



**JUDA INTERNATIONAL HOLDINGS LIMITED**  
**鉅大國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 1329

**INTERIM REPORT 2012/13**

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## Corporate Information

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Choi Lim Chi (*Chairman*)  
Mr. Chen Fan (*Chief Executive*)  
Mr. Lee Lit Mo Johnny

#### **Independent Non-Executive Directors**

Mr. Yan Wai Kiu  
Mr. Wong Kin Tak  
Mr. Choi Kin Cheong

#### **AUDIT COMMITTEE**

Mr. Wong Kin Tak (*Chairman*)  
Mr. Yan Wai Kiu  
Mr. Choi Kin Cheong

#### **REMUNERATION COMMITTEE**

Mr. Yan Wai Kiu (*Chairman*)  
Mr. Lee Lit Mo Johnny  
Mr. Wong Kin Tak  
Mr. Choi Kin Cheong

#### **NOMINATION COMMITTEE**

Mr. Choi Kin Cheong (*Chairman*)  
Mr. Lee Lit Mo Johnny  
Mr. Yan Wai Kiu  
Mr. Wong Kin Tak

#### **COMPANY SECRETARY**

Mr. Tong Hing Wah, *HKICPA*

#### **AUTHORISED REPRESENTATIVES**

Mr. Lee Lit Mo Johnny  
Mr. Tong Hing Wah, *HKICPA*

#### **AUDITORS**

HLB Hodgson Impey Cheng Limited

#### **COMPLIANCE ADVISER**

Quam Capital Limited

#### **LEGAL ADVISER**

Sit, Fung, Kwong & Shum, Solicitors

#### **REGISTERED OFFICE**

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

#### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 01C, 10th Floor  
Kin Wing Commercial Building  
24–30 Kin Wing Street  
Tuen Mun  
New Territories  
Hong Kong

#### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

#### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

#### **STOCK CODE**

1329

#### **CORPORATE WEBSITE**

[www.judaintl.com](http://www.judaintl.com)

## Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of Juda International Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2012 together with the comparative figures for the six months ended 30 September 2011 as set out in this report.

### BUSINESS REVIEW

The Group is principally engaged in the production of two chemical products, namely phthalic anhydride ("PA") and fumaric acid, which are intermediate chemicals mainly used in the industrial production of plasticisers and polyester resins. All of the Group's turnover is derived from customers based in the People's Republic of China (the "PRC").

The Group's production facilities are located in Xiamen, Fujian Province, the PRC. The Group operates under a simple business model with one major raw material, namely ortho-xylene ("OX") sourcing from independent suppliers in the PRC for its production process. OX is used in the production facilities of PA to produce PA and certain by-products including maleic anhydride, which can be used to produce fumaric acid.

Sales of PA, which contributed 92.3% of all revenue for the year ended 30 September 2012, rose 25.9% from HK\$105,517,000 for the six months ended 30 September 2011 to HK\$132,807,000 for the six months ended 30 September 2012, as a result of the increase in average selling price of PA. Sales of fumaric acid and other by-products of PA declined from HK\$17,439,000 for the six months ended 30 September 2011 to HK\$11,143,000 for the six months ended 30 September 2012 as less maleic anhydride was made available to the Group from independent suppliers for the production of fumaric acid.

The Group will continue to focus on the production of PA and fumaric acid with its existing production facilities during the financial year ending 31 March 2013. The Company is not aware of any important events significantly affecting the Group which have occurred from 20 July 2012 (being the publication date of the annual report of the Company for the financial year ended 31 March 2012) to the date of this report.

### FINANCIAL REVIEW

Turnover of the Group rose 17.1% from HK\$122,956,000 for the six months ended 30 September 2011 to HK\$143,950,000 for the six months ended 30 September 2012, mainly due to the increase in average selling price of PA. As PA is derived from OX, selling prices of PA has a high correlation with the market price of OX. During the six months ended 30 September 2012, the increase in the market price of OX and the tighter market supply of PA pushed up the selling price of PA.

