

叁龍

2012 Interim Report
中期報告



Dragonite International Limited
叁龍國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code : 329) (股份代號: 329)

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yin Sen (*Chairman*)

Mr. Gary Drew Douglas (*Managing Director*)

Mr. Hon Lik

Ms. Chan Mee Sze

Mr. Lam Suk Ping

Independent Non-executive Directors

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

Mr. Ho Tak Fun

Mr. Pang Hong (*resigned on 29 February 2012*)

AUDIT COMMITTEE

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

Mr. Ho Tak Fun

Mr. Pang Hong (*resigned on 29 February 2012*)

COMPANY SECRETARY

Ms. Chan Mee Sze

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

董事會

執行董事

王彥宸先生(*主席*)

Gary Drew Douglas 先生(*董事總經理*)

韓力先生

陳美思女士

林叔平先生

獨立非執行董事

鍾育麟先生

廖廣生先生

林聞深先生

何德芬先生

龐鴻先生(*於二零一二年二月二十九日辭任*)

審核委員會

鍾育麟先生

廖廣生先生

林聞深先生

何德芬先生

龐鴻先生(*於二零一二年二月二十九日辭任*)

公司秘書

陳美思女士

核數師

德勤 • 關黃陳方會計師行

註冊辦事處

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1101, 11th Floor, China United Centre
28 Marble Road, North Point
Hong Kong

香港總辦事處及主要營業地點

香港
北角馬寶道28號
華匯中心11樓1101室

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman, KY1-1107
Cayman Islands

股份過戶登記總處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman, KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, Hopewell Centre
183 Queen's Road East
Hong Kong

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心1712-1716室

PRINCIPAL BANKERS

in Hong Kong:

The Hongkong and Shanghai Banking Corporation Limited

主要往來銀行

於香港：

香港上海滙豐銀行有限公司

in the PRC:

China Construction Bank
Shenyang Economic and Technology Development Zone Branch

於中國：

中國建設銀行
瀋陽經濟技術開發區分行

STOCK CODE

329

股份代號

329

COMPANY WEBSITE

www.dragonite.com.hk

公司網站

www.dragonite.com.hk

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

		Six months ended 截至下列日期止六個月	
		30.6.2012 二零一二年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)
	NOTES 附註		
Turnover	營業額		
Sales of goods	銷售貨品	9,755	6,141
Less: Cost of goods sold	減：銷貨成本	(5,936)	(34,024)
		3,819	(27,883)
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益之 金融資產的公平值變動	(16,578)	(110,520)
Rental income	租金收入	2,220	—
		(10,539)	(138,403)
Other income	其他收入	1,352	1,791
Other gains and losses	其他損益	(10,674)	377
Distribution cost	經銷費用	(3,404)	(333)
Administrative expenses	行政支出	(28,679)	(29,599)
Other expenses	其他支出	(3,430)	—
Finance costs	財務費用	(824)	(661)
Loss before tax	稅前虧損	(56,198)	(166,828)
Income tax expense	所得稅支出	5 (188)	(32)
Loss for the period	期內虧損	6 (56,386)	(166,860)
Other comprehensive income	其他全面收入		
Exchange differences arising on translation to presentation currency	換算為呈列貨幣引致的 匯兌差額	(136)	4,318
Total comprehensive expense for the period	期內全面支出總額	(56,522)	(162,542)
			(Restated) (經重列)
Loss per share	每股虧損		
Basic and diluted	基本及攤薄	8 HK(5.65) cents 港仙	HK(38.19) cents 港仙

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 June 2012 於二零一二年六月三十日

		NOTES	30.6.2012	31.12.2011
		附註	二零一二年	二零一一年
			六月三十日	十二月三十一日
			HK\$'000	HK\$'000
			千港元	千港元
			(unaudited)	(audited)
			(未經審核)	(經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	23,087	25,799
Investment property	投資物業		145,000	145,000
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		10,410	9,730
Prepaid lease payments	預付租賃款項		2,664	2,690
			<u>181,161</u>	<u>183,219</u>
Current assets	流動資產			
Inventories	存貨		10,275	8,487
Trade receivables	應收貿易賬項	10	1,963	4,184
Deposits, prepayment and other receivables	按金、預付款項及其他應收賬項		6,554	6,878
Tax recoverable	可收回稅項		—	1,579
Prepaid lease payments	預付租賃款項		82	82
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		119,514	114,924
Bank balances and cash	銀行結餘及現金		68,046	55,970
			<u>206,434</u>	<u>192,104</u>
Current liabilities	流動負債			
Trade payables	應付貿易賬項	11	6,731	6,272
Accruals and other payables	應計款項及其他應付賬項		31,226	33,665
Derivative financial instruments	衍生金融工具		16,363	5,689
Borrowings	借款		26,516	92,342
Taxation payable	應付稅項		1,015	1,503
			<u>81,851</u>	<u>139,471</u>
Net current assets	流動資產淨值		<u>124,583</u>	<u>52,633</u>
NET ASSETS	資產淨值		<u>305,744</u>	<u>235,852</u>

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 June 2012 於二零一二年六月三十日

		NOTES	30.6.2012	31.12.2011
		附註	二零一二年	二零一一年
			六月三十日	十二月三十一日
			HK\$'000	HK\$'000
			千港元	千港元
			(unaudited)	(audited)
			(未經審核)	(經審核)
Capital and reserves	資本及儲備			
Share capital	股本	12	19,565	271,731
Reserves	儲備		286,179	(35,879)
TOTAL EQUITY	權益總額		305,744	235,852

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

		Share capital 股本 HK\$'000 千港元	Share premium 溢價 HK\$'000 千港元	Shareholders' contribution 股東出資 HK\$'000 千港元 (note a) (附註 a)	Translation reserve 換算儲備 HK\$'000 千港元	Non- distributable reserves 非供分派 儲備 HK\$'000 千港元 (note b) (附註 b)	Share option reserve 購股權 儲備 HK\$'000 千港元 (note c) (附註 c)	Merger reserves 合併儲備 HK\$'000 千港元 (note d) (附註 d)	Special reserves 特別儲備 HK\$'000 千港元 (note d) (附註 d)	Retained earnings (accumulated losses) 留存盈利 (累積虧損) HK\$'000 千港元	Total equity attributable to owners 擁有人應佔 權益總額 HK\$'000 千港元
At 1 January 2011 (audited)	於二零一一年一月一日(經審核)	9,236	1,219,392	21,780	93,224	24,737	10,180	(1,016,738)	3,142	(292,063)	72,890
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(166,860)	(166,860)
Other comprehensive income for the period	期內其他全面收入	—	—	—	4,318	—	—	—	—	—	4,318
Total comprehensive income for the period	期內全面收入總額	—	—	—	4,318	—	—	—	—	(166,860)	(162,542)
Issue of new shares upon rights issue	於供股後發行新股	184,725	230,699	—	—	—	—	—	—	—	415,424
Issue of shares upon subscription	於認購後發行股份	1,847	1,109	—	—	—	—	—	—	—	2,956
Issue of shares upon exercise of share options	於行使購股權後發行股份	923	1,540	—	—	(783)	—	—	—	—	1,680
Transactions costs attributable to issue of shares	發行股份的交易成本	—	(9,030)	—	—	—	—	—	—	—	(9,030)
Recognition of equity settled share-based payments	確認為權益結算並以股份為基礎之付款	—	—	—	—	783	—	—	—	—	783
At 30 June 2011 (unaudited)	於二零一一年六月三十日(未經審核)	196,731	1,443,710	21,780	97,542	24,737	10,180	(1,016,738)	3,142	(458,923)	322,161
At 1 January 2012 (audited)	於二零一二年一月一日(經審核)	271,731	1,433,173	21,780	93,991	24,737	8,716	(1,016,738)	3,142	(604,680)	235,852
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(56,386)	(56,386)
Other comprehensive income for the period	期內其他全面收入	—	—	—	(136)	—	—	—	—	—	(136)
Total comprehensive income for the period	期內全面收入總額	—	—	—	(136)	—	—	—	—	(56,386)	(56,522)
Capital Reorganisation	股本重組	(266,296)	(1,433,173)	—	—	—	—	—	—	1,699,469	—
Issue of shares upon rights issue	於供股後發行股份	10,869	97,823	—	—	—	—	—	—	—	108,692
Issue of shares upon placing	於配售後發行股份	3,261	18,260	—	—	—	—	—	—	—	21,521
Transaction costs attributable to issue of shares	發行股份的交易成本	—	(3,799)	—	—	—	—	—	—	—	(3,799)
At 30 June 2012 (unaudited)	於二零一二年六月三十日(未經審核)	19,565	112,284	21,780	93,855	24,737	8,716	(1,016,738)	3,142	1,038,403	305,744

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

Notes:

- (a) Shareholders' contribution represents the amounts contributed by shareholders of Ruyan Investment (Holdings) Limited ("RIHL").
- (b) The non-distributable reserve represents statutory reserves appropriated from profit after tax of the Company's subsidiary in the People's Republic of China (the "PRC") under the PRC laws and regulations.
- (c) The merger reserve represents (i) the share capital of RIHL; (ii) the carrying amount of equity interest in RIHL held by the non-controlling parties; and (iii) the fair value of the consideration paid for acquisition of RIHL.
- (d) The special reserve of the Group represents reserve arising pursuant to group reorganisation on the basis that the group reorganisation had been affected on 1 January 2000.

