



# WALKER GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability  
Stock Code:1386



# 2012

## INTERIM REPORT

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Ms CHAN Mei Sheung (*Chairman*)  
Mr. KIU Wai Ming

#### Independent Non-executive Directors

Mr. SZE Tsai Ping, Michael  
Dr. FAN Yiu Kwan, *JP*  
Mr. LEE Kwan Hung

### BOARD COMMITTEES

#### Audit Committee

Mr. SZE Tsai Ping, Michael (*Chairman*)  
Dr. FAN Yiu Kwan, *JP*  
Mr. LEE Kwan Hung

#### Remuneration Committee

Dr. FAN Yiu Kwan, *JP* (*Chairman*)  
Ms CHAN Mei Sheung  
Mr. SZE Tsai Ping, Michael  
Mr. LEE Kwan Hung

#### Nomination Committee

Mr. SZE Tsai Ping, Michael (*Chairman*)  
Dr. FAN Yiu Kwan, *JP*  
Mr. LEE Kwan Hung

### AUTHORISED REPRESENTATIVES

Ms CHAN Mei Sheung  
Mr. KIU Wai Ming

### COMPANY SECRETARY

Mr. LI Tung Wing

### PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited

### AUDITOR

PricewaterhouseCoopers

### LEGAL ADVISOR (AS TO HONG KONG LAWS)

Baker & McKenzie

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor  
Hope Sea Industrial Centre  
26 Lam Hing Street  
Kowloon Bay, Kowloon  
Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited  
P.O. Box 484, HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

### COMPANY'S WEBSITE

[www.walkershop.com.hk](http://www.walkershop.com.hk)

## MANAGEMENT DISCUSSION AND ANALYSIS

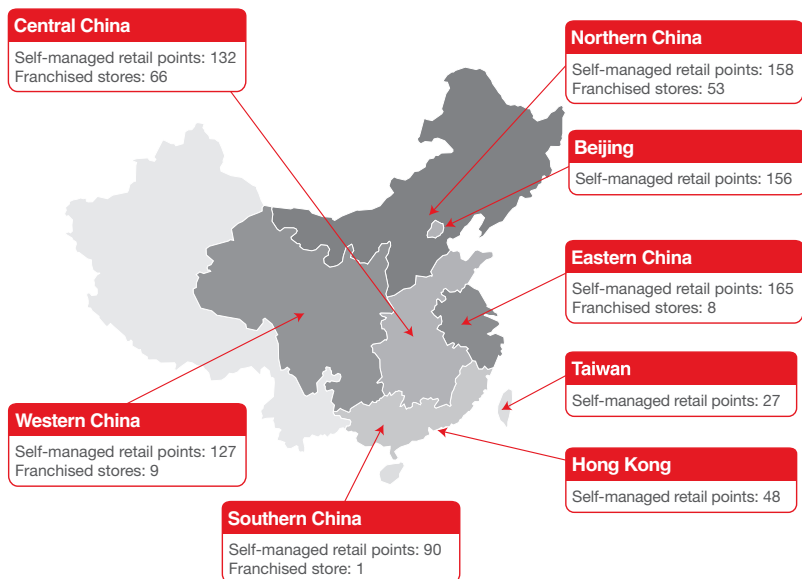
### BUSINESS REVIEW

The Group is principally engaged in the designing and retailing of a diversified range of footwear products of its own brands, namely ACUPUNCTURE, ARTEMIS, COUBER.G, FORLERIA, OXOX, TRU-NARI and WALACI. The Group possesses an extensive sales network across the regions of the People's Republic of China ("PRC"), Hong Kong and Taiwan.

As at 30 September 2012, the Group operated a total of 903 self-managed retail points (828 in the PRC, 48 in Hong Kong and 27 in Taiwan) and 137 franchised stores in the PRC. During the six months ended 30 September 2012, the Group had a net addition of 6 franchised stores and net diminutions of 19 and 6 self-managed retail points in the PRC and Hong Kong respectively. The following table sets out the number of retail points and franchised stores in terms of geographical regions as at 30 September 2012, 31 March 2012 and 30 September 2011.

Region	As at 30 September 2012			As at 31 March 2012			As at 30 September 2011		
	Self-managed Retail Points	Fran-chised Stores	Total	Self-managed Retail Points	Fran-chised Stores	Total	Self-managed Retail Points	Fran-chised Stores	Total
PRC	828	137	965	847	131	978	794	125	919
Hong Kong	48	—	48	54	—	54	52	—	52
Taiwan	27	—	27	27	—	27	24	—	24
<b>Total</b>	<b>903</b>	<b>137</b>	<b>1,040</b>	<b>928</b>	<b>131</b>	<b>1,059</b>	<b>870</b>	<b>125</b>	<b>995</b>

## MANAGEMENT DISCUSSION AND ANALYSIS



### Market Review

The ongoing European sovereign debt crisis and slow recovery of the US economy continued to add uncertainties and volatilities in global financial markets. The recent announcement by the Federal Reserve of the third round of quantitative easing, or QE3, has augmented worldwide concerns over the formulation of fiscal policies and its impacts to economies of other countries. Most industries have seen sluggish demand and have been struggling with challenges of global competition, inflation, surging costs in energy, raw materials, land and labour. Global economic growth is expected to be weak and will muddle through the remaining days of 2012 and to early 2013. Expected challenges for the PRC in consumer and retail sector includes rising production costs and appreciation of yuan resulting in weaker export levels, yet the large domestic population, rapid urbanization, rising disposable incomes and governmental measures on improving social security and technological transformation shall continue to set the pace for rising consumerism in the long term, fuelling greater discretionary spending on retail products. The Group anticipates that overall domestic consumption ability in the PRC will continue to grow at a steady pace and that competition shall focus along dimension of overall product quality.