Gross profit margin improved from 13.3% for the six months ended 30 September 2011 to 14.9% for the six months ended 30 September 2012 as the selling prices of the Group's products increased faster than the purchase cost of raw materials during the six months ended 30 September 2012.

## Management Discussion and Analysis

### **FINANCIAL REVIEW** *(Continued)*

Profit for the period decreased 44.4% from HK\$8,061,000 for six months ended 30 September 2011 to HK\$4,480,000 for the six months ended 30 September 2012 mainly due to the increases in administrative expenses and taxation despite a higher gross profit. Administrative expenses rose from HK\$4,941,000 for the six months ended 30 September 2011 to HK\$10,880,000 for the six months ended 30 September 2012 mainly due to the increase in listing expenses from HK\$2,196,000 for the six months ended 30 September 2011 to HK\$4,882,000 for the six months ended 30 September 2012. Profit before taxation excluding listing expenses actually increased 11.7% from HK\$11,622,000 for the six months ended 30 September 2011 to HK\$12,982,000 for the six months ended 30 September 2012. The growth of directors' emoluments and auditors' remuneration from HK\$301,000 and HK\$55,000 for the six months ended 30 September 2011 to HK\$1,177,000 and HK\$1,056,000 for the six months ended 30 September 2012 respectively also contributed to the increase in administrative expenses. Taxation, representing the enterprise income tax in the PRC, increased from HK\$1,365,000 for the six months ended 30 September 2011 to HK\$3,621,000 for the six months ended 30 September 2012 due to the increase in the Group's effective enterprise income tax rate when the enterprise income tax rate applied to Nice World Chemical Industry (Xiamen) Co., Ltd. ("NWCI"), an indirect wholly-owned subsidiary of the Company in the PRC and the only operating vehicle of the Group, is 12% for the six months ended 30 September 2011 and 25% for the six months ended 30 September 2012 after 50% tax relief enjoyed by NWCI from 2009 to 2011 ceased on 1 January 2012 in accordance with the relevant laws and regulations in the PRC applicable to all domestic-invested and foreign-invested enterprises.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group mainly relies upon internally generated cash flows and bank borrowings to finance its operations and expansion.

As at 30 September 2012, the Group's cash and cash equivalents amounted to HK\$69,299,000, including HK\$55,388,000 and HK\$13,911,000 denominated in Renminbi ("RMB") and HK\$ respectively and representing an increase of HK\$24,541,000 as compared to HK\$44,758,000 at 31 March 2012. The net increase in cash and cash equivalents was primarily due to the receipt of net proceeds from the initial public offering of the Company of which its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 April 2012 (the "Listing Date"). The majority of the Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. Cash at banks earns interest at floating rates based on daily bank deposit rates.

## Management Discussion and Analysis

### **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

As at 30 September 2012, the Group's interest-bearing bank borrowings were HK\$61,210,000 (31 March 2012: HK\$61,380,000), all of which were denominated in RMB, the Group's bank borrowings were secured by prepaid lease payments for land use rights, buildings, plant and machinery and furniture, fixtures and equipment and due within one year. The range of effective interest rate on bank borrowings for the six months ended 30 September 2012 was 7.80%–8.53% per annum (2011: 6.67%–8.53% per annum).

With respect to foreign exchange exposure, as the Group's earnings and borrowings are primarily denominated in RMB and the exchange rates between RMB and HK\$/US dollar were relatively stable during the six months ended 30 September 2012, thus the Group had no significant exposure to foreign exchange rate fluctuations. During the six months ended 30 September 2012, the Group had not used any financial instruments for hedging purposes. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

As at 30 September 2012, the Group's gearing ratio was 0.24, improved from 0.29 as at 31 March 2012. This was based on the division of the total debts (including only bank borrowings) by total assets. The Directors, having taken into account of the nature and scale of operations and capital structure of the Group, considered that the gearing ratio as at 30 September 2012 was reasonable.

The Group did not have any contingent liabilities as at 30 September 2012 (31 March 2012: Nil).

As at 30 September 2012, the Group had expenditure contracted for but not provided for in its financial statements in respect of acquisition of certain property, plant and equipment in the amount of approximately HK\$21,277,000 (31 March 2012: Nil).