附註：

- (a) 股東出資指 Ruyan Investment (Holdings) Limited (「RIHL」)之股東出資金額。
- (b) 非供分派儲備指本公司於中華人民共和國(「中國」)之附屬公司根據中國法律及法規從除稅後溢利中撥出之法定儲備。
- (c) 合併儲備指(i)RIHL股本；(ii)無控制權人士持有之RIHL股權之賬面值；及(iii)就收購RIHL支付之代價之公平值。
- (d) 本集團之特別儲備指集團重組於二零零零年一月一日生效時因集團重組產生之儲備。

Condensed Consolidated Statement of Cash Flow

簡明綜合現金流量表

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

		Six months ended 截至下列日期止六個月	
		30.6.2012 二零一二年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)
Net cash used in operating activities	經營業務所用現金淨額	(25,256)	(361,029)
Investing activities	投資活動		
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	—	65
Purchase of property, plant and equipment	購入物業、廠房及設備	(54)	(66)
Purchase of financial assets designated at fair value through profit or loss	購入指定按公平值計入損益之金融資產	(93,925)	(20,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss	出售指定按公平值計入損益之金融資產所得款項	72,077	—
Acquisition of subsidiaries	收購附屬公司	—	(10,000)
Net cash used in investing activities	投資活動所用現金淨額	(21,902)	(30,001)
Financing activities	融資活動		
New borrowings raised	新增借款	50,000	—
Repayment of borrowings	償還借款	(115,826)	(5,000)
Interest paid	已付利息	(1,406)	(268)
Issue of new shares	發行新股	130,213	420,060
Expenses of issue of shares	發行股份之開支	(3,799)	(9,030)
Net cash from financing activities	融資活動所得現金淨額	59,182	405,762
Net increase in cash and cash equivalents	現金及現金等值項目增加淨額	12,024	14,732
Cash and cash equivalents at beginning of the period	期初之現金及現金等值項目	55,970	11,681
Effect of foreign exchange rate changes	匯率變動之影響	52	169
Cash and cash equivalents at end of the period	期末之現金及現金等值項目	68,046	26,582
Analysis of the balances of cash and cash equivalents	現金及現金等值項目之結餘分析		
Bank balances and cash	銀行結餘及現金	68,046	26,582

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

1. GENERAL INFORMATION

Dragonite International Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care products, pharmaceutical products and Ruyan atomizing cigarettes, securities trading and investments and property investments in Hong Kong.

In prior six months period ended 30 June 2011, the Company’s functional currency was Renminbi (“RMB”). During the year ended 31 December 2011, the directors had re-evaluated the underlying investment activities and strategy of the Company and have determined that the functional currency of the Company changed from RMB to Hong Kong dollars (“HKD”).

For the purposes of presenting the condensed consolidated financial statements, the Group adopted HKD as its presentation currency for the convenience of the readers. The directors consider HKD can provide more meaningful information to the Company’s shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain property and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2012 (the “Period”) are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2011.

1. 一般資料

叁龍國際有限公司(「本公司」)於開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司上市。

本公司為一間投資控股公司，其附屬公司之主要業務為生產及銷售一系列保健產品、醫藥產品及如煙霧化煙、證券買賣及投資以及於香港進行物業投資。

截至二零一一年六月三十日止過往六個月期間，本公司的功能貨幣為人民幣(「人民幣」)。截至二零一一年十二月三十一日止年度，董事重估了本公司相關投資活動及策略，決定將本公司功能貨幣由人民幣改為港元(「港元」)。

為方便讀者閱讀，本集團呈列簡明綜合財務報表時採用港元為其呈列貨幣。董事認為港元可為本公司股東提供更有意義的資料。

2. 編製基準

簡明綜合財務報表已根據香港聯合交易所有限公司證券上市規則附錄16之適用披露規定及香港會計準則第34號「中期財務報告」編製。

3. 主要會計政策

簡明綜合財務報表乃根據歷史成本法編製，惟按公平值計量的若干物業及金融工具(倘適用)除外。

截至二零一二年六月三十日止六個月(「本期間」)之簡明綜合財務報表所採用之會計政策與編製本集團截至二零一一年十二月三十一日止年度之綜合財務報表所依循者貫徹一致。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning on 1 January 2012.

HKAS 12 (Amendments)	Deferred tax - Recovery of underlying assets
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets

The application of amendments to HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

4. SEGMENTAL INFORMATION

The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operations. During the second half of the year ended 31 December 2011, the Group acquired Central Town Limited which includes a subsidiary principally engaged in property investment in Hong Kong. Thus, the executive directors consider property investment in Hong Kong is another new reportable and operating segment upon the acquisition.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- (a) health care products, which are represented by ginseng products
- (b) pharmaceutical products, which are mainly represented by licensed medicines
- (c) Ruyan atomizing cigarettes
- (d) securities trading and investments
- (e) property investment in Hong Kong

3. 主要會計政策(續)

本期間，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈並於本集團於二零一二年一月一日開始之財政年度生效之香港財務報告準則(「香港財務報告準則」)之修訂。

香港會計準則第12號	遞延稅項
(修訂本)	—收回相關資產
香港財務報告準則	披露
第7號(修訂本)	—轉讓金融資產

採用上述香港財務報告準則之修訂對本集團本期間或過往會計期間的簡明綜合財務報表並無影響。

4. 分類資料

由於本集團執行董事共同對本集團營運作出策略決定，故彼等為主要經營決策者。截至二零一一年十二月三十一日止年度下半年，本集團收購Central Town Limited，包括一間主要於香港從事物業投資的附屬公司。因此，執行董事認為待收購後，於香港從事物業投資為本集團另一新呈報及營運分類。

因此，本集團根據香港財務報告準則第8號之營運及呈報分類如下：

- (a) 保健產品，為人參產品
- (b) 醫藥產品，主要為持牌藥物
- (c) 如煙霧化煙
- (d) 證券買賣及投資
- (e) 於香港從事物業投資

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

4. SEGMENTAL INFORMATION (Continued)

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For six months ended 30 June 2012

4. 分類資料(續)

以下是按呈報及營運分類劃分的本集團營業額及業績分析。

截至二零一二年六月三十日止六個月

		Health care products 保健產品 HK\$'000 千港元	Pharmaceutical products 醫藥產品 HK\$'000 千港元	Ruyan atomizing cigarettes 如煙 霧化煙 HK\$'000 千港元	Securities trading and investments 證券買賣及 投資 HK\$'000 千港元	Property investment in Hong Kong 於香港從事 物業投資 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Segment turnover	分類營業額						
Sales of goods	銷售貨品	—	8,891	864	—	—	9,755
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益之金融 資產的公平值變動	—	—	—	(16,578)	—	(16,578)
Rental income	租金收入	—	—	—	—	2,220	2,220
		—	8,891	864	(16,578)	2,220	(4,603)
Segment (loss) profit	分類(虧損)溢利	(2,833)	(581)	(7,520)	(16,580)	1,268	(26,246)
Other income	其他收入						1,352
Change in fair value of derivative financial instruments	衍生金融工具之公平值 變動						(10,674)
Unallocated corporate expenses	未分配公司支出						(19,806)
Finance costs	財務費用						(824)
Loss before taxation	稅前虧損						(56,198)

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

4. SEGMENTAL INFORMATION (Continued)

For six months ended 30 June 2011

4. 分類資料(續)

截至二零一一年六月三十日止六個月

		Health care products 保健產品 千港元 HK\$'000	Pharmaceutical products 醫藥產品 千港元 HK\$'000	Ruyan atomizing cigarettes 如煙 霧化煙 千港元 HK\$'000	Securities trading and investments 證券買賣 及投資 千港元 HK\$'000	Consolidated 綜合 千港元 HK\$'000
Segment turnover	分類營業額					
Sales of goods	銷售貨品	25	5,242	874	—	6,141
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益之金融資產 的公平值變動	—	—	—	(110,520)	(110,520)
		25	5,242	874	(110,520)	(104,379)
Segment loss	分類虧損	(7,924)	(14,324)	(13,627)	(110,520)	(146,395)
Other income	其他收入					1,791
Change in fair value of derivative financial instruments	衍生金融工具之公平值 變動					377
Unallocated corporate expenses	未分配公司支出					(21,940)
Finance costs	財務費用					(661)
Loss before taxation	稅前虧損					(166,828)

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of central administration costs, other income, change in fair value of derivative financial instruments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

分類(虧損)溢利指各分類產生之虧損／溢利，惟並無計入中央管理成本、其他收入、衍生金融工具之公平值變動及財務費用。此乃向主要營運決策者呈報之計量方式，以便分配資源及評估表現。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

5. INCOME TAX EXPENSE

5. 所得稅支出

		Six months ended	
		截至下列日期止六個月	
		30.6.2012	30.6.2011
		二零一二年	二零一一年
		六月三十日	六月三十日
		HK\$'000	HK\$'000
		千港元	千港元
Income Tax in the PRC	中國所得稅	188	32

No Hong Kong Profits Tax is payable by the Company or its subsidiaries operating in Hong Kong since they had no assessable profit for both periods.

本公司或其於香港營運之附屬公司於兩個期間並無任何應課稅溢利，故並無任何應付之香港利得稅。

PRC Enterprise Income Tax is calculated at the rate prevailing in the relevant districts of the PRC taking relevant tax incentives into account.