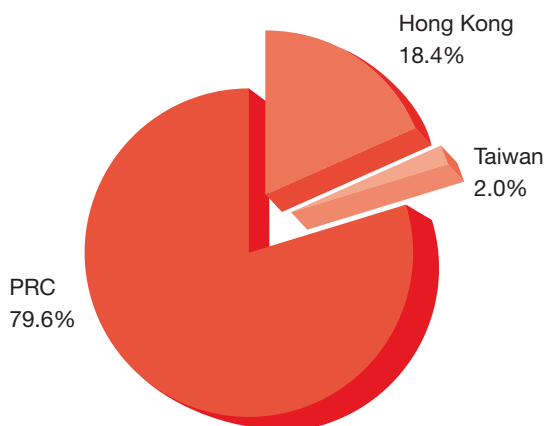
## MANAGEMENT DISCUSSION AND ANALYSIS

### Operational Performance

For the six months ended 30 September 2012, the Group recorded an overall slight increase of 1% in the consolidated revenue to approximately HK\$646 million, as compared to approximately HK\$643 million over the last corresponding period. Revenue in the PRC and Taiwan respectively increased by 4% and 2% while revenue in Hong Kong dropped by 13%. Loss attributable to the equity holders was approximately HK\$38 million for the six months ended 30 September 2012 as compared to the loss of approximately HK\$4.7 million in the last corresponding period.

The Group's revenue was derived mainly from the PRC, Hong Kong and Taiwan, respectively accounting for approximately 79.6%, 18.4% and 2.0% (2011: 76.8%, 21.2% and 2.0%) of the Group's total revenue. Among these regions, the PRC market remained our major sales generator and accounted for the largest share in the Group's total revenue during the period.

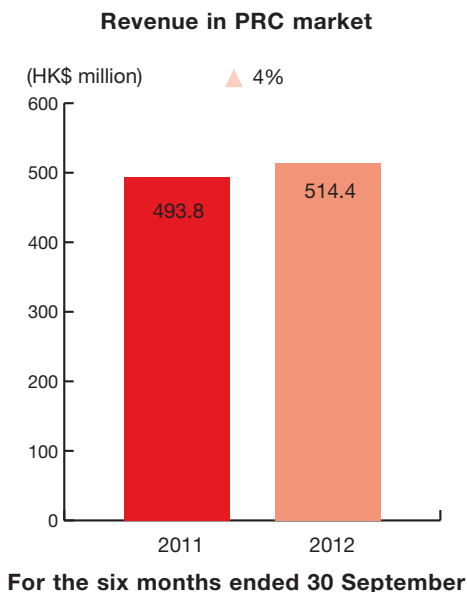
**Total revenue by regions**



## MANAGEMENT DISCUSSION AND ANALYSIS

### PRC

Revenue generated from the PRC market was approximately HK\$514.4 million (2011: HK\$493.8 million) for the six months ended 30 September 2012, representing a 4% increase as compared to the last corresponding period. The slight increase in revenue was primarily driven by the additions of retail outlets and an increase in footwear selling prices. However, escalating rental and staff cost expenses undermined the segment results of the region. In particular, fierce competition amongst retailers for entry to renowned department stores had exerted further pressure to move up the rent level of department stores.



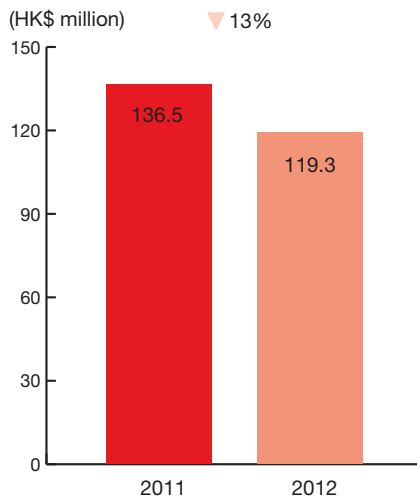
## MANAGEMENT DISCUSSION AND ANALYSIS

### *Hong Kong*

Revenue generated from the Hong Kong market was approximately HK\$119.3 million (2011: HK\$136.5 million) for the six months ended 30 September 2012, representing a decrease of 13% as compared to the last corresponding period. The revenue decline was mainly attributable to the decrease in sales volume of footwears following our strategic move towards value-for-money with higher price and better quality. Similar to the PRC market, escalating production costs and higher rental expenses also dampened the segment results of the region.

Since spring of 2012, the Group has been revamping the brand image of Walker Shop by giving it dynamic and modern elements while maintaining its commitment to quality footwears. Our marketing team has been delivering publicity programs including cross-over campaigns with local celebrities and organizations to strengthen goodwill of the brand and to drive up sales volume. In Fall/Winter 2012, the Group launched a charity campaign “Walk with You. Anytime. Anywhere” in cooperation with Hong Kong Cancer Fund and famous comic writer, Maggie Lau. Along with the raise of funds for this well-known charity organisation, the campaign presented Walker Shop as a healthy and happy footwear retailer and an intimate companion to family members of all ages.

#### Revenue in Hong Kong market



For the six months ended 30 September

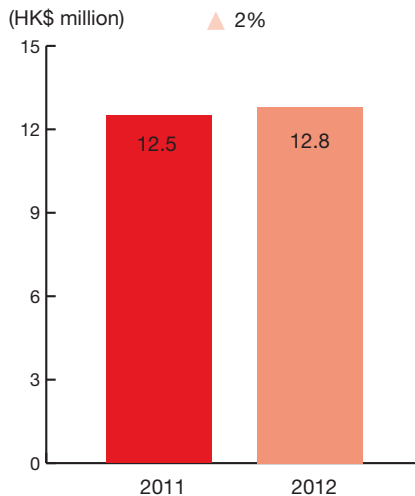


## MANAGEMENT DISCUSSION AND ANALYSIS

### *Taiwan*

Revenue generated from Taiwan market was HK\$12.8 million (2011: HK\$12.5 million) for the six months ended 30 September 2012, representing an increase of 2% as compared to the last corresponding period. The domestic demand of footwear products remained sluggish in an atmosphere of low consumer sentiment and conservative spending. Keen competitions were evidenced by frequent sales promotions amongst footwear retailers. In face of such challenges, the Group had dedicated efforts to attract customers through various innovative promotion packages and to re-organize its store network in the region.

**Revenue in Taiwan market**



**For the six months ended 30 September**

## MANAGEMENT DISCUSSION AND ANALYSIS

### *E-commerce and Franchising Businesses*

Riding on the business potentials of the fast-growing online shopping habits in the PRC and other regions, the Group has been exploring cooperation with different platforms to lower operation costs and enhance flexibility and accessibility to customers in different regions. Sales platforms such as online shopping on Taobao and television home shopping in the PRC, had achieved encouraging results during the period. On franchise businesses, the Group has been delegating efforts to expand its franchise network by seeking and negotiating with potential franchisees to open stores in new and existing markets.