## Management Discussion and Analysis

### REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30 September 2012, the Group had 108 employees (31 March 2012: 109 employees). The Group reviews remuneration and benefits of its employees regularly according to the relevant market practice and individual performance of the employees. The Group contributes the social insurance in the PRC and the mandatory provident fund scheme in Hong Kong for eligible employees, and also provides medical insurance, work-related personal injury insurance, maternity insurance and unemployment insurance in the PRC, in accordance with the relevant laws and regulations in the PRC. Total staff costs (including Directors' remuneration) incurred by the Group in the six months ended 30 September 2012 were HK\$4,971,000 (2011: HK\$3,058,000). A share option scheme (the "Scheme") was adopted by the Company pursuant to a shareholder's resolution passed on 14 March 2012. No share option was granted to the relevant participants under the Scheme during the six months ended 30 September 2012.

### OUTLOOK

The Group aims at becoming a leading intermediate chemicals manufacturer in the PRC. Having considered the market potential and evaluated the Group's market position and competitive strengths, the Group intends to achieve its business objectives and further growth through expanding its production capacity to increase market penetration and broadening its market coverage and customer base.

### USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds received by the Group from the initial public offering, after deducting underwriting commissions and other estimated expenses payable for the offering, amounting to approximately HK\$28,708,000 are to be used in the manner consistent with that mentioned in the section headed "Future plans and use of proceeds" of the prospectus of the Company dated 21 March 2012 (the "Prospectus"). As at 30 September 2012, approximately HK\$9,794,000 had been used by the Group to pay the deposits for purchases of machinery and equipment and setting up of supporting facilities relating to the expansion and upgrading of the production capacity.

In the event that the Board decides to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue a further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## Other Information

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has adopted the Corporate Governance Code (“the CG Code”) contained in Appendix 14 to the Listing Rules as its corporate governance code of practices since the Listing Date. The Company has complied with the relevant code provisions set out in the CG Code during the period from the Listing Date to 30 September 2012, except for the deviation from Code Provision A.1.8 of the CG Code as described below.

Pursuant to Code Provision A.1.8 of the CG Code, a listed issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company had initiated to procure insurance cover immediately following the listing of its shares on the Stock Exchange. As it took time to solicit suitable insurer at reasonable commercial terms and conditions, the Company could not be able to arrange for the insurance cover in respect of legal action against its Directors arising out of the Company’s corporate activities till 22 June 2012.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period from the Listing Date to 30 September 2012.

### **DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2012, so far as is known to the Directors, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (“SFO”)) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“Model Code”), to be notified to the Company and the Stock Exchange, were as follows:



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(Continued)

#### Long position in shares and underlying shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Choi Lim Chi ("Mr. Choi")	Interest of a controlled corporation	150,000,000 (Note)	75%

Note: Lian Wang Limited ("Lian Wang") is the registered and beneficial owner of these shares. Lian Wang is owned as to 0.01% and 99.99% by Mr. Choi Lim Chi and Ms. Wong Sai ("Mrs. Choi") respectively. Mr. Choi is the spouse of Mrs. Choi. Moreover, Lian Wang or its directors are accustomed to act in accordance with Mr. Choi's directions. By virtue of the SFO, Mr. Choi is deemed to be interested in the same parcel of shares of the Company in which Lian Wang is interested.

Save as disclosed above, as at 30 September 2012, none of the Directors and the chief executive of the Company and their associates had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2012, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

## Other Information

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)* **Long positions in shares and underlying shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of issued share capital of the Company</b>
Lian Wang	Beneficial owner	150,000,000 <i>(Note)</i>	75%
Mrs. Choi	Interest of a controlled corporation	150,000,000 <i>(Note)</i>	75%

*Note: Lian Wang is a company owned as to 0.01% and 99.99% by Mr. Choi and Mrs. Choi respectively. By virtue of the SFO, Mrs. Choi is deemed to be interested in the same parcel of shares of the Company in which Lian Wang is interested.*

Save as disclosed above, as at 30 September 2012, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the period from the Listing Date to 30 September 2012.