中國企業所得稅於計及有關稅務優惠後，按中國有關地區適用稅率計算。

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

6. LOSS FOR THE PERIOD

6. 期內虧損

		Six months ended	
		截至下列日期止六個月	
		30.6.2012	30.6.2011
		二零一二年	二零一一年
		六月三十日	六月三十日
		HK\$'000	HK\$'000
		千港元	千港元
Loss for the period has been arrived at after charging (crediting):	期內虧損已扣除(計入)下列項目：		
Allowance for obsolete inventories (included in cost of sales)	廢棄存貨準備 (計入銷售成本)	458	27,762
Amortisation of prepaid lease payments	預付租賃款項之攤銷	48	48
Change in fair value of derivative financial instruments (included in other gains and losses)	衍生金融工具公平值變動 (計入其他損益)	10,674	(377)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	2,904	2,545
Staff costs (including directors' emoluments and share-based payment expenses)	員工開支(包括董事酬金及以股份為基礎之付款開支)	8,879	7,366
Allowance for bad and doubtful debts, net (included in other expenses)	呆壞賬準備淨額 (計入其他開支)	1,842	—
Written off of tax recoverable (included in other expenses)	撇銷可撥回稅項 (計入其他開支)	1,588	—
Interest income	利息收入	(10)	—

7. DIVIDEND

No dividends were paid, declared or proposed during both periods.

7. 股息

於兩個期間內並無支付、宣派或擬派任何股息。

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

		Six months ended 截至下列日期止六個月	
		30.6.2012	30.6.2011
		二零一二年	二零一一年
		六月三十日	六月三十日
		HK\$'000	HK\$'000
		千港元	千港元
Loss for the purpose of basic and diluted earnings per share (loss for the period attributable to the owners of the Company)	用作計算每股基本及攤薄盈利之虧損(本公司擁有人應佔本期間虧損)	(56,386)	(166,860)

		Six months ended 截至下列日期止六個月	
		30.6.2012	30.6.2011
		二零一二年	二零一一年
		六月三十日	六月三十日
		'000	'000
		千股	千股
Weighted average number of ordinary shares for the purpose of basic loss per share	用作計算每股基本虧損之普通股加權平均數	997,174	436,895

The computation of diluted loss per share does not assume the conversion of the Company's share options since the assumed conversion would result in a decrease in loss per share.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per shares for the Period has been adjusted to reflect the impact of capital reorganization and rights issue during the Period. Comparative figure for the six months ended 30 June 2011 has been restated accordingly.

8. 每股虧損

本公司擁有人應佔每股基本及攤薄虧損乃根據以下數據計算：

每股攤薄虧損之計算並無假設本公司購股權獲轉換，原因是假設轉換會導致每股虧損減少。

計算本期間每股基本及攤薄虧損所採用的普通股加權平均數已調整，以反映本期間資本重組及供股的影響。截至二零一一年六月三十日止六個月的比較數字已相應重列。

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the Period, additions to the Group's property, plant and equipment amounted to approximately HK\$54,000 (six months ended 30 June 2011: HK\$66,000). There was no disposal of property, plant and equipment during the Period (six months ended 30 June 2011: HK\$938,000).

10. TRADE RECEIVABLES

The Group allows an average credit period from 60 days to 270 days to its trade customers. The following is an aged analysis of trade receivables net of allowance of doubtful debts presented based on invoice date at the end of the reporting period.

9. 物業、廠房及設備之變動

本期間內，本集團添置物業、廠房及設備之金額約為54,000港元(截至二零一一年六月三十日止六個月：66,000港元)。本期間內並無出售物業、廠房及設備(截至二零一一年六月三十日止六個月：938,000港元)。

10. 應收貿易賬項

本集團授予其貿易客戶之平均信貸期由60日至270日不等。以下為按發票日期呈列的呈報期末之應收貿易賬項(經扣除呆賬準備)之賬齡分析。

		30.6.2012 二零一二年 六月三十日 HK\$'000 千港元	31.12.2011 二零一一年 十二月三十一日 HK\$'000 千港元
0 - 60 days	0-60日	1,071	1,258
61 - 90 days	61-90日	163	42
91 - 180 days	91-180日	627	2,884
181 - 270 days	181-270日	102	—
		1,963	4,184

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

II. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on invoice date at the end of the reporting period.

II. 應付貿易賬項

以下為按發票日期呈列的呈報期末之應付貿易賬項之賬齡分析。

		30.6.2012	31.12.2011
		二零一二年	二零一一年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
0 - 30 days	0-30 日	252	51
31 - 60 days	31-60 日	708	1,006
61 - 90 days	61-90 日	40	65
Over 90 days but less than 1 year	超過 90 日但少於 1 年	1,351	1,226
Over 1 year	超過 1 年	4,380	3,924
		6,731	6,272

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

12. SHARE CAPITAL

12. 股本

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元
Ordinary shares of HK\$0.01 each (31 December 2011: HK\$0.1 each)	每股面值0.01港元之普通股 (於二零一一年十二月三十一日： 每股面值0.1港元)		
Authorised:	法定：		
At 1 January 2012	於二零一二年一月一日	10,000,000	1,000,000
Increase in authorised share capital (note i)	法定股本增加(附註i)	90,000,000	—
At 30 June 2012	於二零一二年六月三十日	100,000,000	1,000,000
Issued:	已發行：		
At 1 January 2012	於二零一二年一月一日	2,717,307	271,731
Share consolidation (note i)	股份合併(附註i)	(2,173,846)	—
		543,461	271,731
Capital reduction (note i)	股本削減(附註i)	—	(266,296)
		543,461	5,435
Rights issue (note ii)	供股(附註ii)	1,086,923	10,869
Issue of placing shares (note iii)	發行配售股份(附註iii)	326,077	3,261
At 30 June 2012	於二零一二年六月三十日	1,956,461	19,565

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

12. SHARE CAPITAL (Continued)

Notes:

- (i) On 19 March 2012, the Company performed a share capital reorganisation ("Capital Reorganisation") involving every 5 issued shares of par value of HK\$0.1 each be consolidated into 1 consolidated share and capital reduction by cancelling a sum of HK\$0.49 per consolidated share in issue. Immediately following the above capital reduction, each authorised but unissued share of the Company of par value of HK\$0.10 each shall be sub-divided into 10 adjusted shares of par value of HK\$0.01 each. Moreover, authorised share capital of the Company was HK\$1,000,000,000 divided into 100,000,000,000 adjusted shares.
- (ii) On 2 May 2012, the Company allotted and issued 1,086,923,000 shares by way of rights issue at a subscription price of HK\$0.1 per rights share on the basis of one rights share for every two shares then held.
- (iii) On 29 June 2012, 326,076,900 new ordinary shares of the Company of HK\$0.01 each were issued by placing. Pursuant to the placing agreement dated 22 June 2012, the placing price was HK\$0.066 per share.

All the shares issued during the Period rank pari passu with the then issued shares of the Company in all respect.

13. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible participants of the Group. Details of the share options outstanding during the Period are as follows:

12. 股本(續)

附註：

- (i) 本公司於二零一二年三月十九日進行股本重組(「股本重組」)，涉及將每5股每股面值0.1港元之已發行股份合併為1股合併股份並註銷每股已發行合併股份0.49港元以削減股本。緊隨上述股本削減後，本公司每股面值0.10港元法定但未發行的股份拆分為10股每股面值0.01港元的經調整股份。此外，本公司法定股本為1,000,000,000港元，分為100,000,000,000股經調整股份。
- (ii) 二零一二年五月二日，本公司以供股方式按每持有兩股股份可獲發一股供股股份之基準以認購價每股供股股份0.1港元配發及發行1,086,923,000股股份。
- (iii) 二零一二年六月二十九日，本公司透過配售發行326,076,900股每股面值0.01港元之新普通股。根據日期為二零一二年六月二十二日之配售協議，配售價為每股0.066港元。

本期間所有已發行股份在所有方面與本公司當時已發行股份享有同等地位。

13. 以股份為基礎之付款

本公司為本集團合資格參與者設有購股權計劃。本期間尚未行使之購股權詳情如下：

		Number of share options 購股權數目
Outstanding at 30 June 2012	於二零一二年六月三十日尚未行使	2,198,450

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

13. SHARE-BASED PAYMENTS (Continued)

The following table discloses movements in the Company's share options during the Period:

13. 以股份為基礎之付款 (續)

下表披露本公司於本期間內之購股權變動：

Category of participants	Date of share options granted	No. of share options as at 1 January 2012	No. of share options granted during the Period	No. of share options exercised during the Period	No. of share options adjusted during the Period	No. of share options outstanding as at 30 June 2012	Exercise period	Exercise price per share option
參與者分類	授出購股權日期	於二零一二年一月一日之購股權數目	本期間內授出之購股權數目	本期間內行使之購股權數目	本期間內調整之購股權數目	於二零一二年六月三十日尚未行使之購股權數目	行使期間	每份購股權行使價
	(note i) (附註 i)				(note iv) (附註 iv)			(note iv) (附註 iv)
Directors								
董事								
Wong Yin Sen	9 January 2008	260,266	—	—	(195,096)	65,170	11 January 2008 to 10 January 2013	13.798
王彥宸	二零零八年一月九日						二零零八年一月十一日至二零一三年一月十日	
Hon Lik	9 January 2008	260,266	—	—	(195,096)	65,170	4 February 2008 to 3 February 2013	13.798
韓力	二零零八年一月九日						二零零八年二月四日至二零一三年二月三日	
Pang Hong (note ii)	9 January 2008	173,513	—	—	(130,065)	43,448	14 January 2008 to 13 January 2013	13.798
龐鴻(附註 ii)	二零零八年一月九日						二零零八年一月十四日至二零一三年一月十三日	
Cheung Kwan Hung (note ii)	9 January 2008	173,513	—	—	(130,065)	43,448	11 January 2008 to 10 January 2013	13.798
張鈞鴻(附註 ii)	二零零八年一月九日						二零零八年一月十一日至二零一三年一月十日	
Ding Xun (note ii)	9 January 2008	173,513	—	—	(130,065)	43,448	22 January 2008 to 21 January 2013	13.798
丁迅(附註 ii)	二零零八年一月九日						二零零八年一月二十二日至二零一三年一月二十一日	
		1,041,071				260,684		