### *Product Design and Quality Development*

The Group is committed to fostering stylish and innovative designs and prides itself on the premier quality and comfortability of its footwears. A team of talented staff stationing in Guangzhou provides the Group with technical support in design, research and development and works closely with and gives support to the marketing team in Hong Kong. Besides attending footwear trade fairs, both local and overseas, to stay abreast on the latest trends of footwears, the Group has also reviewed regularly with suppliers and manufacturers on application of new materials and technologies to achieve competitive differentiation that is in sync with customers' needs and expectations.

## FINANCIAL REVIEW

### Financial Position

The Group had maintained a stable balance sheet throughout the six months ended 30 September 2012. It financed its operations from internal funding, bank borrowings and accumulated retained earnings. The Group had adopted a prudent approach in managing its financial needs. During the period, the Group disposed of 265,640 shares in China Mobile Limited (Stock code: 941) and realized an investment gain of approximately HK\$1.4 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2012, the Group had cash and cash equivalents of approximately HK\$92 million (31 March 2012: HK\$96 million) and working capital of approximately HK\$524 million (31 March 2012: HK\$560 million). During the period, the Group had borrowed new short-term bank loans of approximately HK\$11 million for financing its working capital and had repaid bank loans of approximately HK\$12 million. As at 30 September 2012, the Group had an outstanding bank borrowing of approximately HK\$5 million maturing within one year (31 March 2012: HK\$6 million) and such bank borrowing was on a fixed rate basis. The current ratio stood at approximately 2.6 times (31 March 2012: 3.4 times) and the gearing ratio (total borrowings divided by total assets) stood at 0.5% (31 March 2012: 0.6%).

As at 30 September 2012, the Group had aggregate banking facilities of approximately HK\$123 million for overdrafts, bank loans for trade financing and bank guarantees for rental deposit (31 March 2012: HK\$123 million), of which HK\$15 million was used for revolving loan, trade financing and bank guarantees for rental deposit (31 March 2012: HK\$16 million). As at 30 September 2012, the Group had no charge on its assets.

During the period, average inventory turnover increased to 347 days (2011: 310 days). As at 30 September 2012, inventory amounted to approximately HK\$527 million (31 March 2012: HK\$471 million).

### Capital Expenditure

Capital expenditure for the six months ended 30 September 2012 was approximately HK\$20 million (2011: HK\$20 million), comprising mainly purchase of leasehold improvements, computer equipments and computer softwares.

The Group believes that its current cash holding, cash flow from operations and available banking facilities will be sufficient to fund its working capital requirements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Management

The Group operates principally in the PRC and Hong Kong and its transactions are mainly denominated in functional currency of individual group entity. The conversion of RMB into foreign currencies is regulated under foreign exchange control regulations of the PRC. The Group is not exposed to significant foreign currency risk and had not entered into any forward contract to hedge its foreign exchange risk during the six months ended 30 September 2012.

### Significant Investments, Acquisitions and Disposals

The Group did not have any significant investment or acquisition or disposal of subsidiaries or associated companies for the six months ended 30 September 2012.

### Contingent Liabilities

As at 30 September 2012, the Group did not have any material contingent liabilities (31 March 2012: nil).

### Human Resources

As at 30 September 2012, the Group had a total of 4,049 employees (31 March 2012: 4,298 employees) and the total staff cost for the six months ended 30 September 2012 was approximately HK\$129 million (2011: approximately HK\$120 million), accounting for 20% of the Group's revenue. The Group offers competitive remuneration packages to its employees, including mandatory retirement funds, insurance, medical coverage and purchase discounts. In addition, incentive share options and performance-based discretionary bonus on an annual basis may be granted to employees subject to the Group's and individual performance. The Group also provides regular trainings to its frontline staff on sales techniques and product knowledge.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

Amidst the prevailing uncertainties and financial instability in the global economic environment, the Group remains cautious in its outlook for the retail markets in the PRC, Hong Kong and Taiwan and anticipates that a relatively stable growth in the regions shall be sustained, in particular, by a strong domestic demand for higher living standard in the PRC and the efforts of its government to introduce accommodative policies to stabilize the country's GDP growth. Looking ahead, the Group shall strive to capitalize on the opportunities and trends in the footwear markets and increase its competitive edges through taking on the following strategies:

- To offer footwears of quality comparable to those of high-end international footwear competitors and offer them at reasonable prices affordable to and welcomed by the general public;
- To maintain the multi-brand strategy and prudently expand its retail presence in second and third tier cities in the PRC;
- To deliver innovative marketing programs to uphold the corporate brand image;
- To uplift the image of retail stores by regular store reformations and store displays with elements of dynamism and modernity;
- To close the low-yielding retail stores, identify new store locations on stringent basis and re-position certain retail points to more cost-effective and prime locations;
- To integrate and streamline information management system with systems of supply chain and retail operation to enhance operation efficiency;
- To refine inventory management and store opening schedule to optimize inventory turnover; and
- To solicit online purchasing, television home shopping and franchise partners to enlarge sales channels of products, particularly in northern regions of the PRC.

By order of the Board

**CHAN Mei Sheung**

*Chairman*

Hong Kong, 20 November 2012

**CONDENSED CONSOLIDATED BALANCE SHEET**

AS AT 30 SEPTEMBER 2012

		<b>Unaudited 30 September 2012 HK\$'000</b>	Audited 31 March 2012 HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>60,961</b>	60,520
Investment property	7	<b>1,029</b>	1,045
Intangible assets	7	<b>62,215</b>	64,953
Deferred income tax assets		<b>18,848</b>	19,124
Available-for-sale financial assets		<b>45,866</b>	42,145
Rental deposits		<b>20,601</b>	18,850
		<b>209,520</b>	206,637
<b>Current assets</b>			
Inventories		<b>526,777</b>	470,672
Trade receivables	8	<b>168,528</b>	148,543
Deposits, prepayments and other receivables		<b>71,808</b>	58,588
Financial assets at fair value through profit or loss		—	22,699
Tax recoverable		<b>86</b>	86
Cash and cash equivalents		<b>92,499</b>	95,552
		<b>859,698</b>	796,140
<b>Total assets</b>		<b>1,069,218</b>	1,002,777

