative expenses was mainly due to an exchange loss in Renminbi of the Renminbi deposits on hand which were used to hedge the expenses of the Group in its PRC factories.

Financial cost

The Group did not incur any financial cost for both periods ended 30 June 2014 and 2013.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Income tax expenses

The Group incurred income tax expenses of approximately HK\$858,000 during the six months ended 30 June 2014 (six months ended 30 June 2013: approximately HK\$894,000).

Profit for the period attributable to Owners of the Company

Profit for the six months ended 30 June 2014 was approximately HK\$720,000 (six months ended 30 June 2013: (loss) of approximately HK\$(676,000)).

Liquidity and financial resources

As at 30 June 2014, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$81.2 million, HK\$96.9 million and HK\$173.8 million (31 December 2013: HK\$84.0 million, HK\$95.5 million and HK\$176.0 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.78 (31 December 2013: 1.72).

Operation review

Employees

As at 30 June 2014, the Group had 1,365 (30 June 2013: 1,245) employees. Employee remuneration, excluding directors' emoluments, for the six months ended 30 June 2014 was approximately HK\$36.9 million (six months ended 30 June 2013: HK\$30.4 million). The increase in employee remuneration during the period under review was in line with the change in revenue of the Group during the two periods under review and the increase in wage rates in PRC.

The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems, which is reviewed annually. The Company had granted options to its employees prior to its listing.

Outlook

The unfavourable factors including the rising material and labour costs will continue to affect the results of the Group in the coming seasons. The Group will try to minimize these unfavourable factors by promoting higher value-added products.

Having considered the unfavourable economic situations, the Directors maintain a conservative view as to the results of the coming seasons.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests and short positions of the Directors and the chief executives in the shares and underlying shares of the Company or its associate corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standards of dealing by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, were as follows:

(a) Ordinary shares of HK\$0.1 each of the Company

Name of director	Nature of Interest	Number of Issued Ordinary Shares held	Approximate Percentage of Issued share capital of the Company
Mr. Pang Kuo-Shi	Interest of controlled corporation	279,616,000	43.69%
Mr. Wong Chun ("Mr. Wong")	Beneficial owner	116,894,000	18.26%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	69,888,000	10.92%
Mr. Wong Kwong Chi	Interest of Spouse	6,380,000	0.99%

Other than as disclosed above, none of the directors and the chief executive, nor their associates had any interests or short positions in any shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standards of dealing by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO as at 30 June 2014.

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to Rules 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the three months ended 30 June 2014, they have complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 13 December 2001 (the “Scheme”) for the purpose of providing incentives for Directors and eligible employees expired on 3 January 2013. No share option was granted under the Scheme since its adoption. Save as aforesaid, there is no other share option scheme subsist during the period under review.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed “Directors’ and Chief Executive’s Interests in Shares and Underlying Shares” above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance was disclosed as having a notifiable interest or short position in the issued share capital of the Company as at 30 June 2014:

COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the six months ended 30 June 2014, they have complied with the required standards of dealings and the Company’s code of conduct regarding directors’ securities transactions.

INTERESTS IN COMPETITORS

During the six months ended 30 June 2014, none of the Directors or the management shareholders or their respective associates of the Company had an interest in a business, which competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS AND DIRECTORS’ INTERESTS IN CONTRACTS

Save as disclosed in note 13 above:

- (i) there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules; and
- (ii) no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

CORPORATE GOVERNANCE

The Company complied throughout the three months period ended 30 June 2014 with the code provisions in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules, save as the following:–

- (i) Code provision A.4.1 provides that non-executive Directors should be appointed for specific term, subject to reelection. The Company deviated from this provision in that Dr. Lui Ming Wah and Mr. Lau Ho Kit, Ivan, both being non-executive Directors of the Company, were not appointed for a specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive Directors have already given the Company's shareholders the right to approve continuation of non-executive Directors' offices.
- (ii) Code provision A.5.6 provides that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Given that the members of the nomination committee consider that the current composition allows the Board to perform its function efficiently, the nomination committee has yet adopted a diversity policy. The nomination committee will adopt such a policy and set measurable objectives in the second half of 2014 with an aim to evaluate the optimal composition of the Board.

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 confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company. The Company has received, from each of the independent non-executive Directors, an annual confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, Mr. Lau Ho Kit, Ivan, Dr. Lui Ming Wah, S.B.S., JP and Mr. Wong Kwong Chi, and all of them are independent non-executive Directors of the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Company. The interim results presented herein has not been audited but has been reviewed by the Audit Committee who has provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2014.

On behalf of the Board

Pang Kuo-Shi

Chairman

Hong Kong Special Administrative Region of the People's Republic of China

12 August 2014

As at the date of this report, the board comprises Messrs. Pang Kuo-Shi also known as Steve Pang, Wong Chu and Hsia Chieh-Wen also known as Paul Hsia being Executive Directors and Dr. Lui Ming Wah, S.B.S., JP, Mr. Wong Kwong Chi and Mr. Lau Ho Kit, Ivan being Independent Non- Executive Directors.