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簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

13. SHARE-BASED PAYMENTS (Continued)

13. 以股份為基礎之付款(續)

Category of participants	Date of share options granted	No. of share options as at 1 January 2012	No. of share options granted during the Period	No. of share options exercised during the Period	No. of share options adjusted during the Period	No. of share options outstanding as at 30 June 2012	Exercise period	Exercise price per share option
參與者分類	授出購股權日期 (note i) (附註i)	於二零一二年一月一日之購股權數目	本期間內授出之購股權數目	本期間內行使之購股權數目	本期間內調整之購股權數目 (note iv) (附註iv)	於二零一二年六月三十日尚未行使之購股權數目	行使期間	每份購股權行使價 (note iv) (附註iv)
Employees (in aggregate)	9 January 2008	3,053,834	—	—	(2,289,154)	764,680	6 February 2008 to 5 February 2013	13.798
僱員(總計)	二零零八年一月九日						二零零八年二月六日至二零一三年二月五日	
	18 February 2008	173,513	—	—	(130,065)	43,448	17 March 2008 to 16 March 2013	16.118
	二零零八年二月十八日						二零零八年三月十七日至二零一三年三月十六日	
	28 February 2008	347,026	—	—	(260,131)	86,895	27 March 2008 to 26 March 2013	16.118
	二零零八年二月二十八日						二零零八年三月二十七日至二零一三年三月二十六日	
	5 June 2008	347,026	—	—	(260,131)	86,895	3 July 2008 to 2 July 2013	14.257
	二零零八年六月五日						二零零八年七月三日至二零一三年七月二日	
	20 November 2009	867,565	—	—	(650,237)	217,238	20 November 2009 to 19 November 2013	3.854
	二零零九年十一月二十日						二零零九年十一月二十日至二零一三年十一月十九日	
		4,788,964				1,199,156		

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13. SHARE-BASED PAYMENTS (Continued)

13. 以股份為基礎之付款(續)

Category of participants	Date of share options granted	No. of share options as at 1 January 2012	No. of share options granted during the Period	No. of share options exercised during the Period	No. of share options adjusted during the Period	No. of share options outstanding as at 30 June 2012	Exercise period	Exercise price per share option
參與者分類	授出購股權日期 (note i) (附註i)	於二零一二年一月一日之購股權數目	本期間內授出之購股權數目	本期間內行使之購股權數目	本期間內調整之購股權數目 (note iv) (附註iv)	於二零一二年六月三十日尚未行使之購股權數目	行使期間	每份購股權行使價 (note iv) (附註iv)
Others (note iii)	6 May 2008	347,026	—	—	(260,131)	86,895	3 June 2008 to 2 June 2013	14.020
其他(附註iii)	二零零八年五月六日						二零零八年六月三日 至二零一三年六月二日	
	30 March 2009	2,602,694	—	—	(1,950,979)	651,715	30 March 2009 to 29 March 2013	9.217
	二零零九年三月三十日						二零零九年三月三十日 至二零一三年三月二十九日	
		2,949,720				738,610		
Total 總額		8,779,755				2,198,450		

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

13. SHARE-BASED PAYMENTS (Continued)

Notes:

- (i) There is no vesting period for the share options granted except for share options granted during 2008 are subject to a vesting period of three stages with 33.33% of such options granted becoming exercisable on the first anniversary, another 33.33% becoming exercisable on the second anniversary and the remaining 33.34% becoming exercisable on the third anniversary of the respective dates on which the options were accepted.
- (ii) Mr. Cheung Kwan Hung and Mr. Ding Xun resigned as independent non-executive director on 28 June 2010. Mr. Pang Hong resigned as an independent non-executive director on 29 February 2012.
- (iii) These are individuals who rendered consultancy services in respect of management of the Ruyan atomizing cigarettes, securities investments and corporate exercises to the Group. The Group granted share options to them for recognising their services similar to those rendered by other employees. The consultancy services rendered by the consultants include coordination of potential investment projects and advise on potential acquisition and corporate exercises. In the opinion of the directors, the consultancy services rendered by the consultants are similar to those rendered by the employees. Therefore, the fair value of the share options granted to the consultants was measured by the same accounting policies as that of the employees in accordance with HKFRS 2.
- (iv) The number of share options and exercise price per share option were adjusted upon the share consolidation and completion of the rights issue on 20 March 2012 and 2 May 2012 respectively.

There is no share-based payment expenses in respect of its share options recognised in the condensed consolidated statement of comprehensive income (2011: HK\$783,000)

13. 以股份為基礎之付款(續)

附註：

- (i) 所授購股權並無歸屬期，惟於二零零八年授出之購股權於購股權獲接納之各自日期起分三期行使：33.33%授出之有關購股權於第一周年可行使，另外33.33%授出之有關購股權於第二周年可行使，而其餘33.34%於第三周年可行使。
- (ii) 張鈞鴻先生及丁迅先生於二零一零年六月二十八日辭任獨立非執行董事。龐鴻先生於二零一二年二月二十九日辭任獨立非執行董事。
- (iii) 該等為就如煙霧化煙管理、證券投資及企業活動向本集團提供諮詢服務之人士，本集團確認彼等提供類似其他僱員之服務而向彼等授出購股權。該等顧問提供之諮詢服務包括協調潛在投資項目以及就潛在收購及企業活動提供意見。董事認為，顧問提供之諮詢服務類似僱員提供之服務。因此，授予顧問之購股權之公平值根據香港財務報告準則第2號按照適用於僱員之相同會計政策計量。
- (iv) 購股權數目及每份購股權行使價分別於二零一二年三月二十日股份合併及二零一二年五月二日供股完成後調整。

並無於簡明綜合全面收益表確認購股權以股份為基礎付款之支出(二零一一年：783,000港元)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2012 截至二零一二年六月三十日止六個月

14. RELATED PARTY TRANSACTIONS

The remuneration of key management during the Period was HK\$2,370,400 (six months ended 30 June 2011: HK\$2,757,400).

15. EVENTS AFTER THE REPORTING PERIOD

On 9 July 2012, the Company offered to grant an aggregate of 163,038,450 share options to subscribe for the ordinary shares in the capital of the Company at an exercise price of HK\$0.07 each. The grantee exercised all the share options on 13 July 2012 subsequently.

At the extraordinary general meeting held on 6 August 2012, the shareholders of the Company approved the proposed capital reorganisation which involved (i) share consolidation on the basis that every 20 issued shares of par value of HK\$0.01 each will be consolidated into 1 consolidated share of par value of HK\$0.20 each; (ii) the nominal amount of each issued consolidated share will be reduced from par value of HK\$0.20 each to par value of HK\$0.01 each and the total number of consolidated shares in issued share capital of the Company will be rounded down to a whole number; and (iii) the credit arising from the capital reduction will be applied to set-off the accumulated deficit of the Company and the balance (if any) will be transferred to a distributable reserve account of the Company. Upon the approval by the Grand Court of the Cayman Islands, it is expected that the proposed capital reorganisation will become effective after 4:00 p.m. on 31 October 2012.

14. 關連人士交易

本期間內，主要管理層酬金為2,370,400港元(截至二零一一年六月三十日止六個月：2,757,400港元)。

15. 呈報期結算日後事項

二零一二年七月九日，本公司提呈授出合共163,038,450份購股權，供承授人按每股普通股0.07港元的行使價認購本公司股本中的普通股。承授人隨後於二零一二年七月十三日悉數行使購股權。

於二零一二年八月六日舉行的股東特別大會，本公司股東批准建議股本重組，包括(i)股份合併，將每20股每股面值0.01港元的已發行股份合併為1股每股面值0.20港元之合併股份；(ii)已發行合併股份之面值由每股0.20港元減至每股0.01港元，並將本公司已發行股本中的合併股份總數約減至整數；及(iii)運用股本削減所得進賬抵銷本公司之累計虧損，並將餘額(如有)撥入本公司可供分派儲備賬。待開曼群島大法院批准後，預期建議股本重組將於二零一二年十月三十一日下午四時正後生效。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The Group recorded an unaudited consolidated net loss of approximately HK\$56,386,000 for the Period (six months ended 30 June 2011: approximately HK\$166,860,000). Due to the net realized and unrealized losses on financial assets at fair value through profit or loss ("FAFVPL"), there was a negative turnover of approximately HK\$10,539,000 for the Period (six months ended 30 June 2011: negative turnover of approximately HK\$138,403,000).

Loss for the Period was mainly attributable to the following factors:

1. As a result of weak global growth and overall downturn of the securities market during the Period, the Group recorded the net realized and unrealized losses of approximately HK\$16,578,000 (six months ended 30 June 2011: net loss of approximately HK\$110,520,000) on change in fair value of FAFVPL in the income statement.
2. The sales of electronic cigarette products were low during the first half of 2012 as the Group had been adjusting its products mix after launching its new product lines in PRC market by the fall of 2011.
3. Due to the change in fair value of derivative financial instruments, a loss of approximately HK\$10,674,000 was recorded (six months ended 30 June 2011: a profit of approximately HK\$377,000).