**CONDENSED CONSOLIDATED BALANCE SHEET** *(Continued)*

AS AT 30 SEPTEMBER 2012

	Note	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 HK\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	9	62,356	62,356
Share premium	9	562,600	562,600
Reserves		106,053	140,380
		<b>731,009</b>	765,336
Non-controlling interests		(685)	(2,066)
<b>Total equity</b>		<b>730,324</b>	763,270
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		3,680	2,940
		<b>3,680</b>	2,940
<b>Current liabilities</b>			
Borrowing	11	5,360	6,075
Trade payables	12	255,282	156,016
Accruals and other payables		72,419	72,623
Obligation under finance lease		—	53
Tax payable		2,153	1,800
		<b>335,214</b>	236,567
<b>Total liabilities</b>		<b>338,894</b>	239,507
<b>Total equity and liabilities</b>		<b>1,069,218</b>	1,002,777
<b>Net current assets</b>		<b>524,484</b>	559,573
<b>Total assets less current liabilities</b>		<b>734,004</b>	766,210

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Note	Unaudited 2012 HK\$'000	Unaudited 2011 HK\$'000
Revenue	6	646,467	642,886
Cost of sales	13	(263,085)	(268,145)
<b>Gross profit</b>		<b>383,382</b>	374,741
Selling and distribution costs	13	(362,830)	(327,034)
Administrative expenses	13	(62,281)	(60,618)
Other gains — net	14	832	3,022
Other income	15	3,601	7,961
<b>Operating loss</b>		<b>(37,296)</b>	(1,928)
Finance income	16	74	174
Finance costs	16	(95)	(95)
Finance (costs)/income — net		(21)	79
<b>Loss before income tax</b>		<b>(37,317)</b>	(1,849)
Income tax expenses	17	(2,113)	(3,736)
<b>Loss for the period</b>		<b>(39,430)</b>	(5,585)
<b>Attributable to:</b>			
Equity holders of the Company		(37,918)	(4,715)
Non-controlling interests		(1,512)	(870)
		(39,430)	(5,585)
<b>Loss per share for loss attributable to the equity holders of the Company (expressed in HK cents per share)</b>			
— basic	18	(6.08)	(0.76)
— diluted	18	(6.08)	(0.76)

The accompanying notes form an integral part of this condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Loss for the period	<b>(39,430)</b>	(5,585)
Other comprehensive income		
Fair value gains/(losses) on available-for-sale financial assets	<b>3,721</b>	(9,099)
Currency translation difference	<b>(687)</b>	10,939
Other comprehensive income	<b>3,034</b>	1,840
<b>Total comprehensive loss</b>	<b>(36,396)</b>	(3,745)
<b>Attributable to:</b>		
Equity holders of the Company	<b>(34,829)</b>	(2,475)
Non-controlling interests	<b>(1,567)</b>	(1,270)
	<b>(36,396)</b>	(3,745)

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital and premium (Note 9) HK\$'000	Other reserves (Note 10) HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 April 2012</b>	624,956	118,107	22,273	765,336	(2,066)	763,270
Loss for the period	–	–	(37,918)	(37,918)	(1,512)	(39,430)
Other comprehensive income						
Fair value gains of available-for-sale financial assets	–	3,721	–	3,721	–	3,721
Currency translation differences	–	(632)	–	(632)	(55)	(687)
<b>Total comprehensive income</b>	–	3,089	(37,918)	(34,829)	(1,567)	(36,396)
Transfer	–	1,060	(1,060)	–	–	–
Share option scheme-value of employee services	–	385	–	385	–	385
Share award	–	117	–	117	–	117
Capital injection from non-controlling interests	–	–	–	–	2,948	2,948
<b>Balance at 30 September 2012</b>	624,956	122,758	(16,705)	731,009	(685)	730,324
Balance at 1 April 2011	624,956	101,291	48,373	774,620	89	774,709
Loss for the period	–	–	(4,715)	(4,715)	(870)	(5,585)
Other comprehensive income						
Fair value losses of available-for-sale financial assets	–	(9,099)	–	(9,099)	–	(9,099)
Currency translation differences	–	11,339	–	11,339	(400)	10,939
<b>Total comprehensive income</b>	–	2,240	(4,715)	(2,475)	(1,270)	(3,745)
Share option scheme-value of employee services	–	662	–	662	–	662
Share award	–	291	–	291	–	291
Dividend paid	–	–	(15,589)	(15,589)	–	(15,589)
<b>Balance at 30 September 2011</b>	624,956	104,484	28,069	757,509	(1,181)	756,328

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Net cash used in operating activities	<b>(10,909)</b>	(38,907)
Net cash generated from/(used in) investing activities	<b>6,149</b>	(8,651)
Net cash generated from/(used in) financing activities	<b>2,227</b>	(12,434)
Net decrease in cash and cash equivalents	<b>(2,533)</b>	(59,992)
Cash and cash equivalents at the beginning of the period	<b>95,552</b>	135,927
Effect of foreign exchange	<b>(520)</b>	1,526
Cash and cash equivalents at the end of the period	<b>92,499</b>	77,461

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. General information

Walker Group Holdings Limited (“**Company**”) and its subsidiaries (collectively, “**Group**”) are principally engaged in the retailing of footwear in Hong Kong, the PRC and Taiwan.

The Company was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKSE**”).

This condensed consolidated interim financial information for the six months ended 30 September 2012 is unaudited and has been reviewed by the audit committee of the Company and approved for issue by the board of directors of the Company on 20 November 2012.

### 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

### 3. Accounting policies

The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2012, except as mentioned below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no relevant amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group’s condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. Accounting policies (Continued)

The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Financial Statements <sup>1</sup>
HKAS 19 (2011)	Employee Benefits <sup>2</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (2011)	Investment in Associates and Joint Ventures <sup>2</sup>
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HKFRS 1 (Amendment)	Government Loans <sup>2</sup>
HKFRS 7 (Amendment)	Disclosure – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurements <sup>2</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Changes effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Changes effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Changes effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Changes effective for annual periods beginning on or after 1 January 2015

### 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 March 2012.

### 5. Financial risk management

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2012.