Health Care Products

As planned, the Group carried out renovation work in the first half of 2012 to upgrade its manufacturing facilities to meet the latest GMP standard. Operation for manufacturing of health care products is expected to resume in the second half of 2012.

業務回顧

本集團於本期間錄得未經審核綜合虧損淨額約56,386,000港元(截至二零一一年六月三十日止六個月:約166,860,000港元)。受按公平值計入損益之金融資產(「按公平值計入損益之金融資產」)已變現及未變現淨虧損影響,本期間營業額約為負10,539,000港元(截至二零一一年六月三十日止六個月:營業額約為負138,403,000港元)。

本期間出現虧損主要由於下列因素:

1. 由於本期間全球經濟增長疲弱及證券市場整體低迷,本集團錄得收益表內按公平值計入損益之金融資產之公平值變動已變現及未變現虧損淨額約16,578,000港元(截至二零一一年六月三十日止六個月:虧損淨額約110,520,000港元)。
2. 由於本集團於二零一一年秋季在中國市場推出新產品系列後一直在調整產品組合,故二零一二年上半年電子煙產品的銷售額低。
3. 由於衍生金融工具之公平值出現變動而錄得虧損約10,674,000港元(截至二零一一年六月三十日止六個月:溢利約377,000港元)。

保健產品

本集團已按計劃於二零一二年上半年開始進行升級生產設備的更新工程,以符合最新GMP標準。預計二零一二年下半年將重新開始生產保健產品。

Pharmaceutical Products

Azithromycin Granules (II) (「阿奇霉素顆粒(II)」) and Rosiglitazone Hydrochloride Capsules (「鹽酸吡格列酮膠囊」) remained the two key products of the Group during the Period. Turnover of pharmaceutical products for the Period was approximately HK\$8,891,000, representing an increase of 69.61% from approximately HK\$5,242,000 as compared to the corresponding period last year.

Electronic Cigarettes

Nine newly designed electronic cigarette models across three new product lines were launched in the fall of 2011. The first half of 2012 was a consolidation period for the new product lines and development of overseas markets. Recorded turnover of electronic cigarette for the Period amounted to approximately HK\$864,000 (six months ended 30 June 2011: approximately HK\$874,000) a slightly decrease of 1.14% as compared with the same period in 2011.

Trading of Securities

The Group regards securities trading as a treasury function to invest its surplus cash in the Hong Kong securities market with an aim to capture future appreciation of share price. Given that the euro zone debt crisis and weak global growth, prevailing market sentiment in capital market may continue weak and securities markets may remains highly volatile. During the Period, the Group disposed a portion of its securities portfolio, resulting in a net realized gain on the change in fair value of FAFVPL for the Period amounting to approximately HK\$3,082,000 (six months ended 30 June 2011: a net realised loss of approximately HK\$30,309,000). The Group incurred net realized and unrealized losses from its securities trading in an aggregate amount of approximately HK\$16,578,000 for the Period (six months ended 30 June 2011: approximately HK\$110,520,000).

The Group will continue to take opportunities to diversify its investment portfolio and to capture future appreciation of share price. The Group's external investment adviser will continue to provide professional advice and analysis to the Board to assist the Group in making investment decisions. Facing with increasing uncertainties in the global economy, the management will exercise a cautious approach in securities trading.

醫藥產品

阿奇霉素顆粒(II)及鹽酸吡格列酮膠囊於本期間仍是本集團兩種主要產品。本期間醫藥產品之營業額約為8,891,000港元，較去年同期約5,242,000港元增加69.61%。

電子煙

二零一一年秋季，本集團三個新產品系列推出九項新設計電子煙型號。二零一二年上半年既要鞏固新產品系列市場佔有率，亦要開發海外市場。本期間電子煙營業額約為864,000港元(截至二零一一年六月三十日止六個月：約874,000港元)，較二零一一年同期略微下降1.14%。

證券買賣

本集團視證券買賣為一種財資功能，將剩餘現金投資於香港證券市場，旨在獲取未來股價升值。由於受歐元區債務危機影響，全球經濟增長疲弱，現時資本市場的投資氣氛或會持續不佳，證券市場或會一直極為動盪。本期間內，本集團出售了部分證券組合，錄得按公平值計入損益之金融資產之公平值變動已變現收益淨額約3,082,000港元(截至二零一一年六月三十日止六個月：已變現虧損淨額約30,309,000港元)。本期間本集團證券買賣產生已變現及未變現淨虧損合共約16,578,000港元(截至二零一一年六月三十日止六個月：約110,520,000港元)。

本集團將繼續藉機使其投資組合多樣化，及獲取未來股價升值。本集團外聘投資顧問將繼續向董事會提供專業意見及分析，從而協助本集團作出投資決策。面對全球經濟不確定因素日漸增多，管理層將對證券買賣持謹慎態度。

Management Discussion and Analysis

管理層討論及分析

Property Investment

The Group owns the premises situated at the Basement, China United Centre, 28 Marble Road, North Point, Hong Kong. The said property has been fully leased out (save for the common area for public access) to generate a monthly rent of HK\$410,000. Attributable to such rental income, the Group recorded a segment turnover of approximately HK\$2,220,000 for the Period (six months ended 30 June 2011: nil).

Research & Development

The Company considers quality and safety as its top concerns. Backed by its extensive research and development investment program, technical innovation and quality control, Ruyan's research and development team recently achieved a major technical breakthrough advancing the vapor yield of the electronic cigarette. In addition, the Company continues to improve the taste, quality and reliability of its electronic cigarettes.

Recent improvements to Ruyan atomization technology deliver nicotine more efficiently and at a more sustained level over the life of the atomizer. Moreover, Ruyan's unique atomizer structure allows each ingredient in solution to exist in its non-azeotropic form. Approximately the same proportion of each ingredient in the solution is atomized with each puff and Ruyan's atomization curve has a normal distribution. The unique design of the Ruyan atomizer provides for consistent nicotine release in the vapor. Ruyan's sensor is very power-efficient helping extend battery life and the sensor automatically shuts off after 7 seconds of continuous inhalation in order to avoid potential risk of protracted heating.

Ruyan emphasizes reliability in the design and manufacture of its products and provides a stainless steel, encased and leak-resistant cartomizer that houses the atomizer. Within the past 8 months, Ruyan has adopted several new technologies to ensure there is no leakage and no droplets inhaled into the mouth — common problems among other e-cigarettes.

物業投資

本集團於香港北角馬寶道28號華匯中心地庫擁有物業。除供公眾進出的公共範圍外，該物業已全部租出，月租合共為410,000港元。因該筆租賃收入，本集團於本期間錄得分類營業額約2,220,000港元(截至二零一一年六月三十日止六個月：零)。

研發

本公司以質量及安全為首要考慮。憑藉全面的研發投資項目、技術創新及質量控制，如煙之研發團隊最近在提升電子煙煙霧氣量方面有重大技術突破。此外，本公司將繼續改進電子煙的口味、品質及可靠性。

最近已改進的如煙霧化技術可於噴霧器使用期內更有效率及更持久釋出尼古丁。此外，如煙噴霧器獨特的構造可使各種液態成分以非共沸形式存在。吸煙者每呼一次，所有液態成分均按大致相同的比例霧化，且如煙的霧化曲線符合正常分佈形態。如煙噴霧器獨特的設計可使尼古丁以氣態均勻地散出。如煙的感應器能效高，可延長電池壽命。倘吸煙者連續吸氣7秒，感應器會自動關閉，防止因持續加熱引起危險。

如煙產品的設計及製造極注重安全性能，用不鏽鋼、密封及防漏的霧化器裝載噴霧器。過往8個月，如煙已採用幾種新技術，確保不會出現洩漏以及將液滴吸入嘴中這類其他電子煙常見的問題。

Intellectual Property

The Company is a leader in electronic cigarette technology and is developing an extensive portfolio of issued patents and new pending patent applications. In 2012, the Company anticipates obtaining additional intellectual property coverage with the grant of at least one other Electronic Cigarette patent in the United States, Europe and other key markets. The Company is in the process of filing national phase applications for a core patent ("Improved Atomizing Electronic Cigarette" - PCT/CN2010/000125) in countries including the United States, Canada, Japan, Brazil, Egypt, Israel, and Singapore. The Company also recently applied for a patent on a novel capacitive sensor, which is an internal component in an electronic cigarette. The Company continues to actively strengthen and enforce its intellectual property rights, which provide broad protection for its innovative electronic cigarettes. The Company's continued creation and acquisition of intellectual property in the United States and elsewhere around the globe has enabled it to strengthen and expand its strategic partnerships in recent years.

As announced in 2011, the Company's wholly-owned subsidiary, Ruyan Investment (Holdings) Limited ("Ruyan"), filed two civil actions for infringement of United States Patent No. 7,832,410 in the United States District Court for the Central District of California against a total of 11 defendants. Only one defendant is still litigating this case; the remainder have either settled with Ruyan, otherwise resolved the dispute, or simply defaulted. Ruyan has requested default judgments of infringement and permanent injunctions against the defaulting defendant. Other of the settling defendants have stipulated to judgments of validity of the asserted patent, infringement, and an injunction. Many of the settling defendants have also paid damages based on their respective sales of the infringing electronic cigarette products.

In June 2012, the Group filed ten new complaints for infringement of United States Patent No. 8,156,944 in the United States District Court for the Central District of California. These cases are in a very early stage, however, the clerk of the court has already entered default against three of the ten defendants. Two of the three defaulted defendants in this matter are requesting that the court put the default aside and allow them to consider defending.