There have been no changes in the risk management policies since year end including capital risk management policies.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5. Financial risk management (Continued)

#### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

#### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	As at 30 September 2012			As at 31 March 2012		
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Assets</b>						
Financial assets at fair value through profit or loss	—	—	—	22,699	—	—
Available-for-sale financial assets	45,866	—	—	42,145	—	—
<b>Total assets</b>	<b>45,866</b>	<b>—</b>	<b>—</b>	<b>64,844</b>	<b>—</b>	<b>—</b>

### 6. Segment information

The Group is principally engaged in the retailing of footwear in Hong Kong, the PRC and Taiwan.

The chief operating decision-maker has been identified as the executive directors of the Company (“**Executive Directors**”). The Executive Directors review the Group’s financial information to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from a geographic prospective. The Executive Directors assess the performance of the operating segments based on a measure of segment profit/(loss) without allocation of administrative expenses, other gains, other income and finance income/(costs), which is consistent with that in the financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. Segment information (Continued)

Segment assets exclude tax recoverable, deferred income tax assets, available-for-sale financial assets and financial assets at fair value through profit or loss.

Segment liabilities exclude tax payable, deferred income tax liabilities and obligation under finance lease.

The segment results are as follows:

	Unaudited			Total HK\$'000
	Six months ended 30 September 2012			
	Hong Kong HK\$'000	PRC HK\$'000	Taiwan HK\$'000	
Revenue from sales of footwear, fashion wears and accessories	119,251	514,425	12,791	646,467
Segment profit/(loss)	(13,339)	35,669	(1,778)	20,552
Unallocated income and expenses				(57,848)
Finance income				74
Finance costs				(95)
Income tax expense				(2,113)
Loss for the period				(39,430)
Other segment items are as follows:				
Capital expenditure	2,012	17,470	383	19,865
Depreciation of property, plant and equipment	4,185	12,467	681	17,333
Depreciation of investment property	16	—	—	16
Amortisation of intangible assets	2,827	233	—	3,060
Impairment of property, plant and equipment	364	978	—	1,342
Net provision/(write-back of provision) for inventories	444	711	(59)	1,096

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. Segment information (Continued)

	Unaudited			Total HK\$'000
	Six months ended 30 September 2011			
	Hong Kong HK\$'000	PRC HK\$'000	Taiwan HK\$'000	
Revenue from sales of footwear, fashion wears and accessories	136,512	493,829	12,545	642,886
Segment profit/(loss)	(3,277)	52,025	(1,041)	47,707
Unallocated income and expenses				(49,635)
Finance income				174
Finance costs				(95)
Income tax expense				(3,736)
Loss for the period				(5,585)
Other segment items are as follows:				
Capital expenditure	2,077	17,268	1,028	20,373
Depreciation of property, plant and equipment	3,859	11,471	683	16,013
Depreciation of investment property	16	—	—	16
Amortisation of intangible assets	3,012	110	—	3,122
Net provision for inventories	1,674	953	174	2,801



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. Segment information (Continued)

An analysis of the Group's assets and liabilities is set out below:

	Unaudited			Total HK\$'000
	Hong Kong HK\$'000	As at 30 September 2012 PRC HK\$'000	Taiwan HK\$'000	
Segment assets	253,901	730,822	19,695	1,004,418
Unallocated assets				64,800
				1,069,218
Segment liabilities	19,342	304,699	9,020	333,061
Unallocated liabilities				5,833
				338,894

	Audited			Total HK\$'000
	Hong Kong HK\$'000	As at 31 March 2012 PRC HK\$'000	Taiwan HK\$'000	
Segment assets	236,665	661,066	20,992	918,723
Unallocated assets				84,054
				1,002,777
Segment liabilities	20,017	204,595	10,102	234,714
Unallocated liabilities				4,793
				239,507

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. Capital expenditure

	Unaudited		
	Property, plant and equipment <i>HK\$'000</i>	Investment property <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>
<b>Six months ended 30 September 2012</b>			
Opening net book amount as at 1 April 2012	60,520	1,045	64,953
Additions	19,542	—	323
Disposals	(435)	—	—
Depreciation and amortisation	(17,333)	(16)	(3,060)
Impairment	(1,342)	—	—
Exchange differences	9	—	(1)
<b>Closing net book amount as at 30 September 2012</b>	<b>60,961</b>	<b>1,029</b>	<b>62,215</b>
<b>Six months ended 30 September 2011</b>			
Opening net book amount as at 1 April 2011	55,625	1,078	69,411
Additions	18,439	—	1,934
Disposals	(254)	—	(1)
Depreciation and amortisation	(16,013)	(16)	(3,122)
Exchange differences	279	—	24
<b>Closing net book amount as at 30 September 2011</b>	<b>58,076</b>	<b>1,062</b>	<b>68,246</b>

## 8. Trade receivables

Ageing analysis of third party trade receivables is as follows:

	Unaudited 30 September 2012 <i>HK\$'000</i>	Audited 31 March 2012 <i>HK\$'000</i>
0 — 30 days	112,697	114,102
31 — 60 days	14,853	15,786
61 — 90 days	12,110	6,291
Over 90 days	28,868	12,364
	<b>168,528</b>	<b>148,543</b>

Retail sales are in cash, by credit cards or collected by department stores on behalf of the Group. The department stores normally settle the proceeds to the Group within 2 months from the date of sales.

Wholesales are generally on credit term ranging from 0 to 30 days.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
<b>Authorised</b>				
At 31 March and 30 September 2012, ordinary shares of HK\$0.1 each	9,000,000,000	900,000	—	900,000
<b>Issued and fully paid</b>				
At 31 March and 30 September 2012, ordinary shares of HK\$0.1 each	623,560,000	62,356	562,600	624,956

## 10. Other reserves

	Merger reserve (Note a) HK\$'000	Statutory reserves (Note b) HK\$'000	Unaudited			Total other reserves HK\$'000
			Foreign currency translation reserve HK\$'000	Available- for-sale investment reserve HK\$'000	Share-based compensation reserve HK\$'000	
Balance at 1 April 2012	22,002	21,419	51,748	(4,977)	27,915	118,107
Fair value gains of available-for-sale financial assets	—	—	—	3,721	—	3,721
Currency translation differences	—	—	(632)	—	—	(632)
Transfer	—	1,060	—	—	—	1,060
Share option scheme – value of employee services	—	—	—	—	385	385
Share award	—	—	—	—	117	117
<b>Balance at 30 September 2012</b>	<b>22,002</b>	<b>22,479</b>	<b>51,116</b>	<b>(1,256)</b>	<b>28,417</b>	<b>122,758</b>
Balance at 1 April 2011	22,002	20,621	35,174	(2,517)	26,011	101,291
Fair value losses of available-for-sale financial assets	—	—	—	(9,099)	—	(9,099)
Currency translation differences	—	—	11,339	—	—	11,339
Share option scheme – value of employee services	—	—	—	—	662	662
Share award	—	—	—	—	291	291
<b>Balance at 30 September 2011</b>	<b>22,002</b>	<b>20,621</b>	<b>46,513</b>	<b>(11,616)</b>	<b>26,964</b>	<b>104,484</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10. Other reserves (Continued)

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries transferred to the Company in connection with the reorganisation for the listing of the shares of the Company.
- (b) Companies which are established in the PRC are required to make appropriations to certain statutory reserves from profit for the year after offsetting accumulated losses from prior years and before profit distribution to equity holders. The percentages to be appropriated to such statutory reserve funds are determined according to the relevant regulations in the PRC or at the discretion of the board of the respective companies. Such statutory reserves can only be used to offset accumulated losses, to increase capital, or for special bonus or collective welfare of employees. These statutory reserves cannot be distributed to equity holders of the Company.

### 11. Borrowing

	<b>Unaudited 30 September 2012 HK\$'000</b>	Audited 31 March 2012 HK\$'000
Short-term bank loan — secured	5,360	6,075

As at 30 September 2012, the bank borrowing is secured by the Group's standby letter of credit amounting to US\$1,000,000. The carrying amount is denominated in New Taiwan dollar, repayable in 90 days from the date of issuance and is interest bearing at 2.75% per annum.

Movement of bank borrowing are analysed as below:

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Opening balance as at 1 April	6,075	—
Additions	11,494	15,035
Repayments	(12,162)	(11,722)
Exchange differences	(47)	—
Closing balance at 30 September	5,360	3,313

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12. Trade payables

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 September 2012 HK\$'000</b>	Audited 31 March 2012 HK\$'000
0 – 30 days	229,264	90,497
31 – 60 days	19,650	44,544
61 – 90 days	4,219	15,847
Over 90 days	2,149	5,128
	<b>255,282</b>	156,016

The amounts are repayable according to normal trade terms from 30 to 90 days.

### 13. Expenses by nature

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Purchase of and changes in inventories	261,964	265,261
Advertising and promotion expenses	10,986	9,711
Auditor's remuneration	1,072	1,007
Depreciation of property, plant and equipment	17,333	16,013
Depreciation of investment property	16	16
Amortisation of intangible assets	3,060	3,122
Provision for impairment of property, plant and equipment	1,342	—
Operating lease rental in respect of leasehold land and buildings		
— minimum leases payments	39,355	32,791
— turnover rental expenses	167,835	153,190
Provision for obsolete inventories	1,096	2,801
Employee benefit expenses	129,186	119,963
Other expenses	54,951	51,922
Total cost of sales, selling and distribution costs and administrative expenses	<b>688,196</b>	655,797

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. Other gains – net

	Unaudited 2012 HK\$'000	Unaudited 2011 HK\$'000
Loss on disposal of property, plant and equipment	(435)	(253)
Loss on disposal of intangible assets	—	(1)
Gain on disposal of financial assets at fair value through profit or loss	1,359	17
Fair value gains on financial assets at fair value through profit or loss	—	2,820
Net foreign exchange (losses)/gains	(92)	439
	<b>832</b>	<b>3,022</b>

## 15. Other income

	Unaudited 2012 HK\$'000	Unaudited 2011 HK\$'000
Government subsidies	35	2,292
Licence fee income	476	572
Interest income on available-for-sale financial assets	1,882	1,268
Dividend income on financial assets at fair value through profit or loss	418	1,199
Royalty income	—	236
Others	790	2,394
	<b>3,601</b>	<b>7,961</b>

## 16. Finance income and costs

	Unaudited 2012 HK\$'000	Unaudited 2011 HK\$'000
Finance income:		
– Interest income on bank deposits	74	174
Finance costs:		
– Interest on bank borrowings and overdrafts	(87)	(71)
– Interest on obligation under finance lease	(8)	(24)
	<b>(95)</b>	<b>(95)</b>
Finance (cost)/income, net	<b>(21)</b>	<b>79</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17. Income tax expenses

Hong Kong profits tax has not been provided as the Hong Kong subsidiaries did not generate assessable profit during the current period.

The amount of income tax expense charged to the income statement represents:

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Current income tax:		
– Hong Kong profits tax	–	–
– PRC corporate income tax	<b>1,098</b>	2,281
Under-provision in prior year	–	7
	<b>1,098</b>	2,288
Deferred income tax	<b>1,015</b>	1,448
	<b>2,113</b>	3,736

### 18. Loss per share

#### (a) Basic

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited 2012</b>	Unaudited 2011
Loss for the period (HK\$'000)	<b>(37,918)</b>	(4,715)
Weighted average number of ordinary shares in issue (thousands)	<b>623,560</b>	623,560
Loss per share (HK cent per share)	<b>(6.08)</b>	(0.76)

#### (b) Diluted

Diluted loss per share is the same as basic loss per share for the period ended 30 September 2011 and 30 September 2012 as there was no dilutive impact for the period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19. Dividend

The Board has resolved not to declare an interim dividend for the period (2011: nil).

On 28 June 2011, the directors declared a final dividend of 2.5 HK cents per ordinary share, totalling HK\$15,589,000 was paid on 6 September 2011.

### 20. Capital commitments

The Group did not have any significant capital commitments at 30 September 2012 (31 March 2012: nil).

### 21. Significant related party transactions

The Group is controlled by Smart Presto Holdings Limited (incorporated in the British Virgin Islands). During the period, the Group had the following significant transactions with related parties.

Key management compensation:

	<b>Unaudited 2012 HK\$'000</b>	Unaudited 2011 HK\$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	<b>6,554</b>	7,154
Contributions to pension plans	<b>79</b>	60
Share based payments	<b>302</b>	705
	<b>6,935</b>	7,919



## ADDITIONAL INFORMATION

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2012 (2011: nil).