知識產權

本公司在電子煙技術領域處於領先行列，正在形成一個具有大量已獲頒專利及全新待批之專利申請組合。於二零一二年，本公司預計將於美國、歐洲及其他主要市場就至少一項其他電子煙專利獲授更多知識產權。本公司正著手在美國、加拿大、日本、巴西、埃及、以色列及新加坡等多個國家就一項核心專利（「改進霧化電子煙(Improved Atomizing Electronic Cigarette)」－PCT/CN2010/000125）遞交全國性專利申請。本公司近期亦就一種新穎電容傳感器申請專利，該傳感器為電子煙內部配件。本公司繼續積極完善及行使其知識產權，為其創新電子煙提供全面保障。本公司持續創造並獲得美國及世界各地知識產權，已令本公司近年來增強及擴展其策略性夥伴關係。

按二零一一年所公佈，本公司之全資附屬公司 Ruyan Investment (Holdings) Limited（「Ruyan」）已就其美國專利第7,832,410號被侵犯而於加州中央區美國地方法院向合共11名被告提出兩宗民事訴訟。僅一名被告仍然抗辯，其他被告均與Ruyan和解或以其他方式解決爭端或不答辯。Ruyan要求對不答辯被告之侵權發出因欠缺行動而作出的判決及發出永久禁令。其他和解被告遵從有關被指控專利有效性、侵權及禁令的判決，部分和解被告亦基於各自侵權電子煙產品銷售而賠償損失。

於二零一二年六月，本集團就其美國專利第8,156,944號被侵犯而於加州中央區美國地方法院提出十宗新訴訟。該等案件尚處於初期階段，而法院書記已安排十名被告當中三名進行不答辯判決。該案件中三名不答辯被告有兩名正要求法院擱置不答辯判決的安排，允許彼等考慮是否提出抗辯。

Management Discussion and Analysis

管理層討論及分析

Progress in Overseas Markets

Patents were granted in Canada, China, Korea and the United States during 2012. The Company is expanding distribution of electronic cigarettes in many overseas markets. The Company has been approached by new prospective distributors and is also pursuing new innovative distribution channels in certain markets. New orders have been received from several European countries for its new lines and product testing is underway in the United Kingdom, Greece, Netherlands, Malaysia, and other markets.

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had fully repaid its unsecured borrowings, remaining a secured bank borrowing of approximately HK\$26,516,000 (31 December 2011: approximately HK\$92,342,000). Such borrowing was denominated in HKD, and thus, there was no exposure to fluctuations in exchange rate. Gearing ratio of the Group decreased from approximately 39.15% as at 31 December 2011 to approximately 8.67% as at 30 June 2012. This calculation is based on the borrowing mentioned above and shareholders' funds of approximately HK\$305,744,000 (31 December 2011: approximately HK\$235,852,000). Cash and bank balances amounted to approximately HK\$68,046,000 (31 December 2011: approximately HK\$55,970,000) and total assets were approximately HK\$387,595,000 (31 December 2011: approximately HK\$375,323,000). Net current assets of the Group on the same date amounted to approximately HK\$124,583,000 (31 December 2011: approximately HK\$52,633,000). As at 30 June 2012, inventories amounted to approximately HK\$10,275,000, representing an increase of approximately HK\$1,788,000 when compared with the amount as at 31 December 2011. The Group had no material capital commitment as at 30 June 2012.

海外市場之發展

本公司於二零一二年於加拿大、中國、韓國及美國獲授多項專利，現正於多個海外市場擴大電子煙分銷，不少有意加入之新分銷商與本公司接洽，另本公司亦正在若干市場尋求創新之分銷渠道。本公司已獲得多個歐洲國家有關新產品系列之新訂單，正在英國、希臘、荷蘭、馬來西亞及其他市場進行產品測試。

流動資金、財務分析及資本結構

於二零一二年六月三十日，本集團悉數償還無抵押借貸，尚有抵押銀行借貸約26,516,000港元(二零一一年十二月三十一日：約92,342,000港元)。該等借貸以港元計值，因此無匯率波動之風險。本集團之資本與負債比率由二零一一年十二月三十一日約39.15%減至二零一二年六月三十日約8.67%。此乃根據上述借貸及股東資金約305,744,000港元(二零一一年十二月三十一日：約235,852,000港元)計算。現金及銀行結餘約68,046,000港元(二零一一年十二月三十一日：約55,970,000港元)及資產總額約387,595,000港元(二零一一年十二月三十一日：約375,323,000港元)。本集團於同日之流動資產淨額約124,583,000港元(二零一一年十二月三十一日：約52,633,000港元)。於二零一二年六月三十日，存貨約10,275,000港元，相對二零一一年十二月三十一日之存貨增加約1,788,000港元。本集團於二零一二年六月三十日並無重大資本承擔。

In order to improve the financial position of the Group, the Company carried out the following fund raising exercises during the Period:

- 1) In March 2012, the Company completed a capital reorganisation which involved, among others, share consolidation of every 5 issued shares into 1 consolidated share and capital reduction. Upon the said capital reorganisation became effective after 4:00 p.m. on 19 March 2012, par value of the shares of the Company has become HK\$0.01 each and the authorised share capital of the Company has become HK\$1,000,000,000 divided into 100,000,000,000 shares of HK\$0.01 each. Subsequently, the Company allotted and issued 1,086,923,000 shares on 2 May 2012, by way of rights issue at a subscription price of HK\$0.1 per rights share on the basis of one rights share for every two shares then held. Net proceeds of approximately HK\$102,900,000 were raised.
- 2) On 29 June 2012, the Company completed a placement of 326,076,900 ordinary shares to independent investors at the placing price of HK\$0.066 per share and the Company received net proceeds of approximately HK\$20,442,000.

These fund raising activities during the Period (i) strengthened the Group's financial position with additional resources for future expansion; and (ii) provided the paid-up capital for a new wholly-owned subsidiary in California to facilitate sales, marketing, regulatory compliance as well as public relations in regard to the Group's electronic cigarette business in the United States. The said subsidiary was duly incorporated in California in July 2012. As at 30 June 2012, the issued share capital of the Company was 1,956,461,400 shares of HK\$0.01 each.

為改善本集團之財務狀況，本公司於本期間進行了下列集資活動：

- 1) 二零一二年三月，本公司完成股本重組，其中包括將每5股已發行股份合併為1股合併股份的股份合併及股本削減。當上述股本重組於二零一二年三月十九日下午四時正後生效時，本公司股份面值為每股0.01港元，而本公司法定股本為1,000,000,000港元，分為100,000,000,000股每股面值0.01港元之股份。其後，本公司於二零一二年五月二日以認購價每股供股股份0.1港元配發及發行1,086,923,000股供股股份，按當時每持有兩股股份獲發一股供股股份之基準進行供股。所得款項淨額約102,900,000港元。
- 2) 於二零一二年六月二十九日，本公司完成向獨立投資者以每股0.066港元之配售價配售326,076,900股普通股。本公司所得款項淨額約20,442,000港元。

本期間該等集資活動(i)改善本集團之財務狀況，為未來擴張提供額外資金來源；及(ii)為於加州成立的新全資附屬公司提供繳足股本，協助本集團電子煙業務於美國的銷售、推廣、監管合規及公共關係。上述附屬公司於二零一二年七月正式在加州註冊成立。於二零一二年六月三十日，本公司之已發行股本為1,956,461,400股每股面值0.01港元之股份。

Management Discussion and Analysis

管理層討論及分析

As announced by the Company on 29 June 2012, the Company proposed the capital reorganisation (the “2012 Capital Reorganisation”) involving (i) every 20 issued shares of par value of HK\$0.01 each be consolidated into one consolidated share of par value of HK\$0.20 each; (ii) the nominal value of each issued consolidated share be reduced from par value of HK\$0.20 each to par value of HK\$0.01 each by cancellation of the paid-up capital to the extent of HK\$0.19 on each issued consolidated share; (iii) rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number; and (iv) the credit arising from the capital reduction to cancel the accumulated deficit of the Company with the balance to be transferred to a distributable reserve account of the Company. The proposed 2012 Capital Reorganisation was approved by the shareholders of the Company at the extraordinary general meeting held on 6 August 2012. Upon the approval by the Grand Court of the Cayman Islands, it is expected that the proposed 2012 Capital Reorganisation will become effective after 4:00 p.m. on 31 October 2012.

Pursuant to the option agreement dated 8 August 2011 relating to the possible acquisition of Apex Corporate Investments Limited (“Apex”), the holding company of HON Chinese Medicine Company Limited (the “Clinic”), the exercise price of the call/put options is capped at HK\$75 million and the minimum is HK\$25 million. The Group will keep itself apprised of any future fund raising opportunities for investing in Apex and the Clinic if and when the option is exercised.

FOREIGN EXCHANGE RISKS

The Group's operations conducted in the PRC are mainly settled in Renminbi. However, all corporate activities (i.e. capital reorganisation, rights issue and placing of new shares) and leasing of real estate property are conducted in Hong Kong dollars. Therefore, the Group is exposed to fluctuations in foreign exchange rate to a certain extent. Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

一如本公司於二零一二年六月二十九日所公佈，本公司建議進行股本重組（「二零一二年股本重組」），包括(i)每20股每股面值0.01港元的已發行股份合併為一股每股面值0.20港元之合併股份；(ii)將每股已發行合併股份的繳足股本註銷0.19港元，使已發行合併股份之面值由每股0.20港元減至每股0.01港元；(iii)將本公司已發行股本中合併股份總數約減至最接近整數；及(iv)運用股本削減所得進賬抵銷本公司之累計虧損，並將餘額撥入本公司可供分派儲備賬。本公司股東已於二零一二年八月六日舉行的股東特別大會批准建議二零一二年股本重組。待開曼群島大法院批准後，預期建議二零一二年股本重組將於二零一二年十月三十一日下午四時正後生效。

根據有關可能收購漢坊中醫藥業有限公司（「診所」）之控股公司Apex Corporate Investments Limited（「Apex」）於二零一一年八月八日所訂立的期權協議，認購／認沽期權的行使價上下限分別為75,000,000港元及25,000,000港元。本集團會繼續留意日後的集資機會，以便行使期權時用於投資Apex及診所。

外匯風險

本集團之國內業務主要以人民幣結算，而所有企業活動（即股本重組、供股及配售新股）及房地產租賃則以港元進行。因此，本集團有一定程度之匯率波動風險。現時，本集團並無正式對沖政策，亦無訂立任何外匯合約或衍生工具，以對沖本集團之貨幣風險。

PROSPECTS FOR THE YEAR 2012 AND DEVELOPMENT PLAN

Electronic Cigarette

The Company will continue to accelerate its marketing efforts. The marketing strategy of RUYAN products will evolve from a product oriented approach, which primarily focused on the product itself, to a market oriented approach which will focus more on the appeal or social status the product provides. The Group will continue to focus on products launched and improvement in late 2012. In addition, two new products launched already in the first half of 2012.

For 2012, the Company anticipates obtaining additional intellectual property coverage with the grant of other Electronic Cigarette patent in the United States, Europe and other key markets and may institute additional litigation based on the newly-acquired rights. The Company continues to actively monitor and enforce its rights.

In the PRC, the objectives of anti-smoking and tobacco control are clearly stated in the "12th Five Year Plan", we are increasingly optimistic about our future development and the industry. Looking forward, the Company plans to continue to invest in research and development and to define the global market for the electronic cigarette.

Internationally Ruyan is working with partners to meet regulatory concerns, and plans to begin delivering product to the United States and United Kingdom markets in Q4 of 2012. In Israel, Ruyan Jazz was re-launched in mainstream retail channels in July 2012. Product quality feedback is excellent, and a significant marketing push is planned for Q3-Q4.

In addition to launching new and innovative quality products, selecting business partners and developing sales channels continue to be the top priorities for international business.

With the improving regulatory environment, strengthened intellectual property enforcement, and with the implementation of new GMP and ISO manufacturing standards and other quality assurance processes, the Company believes it has a bright future and an important role to play in reducing the cost of health care and improving the quality of life of smokers and those around them.

二零一二年展望及發展計劃

電子煙

本公司會繼續加快市場推廣。如煙產品之市場推廣策略將由產品導向策略轉化為市場導向策略，更加專注提升產品吸引力或公眾形象。本集團將繼續專注於二零一二年底已推出產品及改進。此外，兩項新產品已於二零一二年上半年推出。

本公司預計二零一二年將獲得額外知識產權，在美國、歐洲及其他主要市場獲得其他電子煙之專利，並可能基於新取得之權利提出額外訴訟。本公司繼續積極監察及行使其權利。

中國「十二五」規劃列明反吸煙及控煙目標，我們對本身及行業之發展前景愈趨樂觀。展望將來，本公司計劃繼續投資研發電子煙並確立其全球市場。

國際方面，如煙與合作夥伴共同努力滿足監管要求，並計劃於二零一二年第四季度開始向美國及英國市場交付產品。本公司於二零一二年七月通過主要零售渠道在以色列再次推出如煙爵士。產品質量反饋良好，計劃於第三至第四季度大力推廣。

除推出新產品及創新優質產品外，國際業務亦一直著重挑選業務夥伴及開發銷售渠道。

隨著監管環境不斷改善、知識產權執法加強及新GMP及ISO生產標準以及其他質量保證程序之執行，本公司相信其前景光明，將對降低保健成本及提高吸煙者及周圍人群之生活質量發揮重要作用。

Management Discussion and Analysis

管理層討論及分析

Pharmaceuticals and Health Care Products

The operating results of pharmaceuticals products are generally satisfactory in the first half of 2012. The Group will attempt to develop more sales channels and focus on exploring new product lines to broaden the income stream.

Upon fulfilling the latest GMP standards for its ginseng product manufacturing plant, it is expected that the Group will resume operations in the second half of 2012. The Company holds a positive view towards the prospects of the health care products business and is considering to expand the product mix of ginseng products and other non-traditional alternative medicines.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There were no material acquisitions or disposals of subsidiaries during the Period.

PLEDGE OF ASSETS

At 30 June 2012, margin facilities of approximately HK\$59,702,000 (31 December 2011: approximately HK\$51,486,000) from regulated securities brokers were granted to the Group which were secured by the Group's FAFVPL with the carrying amount of approximately HK\$129,924,000 (31 December 2011: approximately HK\$124,654,000).

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not provide any form of guarantees for any external party and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

EMPLOYEES POLICY

As at 30 June 2012, the Group employed approximately 203 employees in the PRC and Hong Kong. The remuneration package of the employees is determined with reference to their performance, experience and their positions, duties and responsibilities in the Group.

藥品及保健品

二零一二年上半年醫藥產品之經營業績整體令人滿意。本集團將試圖開發更多銷售渠道，專注於尋求新產品系列以拓寬收入來源。

待人參產品生產廠房達到最新GMP標準後，本集團預期將於二零一二年下半年恢復營運。本公司看好保健品業務之前景，計劃擴大人參產品及其他非傳統替代藥物組合。

重大收購及出售附屬公司詳情

本期間內並無重大收購或出售附屬公司。

資產抵押

於二零一二年六月三十日，本集團獲受規管證券經紀商授予保證金信貸額約59,702,000港元(二零一一年十二月三十一日：約51,486,000港元)，以本集團賬面值約129,924,000港元(二零一一年十二月三十一日：約124,654,000港元)之按公平值計入損益之金融資產擔保。

或然負債

於二零一二年六月三十日，本集團並無對外為其他公司作出任何形式之擔保，亦無涉及重大訴訟事項而需要作出或然負債撥備。

僱員政策

於二零一二年六月三十日，本集團在中國和香港僱有員工約203名。僱員之薪酬待遇參考其表現、經驗及在本集團之職位、職責及責任而釐定。

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$ Nil).

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

As at 30 June 2012, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debt securities of the Company or any of its subsidiaries or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (i) to be notified to the Company and the The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:-

中期股息

董事會不建議派付截至二零一二年六月三十日止六個月之中期股息(截至二零一一年六月三十日止六個月：零港元)。

董事及主要行政人員於股份及相關股份之權益及短倉

於二零一二年六月三十日，本公司董事及主要行政人員於本公司或其任何附屬公司或相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第十五部)之股份、相關股份及債券中，擁有(i)根據證券及期貨條例第十五部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例有關規定當作或視作擁有之權益或短倉)；或(ii)須載入根據證券及期貨條例第352條之規定存置之登記冊內之權益及短倉；或(iii)根據聯交所證券上市規則(「上市規則」)附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及短倉載列如下：

Other Disclosure Information

其他資料披露

Long positions in ordinary shares and underlying shares of the Company as at 30 June 2012:

於二零一二年六月三十日，本公司普通股及相關股份中的長倉載列如下：

Name of Director 董事姓名	Capacity 身份	Number of issued ordinary shares of the Company 本公司已發行 普通股數目	Number of underlying shares in respect of the options granted under the share option scheme of the Company 根據本公司 購股權計劃授出 購股權之相關 股份數目 (Note 1) (附註1)	Approximate percentage of the issued share capital of the Company 本公司已 發行股本 之概約百分比 (Note 2) (附註2)
Mr. Wong Yin Sen 王彥宸先生	Beneficial owner 實益擁有人		65,170	0.003%
	Interest of controlled corporation 受控制法團權益	33,453,000 (Note 3) (附註3)		1.710%
Mr. Hon Lik 韓力先生	Beneficial owner 實益擁有人		65,170	0.003%
	Interest of controlled corporation 受控制法團權益	33,453,000 (Note 3) (附註3)		1.710%
Mr. Pang Hong (Note 4) 龐鴻先生(附註4)	Beneficial owner 實益擁有人		43,448	0.002%

Notes:

1. Details of share option scheme of the Company are disclosed in note 13 to the condensed consolidated financial statements.
2. The percentage of shareholding in the Company is calculated by reference to 1,956,461,400 shares in issue as at 30 June 2012.
3. These represent the interests in the 33,453,000 shares of the Company directly held by Absolute Target Limited which is controlled as to 46.25%, 42.5% and 11.25% by Mr. Wong Yin Sen, Mr. Hon Lik and Mr. Wong Hei Lin respectively.
4. Mr. Pang Hong resigned as an independent non-executive director of the Company with effect from 29 February 2012.

Save as disclosed above, as at 30 June 2012, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debt securities of the Company or any of its subsidiaries or associated corporations that are required to be recorded pursuant to section 352 of the SFO, or otherwise notified to the Company or the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

Save as disclosed under "Share-Based Payments" relating to the share options granted by the Company in note 13 to the condensed consolidated financial statements, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any associated corporations, and none of the directors of the Company, or their spouses or children under age of 18, had any right to subscribe for the shares or debt securities of the Company or had exercised any such right during the Period.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company, its holding company, subsidiaries or fellow 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 the Period or at any time during the Period.