### CORPORATE GOVERNANCE

For the purpose of complying with the new Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), which took effect on 1 April 2012, the Board has adopted the revised terms of reference for the audit committee, nomination committee and remuneration committee of the Board on 13 March 2012.

The Company has applied the principles of and has complied with the code provisions of the CG Code throughout the six months ended 30 September 2012, except that Mr. Sze Tsai Ping, Michael, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 16 August 2012 for conflicts of time with other important engagements. This was in deviation from code provision A.6.7 of the CG Code.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) as its code of conduct of Directors’ securities transactions. Having made specific enquiries with all Directors, they have confirmed their compliance with the Model Code throughout the six months ended 30 September 2012.

The Board had reviewed the findings of the internal control review performed by the internal auditors together with the audit committee of the Company (“**Audit Committee**”) and, after discussion with management, was satisfied that the Group’s internal control system was sound and adequate for the period. The Board would continue to review and improve the Group’s internal control system, taking into account the prevailing regulatory requirements, business development needs and the interests of shareholders.

### REVIEW OF INTERIM FINANCIAL INFORMATION

The Group’s interim financial information had been reviewed by the Audit Committee and the Company’s external auditor, PricewaterhouseCoopers, had conducted a review of the interim financial information of the Group for the six months ended 30 September 2012 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## ADDITIONAL INFORMATION

### DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, changes in the information required to be disclosed in this report are as follows:

Mr. CHU Yin Man resigned with effect from 24 June 2012 as an executive Director.

Mr. LEE Kwan Hung, an independent non-executive Director (“INED”), was appointed on 5 June 2012 an INED of China BlueChemical Ltd. He resigned with effect from 18 July 2012 as an INED of New Universe International Group Limited. Both companies are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

### DISCLOSURE OF INTERESTS

#### Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2012, the Directors and the chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### The Company

Name of Director	Class of shares	Number of shares held			Number of underlying shares held under equity derivatives (Note 2)	Total	Approximate % of the Company’s total issued share capital
		Personal interests	Family interests	Corporate interests			
CHAN Mei Sheung	Ordinary shares/ share options	–	449,150,000 (Note 1)	–	7,420,000	456,570,000	73.22%
KIU Wai Ming	Ordinary shares/ share options	6,500,000	–	–	6,800,000	13,300,000	2.13%

## ADDITIONAL INFORMATION

### Notes:

1. Mr. HUANG Wen Yi ("**Mr. Huang**"), who was a director of the Company, passed away in Hong Kong on 10 February 2008. Mr. Huang's estate was taken to be interested in the 449,950,000 shares held by Smart Presto Holdings Limited ("**Smart Presto**"), a controlling shareholder of the Company, owned as to 90% by estate of the late Mr. Huang and 10% by Ms CHAN Mei Sheung ("**Ms Chan**"). Of the 44,995,000 shares interest held by Ms Chan, 10,000,000 Shares were available for purchase on the exercise of options granted to certain directors of the Company under the share purchase scheme adopted by Smart Presto on 5 August 2009 ("**Share Purchase Scheme**"). Subsequent to a former executive director of the Company exercised the share purchase right on 18 March 2011 to acquire 800,000 shares of the Company ("**Shares**") under the Share Purchase Scheme, Ms Chan and estate of the late Mr. Huang were taken to be interested in the 449,150,000 Shares held by Smart Presto. Letters of Administration dated 27 April 2012 was granted by the Probate Registry in Hong Kong ("**Grant**") in respect of the late Mr. Huang's estate in Hong Kong and the Grant is in the process of being resealed by the Court of the British Virgin Islands ("**BVI**") in respect of the late Mr. Huang's estate in the BVI.
2. These represent the number of shares which will be transferred to such Directors upon the exercise of the options granted to each of them under the pre-IPO share option scheme adopted by the Company on 21 May 2007 and/or the share option scheme adopted by the Company on 21 May 2007 and/or the share purchase scheme adopted by Smart Presto on 5 August 2009, where applicable.

Save as disclosed above, as at 30 September 2012, none of the Directors or the chief executive of the Company nor their associates had registered any other interests or short positions in the shares, share options, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sub-section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the section headed "Long Term Incentive Schemes" below, at no time during the six months ended 30 September 2012 were rights to acquire benefits by means of the acquisition of shares of the Company ("**Shares**") granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## ADDITIONAL INFORMATION

### LONG TERM INCENTIVE SCHEMES

#### Pre-IPO Share Options Scheme

The Company adopted a pre-IPO share option scheme on 21 May 2007 (“**Pre-IPO Share Option Scheme**”) for the purpose of recognizing the contributions of and providing incentives to eligible participants who have contributed or would contribute to the Company. Options to subscribe for an aggregate of 15,000,000 Shares were granted on 21 May 2007 at an exercise price of HK\$3.09 per Share, being equivalent to 80% of the final offer price on the date of commencement of dealings in the Shares (“**Listing Date**”). The Pre-IPO Share Option Scheme expired on 23 May 2007 and after which no further options would be granted under the Pre-IPO Share Options Scheme.

The options granted under the Pre-IPO Share Option Scheme (“**Pre-IPO Share Options**”) on 21 May 2007 shall vest in the grantees in accordance with the timetable below:

<b>Exercisable period</b>	<b>Percentage of Pre-IPO Share Options to vest</b>
From and after 12 months but prior to 48 months after the Listing Date	Up to 30% of the total number of options granted
From and after 24 months but prior to 60 months after the Listing Date	Up to 30% of the total number of options granted
From and after 36 months but prior to 72 months after the Listing Date	Up to 40% of the total number of options granted

## ADDITIONAL INFORMATION

Details of movements of the Pre-IPO Share Options for the six months ended 30 September 2012 are as follows:

Name or category of grantee	No. of Pre-IPO Share Options					
	Balance as at 1 April 2012	Granted during the period ended 30 September 2012	Exercised during the period ended 30 September 2012	Cancelled during the period ended 30 September 2012	Lapsed during the period ended 30 September 2012	Balance as at 30 September 2012
<b>Directors</b>						
CHAN Mei Sheung	2,485,000	–	–	–	1,065,000	1,420,000
KIU Wai Ming	1,400,000	–	–	–	600,000	800,000
<b>Former Director</b>						
CHU Yin Man	840,000	–	–	–	840,000	–
<b>Employees</b>						
In aggregate	1,596,000	–	–	–	704,000	892,000
<b>Total</b>	<b>6,321,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,209,000</b>	<b>3,112,000</b>

None of the Pre-IPO Share Options was exercised or cancelled and a total of 3,209,000 Pre-IPO Share Options have been lapsed during the six months ended 30 September 2012.

### Share Option Scheme

The Company has adopted a share option scheme on 21 May 2007 (“**Share Option Scheme**”) for the purpose of providing incentives to eligible participants to contribute to the Company and enabling the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years from its adoption date, after which period no further options granted under the Share Option Scheme (“**Post-IPO Share Options**”) will be issued but any such options then outstanding will continue to be exercisable in accordance with their terms of issue.

The total number of the Shares which may be issued upon exercise of all Post-IPO Share Options and any other share option scheme of the Group shall not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date, being 600,000,000 Shares.

## ADDITIONAL INFORMATION

The total number of the Shares issued and to be issued upon exercise of the Post-IPO Share Options and any other share options granted and to be granted to each eligible participant in any 12-month period immediately preceding the date of grant of the Post-IPO Share Option (“**Grant Date**”) shall not exceed 1% of the number of Shares in issue as at the Grant Date unless prior approval of the Company’s shareholders in general meeting is obtained.

The Post-IPO Share Options may be exercised during a period as notified by the Board and not exceeding 10 years from the Grant Date and expiring on the last day of the said 10-year period. Unless otherwise determined by the Board and specified in the letter of grant, there is no minimum period for which an option must be held before it can be exercised.

The subscription price of the Post-IPO Share Option shall be determined by the Board and shall be at least the highest of: (a) the nominal value of the Shares; (b) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Grant Date; and (c) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets on the Grant Date.

Options to subscribe for an aggregate of 24,900,000 Shares were granted on 5 August 2009 at an exercise price of HK\$0.60 per Share. The closing price of the Shares on 4 August 2009 was HK\$0.58.

The Post-IPO Share Options granted on 5 August 2009 shall vest in the grantees in accordance with the timetable below:

<b>Exercisable period</b>	<b>Percentage of Post-IPO Share Options to vest</b>
5 August 2010 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2011 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2012 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2013 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2014 – 4 August 2017	Up to 20% of the total number of options granted

## ADDITIONAL INFORMATION

Details of movements of the Post-IPO Share Options during the six months ended 30 September 2012 are as follows:

Name or category of grantee	No. of Post-IPO Share Options						Balance as at 30 September 2012
	Balance as at 1 April 2012	Granted during the period ended 30 September 2012	Exercised during the period ended 30 September 2012	Cancelled during the period ended 30 September 2012	Lapsed during the period ended 30 September 2012		
<b>Director</b>							
CHAN Mei Sheung	6,000,000	–	–	–	–		6,000,000
<b>Employees</b>							
In aggregate	15,480,000	–	–	–	500,000		14,980,000
<b>Total</b>	<b>21,480,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>500,000</b>		<b>20,980,000</b>

None of the Post-IPO Share Options was exercised or cancelled and a total of 500,000 Post-IPO Share Options have been lapsed during the six months ended 30 September 2012.

### Share Purchase Scheme

Smart Presto has adopted a share purchase scheme on 5 August 2009 (“**Share Purchase Scheme**”) for the purpose of advancing the interest of the Group by rewarding persons who have made or will make valuable contribution to the business of the Group or is/are regarded as valuable human resources of the Group. Subject to the provisions under the Share Purchase Scheme, the maximum number of Shares available for purchase on the exercise of options granted under the Share Purchase Scheme (“**Share Purchase Options**”) shall be 30,000,000 Shares. Any Shares that are subject to a Share Purchase Option (or any portion thereof) that lapses, expires or for any reason is terminated unexercised shall become available for purchase under the Share Purchase Scheme.

Options to subscribe for an aggregate of 10,000,000 Shares were granted on 5 August 2009 at an exercise price of HK\$0.60 per Share.

## ADDITIONAL INFORMATION

The Share Purchase Options granted on 5 August 2009 shall vest in the grantees in accordance with the timetable below:

Exercisable period	Percentage of Share Purchase Options to vest
5 August 2010 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2011 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2012 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2013 – 4 August 2017	Up to 20% of the total number of options granted
5 August 2014 – 4 August 2017	Up to 20% of the total number of options granted

Details of movements of the Share Purchase Options during the six months ended 30 September 2012 are as follows:

Name or category of grantee	No. of Share Purchase Options					
	Balance as at 1 April 2012	Granted during the period ended 30 September 2012	Exercised during the period ended 30 September 2012	Cancelled during the period ended 30 September 2012	Lapsed during the period ended 30 September 2012	Balance as at 30 September 2012
<b>Director</b>						
KIU Wai Ming	6,000,000	–	–	–	–	6,000,000
<b>Former Director</b>						
CHU Yin Man	3,200,000	–	–	–	3,200,000	–
<b>Total</b>	<b>9,200,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,200,000</b>	<b>6,000,000</b>

None of the Share Purchase Options was exercised and cancelled and a total of 3,200,000 Share Purchase Options have been lapsed during the six months ended 30 September 2012.



## ADDITIONAL INFORMATION

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2012, the interests and short positions of those persons (other than the Directors and the chief executive of the Company) in the Shares and underlying Shares, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of substantial shareholder	Capacity	Number and nature of interests held	Approximate % of the Company's total issued share capital
Smart Presto Holdings Limited ( <i>Note</i> )	Beneficial owner	449,150,000	72.03%
HUI Wan Hon	Interests held jointly with Ng Chee Yin Susie Linda	56,271,400	9.02%

*Note:*

Smart Presto Holdings Limited, the registered owner of 449,150,000 Shares, was owned as to 90% (90 shares) by estate of the late Mr. Huang and 10% (10 shares) by Ms Chan respectively in the capacity of beneficial owners.

All the interests disclosed above represents long positions in the Shares and underlying Shares.

Save as disclosed above, as at 30 September 2012, the Company had not been notified of any person (other than the Directors and the chief executive of the Company) of any interest or short positions in the Shares and/or underlying Shares as recorded in the register and kept by the Company pursuant to section 336 of the SFO.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.