附註：

1. 本公司購股權計劃之詳情於簡明綜合財務報表附註13披露。
2. 所持本公司股權百分比乃參考於二零一二年六月三十日已發行1,956,461,400股股份計算。
3. 由Absolute Target Limited直接持有的本公司33,453,000股之權益。王彥宸先生、韓力先生及王希年先生分別擁有Absolute Target Limited 46.25%、42.5%及11.25%權益。
4. 龐鴻先生於二零一二年二月二十九日辭任本公司獨立非執行董事。

除上文披露者外，於二零一二年六月三十日，概無任何本公司董事及主要行政人員於本公司或其任何附屬公司或相聯法團的股份、相關股份及債券中擁有須根據證券及期貨條例第352條之規定登記之權益及短倉或須根據標準守則知會本公司或聯交所之權益或短倉。

董事購買本公司股份或債券之權利

除簡明綜合財務報表附註13「以股份為基礎之付款」披露有關本公司授出的購股權外，於本期間任何時間，本公司或其任何附屬公司概無訂立任何安排，致使本公司董事透過收購本公司或任何相聯法團之股份或債券（包括公司債券）而獲得利益，且於本期間，本公司董事或彼等配偶或十八歲以下子女並無認購本公司股份或債券的權利，亦無行使任何相關權利。

董事於合約之權益

於本期間末或本期間內任何時間，本公司、其控股公司、附屬公司或其同系附屬公司概無訂立任何本公司董事於其中直接或間接擁有重大利益關係之重大合約。

Other Disclosure Information

其他資料披露

SUBSTANTIAL SHAREHOLDERS

So far as is known to directors of the Company, as at 30 June 2012, the persons or companies (other than directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the ordinary shares of the Company as at 30 June 2012:

Name of Shareholder 股東名稱	Capacity 身份	Number of shares of the Company 本公司股份數目	Approximate percentage of shareholding 股權概約百分比 (Note 1) (附註1)
Unity Investments Holdings Limited (Note 2) 合一投資控股有限公司(附註2)	Interests of controlled corporation 受控制法團權益	200,200,000	10.23%
HEC Capital Limited (Note 3) HEC Capital Limited(附註3)	Interests of controlled corporation 受控制法團權益	150,294,001	7.68%

Notes:

1. The percentage of shareholding in the Company is calculated by reference to 1,956,461,400 shares in issue as at 30 June 2012.
2. These shares are held by Great Panorama International Limited which is a wholly-owned subsidiary of Unity Investments Holdings Limited.
3. These share are held by Murtsa Capital Management Limited which is a wholly-owned subsidiary of HEC Capital Limited.

Save as disclosed above, as at 30 June 2012, no person, other than the directors of the Company, whose interests are set out herein this report, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The existing share option scheme was adopted by the Company on 30 May 2003. Details and the movement of the share option scheme of the Company are disclosed in "Share-based Payments" in note 13 to the condensed consolidated financial statements.

主要股東

就本公司董事所知，於二零一二年六月三十日，於本公司股份及相關股份中擁有須根據證券及期貨條例第十五部向本公司披露，或須載入本公司根據證券及期貨條例第336條之規定存置之主要股東登記冊的權益或短倉的人士或公司(除本公司董事或主要行政人員外)載列如下：

於二零一二年六月三十日，本公司普通股的長倉載列如下：

附註：

1. 所持本公司股權百分比乃參考於二零一二年六月三十日已發行1,956,461,400股股份計算。
2. 有關股份由合一投資控股有限公司全資附屬公司Great Panorama International Limited持有。
3. 有關股份由HEC Capital Limited全資附屬公司Murtsa Capital Management Limited持有。

除上文披露者外，於二零一二年六月三十日，概無任何人士(於本報告中載有其權益的本公司董事除外)於本公司股份或相關股份中擁有須根據證券及期貨條例第336條登記之權益或短倉。

購股權計劃

本公司於二零零三年五月三十日採納現有購股權計劃。本公司購股權計劃之詳情及變動於簡明綜合財務報表附註13「以股份為基礎之付款」披露。

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standard set out in the Model Code during the Period.

CORPORATE GOVERNANCE

The Board is responsible for performing the corporate governance duties with written terms of reference. Save as disclosed below, the Company has complied with all code provisions of the code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "Code") during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Listing Rules.

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term and be subject to re-election. The non-executive directors of the Company are not appointed for a specific term of office, which constitutes a deviation from A.4.1 of the Code. However, all non-executive directors of the Company are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

In respect of provision A.6.7 of the Code, all independent non-executive directors attended the annual general meeting of the Company held on 29 May 2012 except Mr. Liu Kwong Sang who was unable to attend due to sickness.

AUDIT COMMITTEE

The interim results for the Period have been reviewed by the audit committee of the Company. The audit committee comprises four independent non-executive directors of the Company, namely Mr. Chung Yuk Lun, Mr. Liu Kwong Sang, Mr. Lam Man Sum, Albert and Mr. Ho Tak Fun.

REMUNERATION COMMITTEE

The duties of the remuneration committee of the Company include making recommendations on the Group's policy and structure for remuneration package of the directors and senior management, evaluation and making recommendation on other employees' benefit arrangements. The remuneration committee comprises four independent non-executive directors of the Company, namely Mr. Chung Yuk Lun, Mr. Liu Kwong Sang, Mr. Lam Man Sum, Albert and Mr. Ho Tak Fun.

購買、出售或贖回證券

於本期間，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之標準守則作為本公司董事進行證券交易之行為守則。經向本公司所有董事作出具體查詢後，彼等均已確認於本期間內一直遵守標準守則載列之所須標準。

企業管治

董事會具有書面職權範圍，負責履行所列企業管治職責。除下文所披露者外，本公司於二零一二年一月一日至二零一二年三月三十一日期間一直遵守企業管治常規守則所有守則條文，且於二零一二年四月一日至二零一二年六月三十日期間一直遵守上市規則附錄十四所載企業管治守則（「守則」）。

第A.4.1條守則條文規定，非執行董事應以特定年期委任，可重選連任。本公司非執行董事並非以特定年期委任，故偏離守則第A.4.1條。然而，本公司所有非執行董事須根據本公司之章程細則於本公司股東週年大會上輪席告退及重選連任。因此，本公司認為已採取足夠措施保障本公司的企業管治常規執行不遜於守則所制定者。

關於守則第A.6.7條規定，全體獨立非執行董事均有出席二零一二年五月二十九日舉行的本公司股東週年大會，惟廖廣生先生因抱恙未能出席。

審核委員會

本期間之中期業績已由本公司審核委員會審閱。審核委員會由本公司四名獨立非執行董事（即鍾育麟先生、廖廣生先生、林聞深先生及何德芬先生）組成。

薪酬委員會

本公司薪酬委員會職責包括對本集團政策以及董事及高級管理層薪酬方案架構提供意見，並對其他僱員福利安排進行評估及提供意見。薪酬委員會由本公司四名獨立非執行董事（即鍾育麟先生、廖廣生先生、林聞深先生及何德芬先生）組成。

Other Disclosure Information

其他資料披露

NOMINATION COMMITTEE

During the Period, the Company established the nomination committee to review and make recommendation on the structure and composition of the board, identify suitable individuals to become board members and assess the independence of the independent non-executive directors. The nomination committee comprises the managing director and four independent non-executive directors of the Company, namely, Mr. Gary Drew Douglas, Mr. Chung Yuk Lun, Mr. Liu Kwong Sang, Mr. Lam Man Sum, Albert and Mr. Ho Tak Fun.

BOARD OF DIRECTORS

As at the date of this report, the members of the Board are as follows:

Executive Directors

Mr. Wong Yin Sen (*Chairman*)

Mr. Gary Drew Douglas (*Managing Director*)

Mr. Hon Lik

Ms. Chan Mee Sze

Mr. Lam Suk Ping

Independent non-executive Directors

Mr. Chung Yuk Lun

Mr. Liu Kwong Sang

Mr. Lam Man Sum, Albert

Mr. Ho Tak Fun

During the Period, Mr. Pang Hong, an independent non-executive director resigned with effect from 29 February 2012.

The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2012.

APPRECIATION

The Board would like to express our gratitude and sincere appreciation to our business partners, all management and staff members, and shareholders for their continuous support.

By order of the Board

Dragonite International Limited

Gary Drew Douglas

Managing Director

24 August 2012

提名委員會

於本期間，本公司成立提名委員會以審閱董事會架構及組成並就此提出建議，物色合適人選加入董事會及評估獨立非執行董事的獨立性。提名委員會由本公司董事總經理及四名獨立非執行董事(即Gary Drew Douglas先生、鍾育麟先生、廖廣生先生、林聞深先生及何德芬先生)組成。

董事會成員

於本報告日期，董事會成員如下：

執行董事

王彥宸先生(主席)

Gary Drew Douglas 先生

(董事總經理)

韓力先生

陳美思女士

林叔平先生

獨立非執行董事

鍾育麟先生

廖廣生先生

林聞深先生

何德芬先生

於本期間，獨立非執行董事龐鴻先生於二零一二年二月二十九日離任。

董事會已通過本集團截至二零一二年六月三十日止六個月未經審核簡明綜合財務報表。

感謝

董事會衷心感謝本公司的業務夥伴、全體管理層、員工及股東一直以來的支持。

承董事會命

參龍國際有限公司

董事總經理

Gary Drew Douglas

二零一二年八月二十四日