### **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") consists of three members, all being independent non-executive Directors, namely Mr. Wong Kin Tak, Mr. Yan Wai Kiu and Mr. Choi Kin Cheong. Mr. Wong Kin Tak is currently the chairman of the Audit Committee. The Audit Committee has reviewed with the management, the unaudited interim results for the six months ended 30 September 2012 including the accounting principles and practices adopted by the Group.

For and on behalf of  
**Juda International Holdings Limited**  
**Choi Lim Chi**  
*Chairman*

Hong Kong, 26 November 2012

# Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2012</b>	2011
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Turnover	2	<b>143,950</b>	122,956
Cost of sales		<b>(122,486)</b>	(106,581)
Gross profit		<b>21,464</b>	16,375
Other revenue	3	<b>315</b>	426
Selling expenses		<b>(403)</b>	(314)
Administrative expenses		<b>(10,880)</b>	(4,941)
Profit from operations	4	<b>10,496</b>	11,546
Finance costs	5	<b>(2,395)</b>	(2,120)
Profit before taxation		<b>8,101</b>	9,426
Taxation	6	<b>(3,621)</b>	(1,365)
Profit for the period		<b>4,480</b>	8,061
Other comprehensive (loss)/income for the period, net of tax:			
Exchange difference on translation of foreign operations		<b>(1,645)</b>	2,014
Total comprehensive income for the period, net of tax		<b>2,835</b>	10,075
Profit for the period attributable to owners of the Company		<b>4,480</b>	8,061
Total comprehensive income attributable to owners of the Company		<b>2,835</b>	10,075
Earnings per share attributable to owners of the Company:			
— Basic (HK cents per share)	8	<b>2.24</b>	4.03
— Diluted (HK cents per share)		<b>2.24</b>	4.03

# Consolidated Statement of Financial Position

As at 30 September 2012

	<i>Notes</i>	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
<hr/>			
Non-current assets			
Prepaid lease payments		<b>1,859</b>	1,892
Property, plant and equipment		<b>79,695</b>	82,586
		<b>81,554</b>	84,478
<hr/>			
Current assets			
Inventories		<b>35,050</b>	33,741
Trade and bills receivables	9	<b>36,321</b>	40,667
Prepayments, deposits and other receivables		<b>33,779</b>	10,472
Cash and cash equivalents		<b>69,299</b>	44,758
		<b>174,449</b>	129,638
<hr/>			
Less: Current liabilities			
Trade payables	10	<b>4,888</b>	5,257
Accruals, receipt in advance and other payables		<b>5,694</b>	7,634
Income tax payable		<b>2,992</b>	859
Bank borrowings		<b>61,210</b>	61,380
		<b>74,784</b>	75,130
<hr/>			
Net current assets		<b>99,665</b>	54,508
<hr/>			
Total assets less current liabilities		<b>181,219</b>	138,986
<hr/>			
Capital and reserves			
Share capital	11	<b>2,000</b>	10
Reserves		<b>179,219</b>	138,976
<hr/>			
Total equity		<b>181,219</b>	138,986
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## Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 April 2012 (Audited)	10	-	79,990	17,129	6,160	-	35,697	138,986
Issue of new shares	1,990	36,064	-	-	-	-	-	38,054
Profit for the period	-	-	-	-	-	-	4,480	4,480
Other comprehensive loss for the period, net of tax:								
Exchange difference on translation of foreign operations	-	-	-	(1,645)	-	-	-	(1,645)
Current period appropriation and transfer	-	-	-	-	1,086	1,344	(1,086)	1,344
As at 30 September 2012 (Unaudited)	2,000	36,064	79,990	15,484	7,246	1,344	39,091	181,219
As at 1 April 2011 (Audited)	-	-	-	12,847	3,711	10	27,903	44,471
Issue of new shares	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	8,061	8,061
Other comprehensive income for the period, net of tax:								
Exchange difference on translation of foreign operations	-	-	-	2,014	-	-	-	2,014
Current period appropriation and transfer	-	-	-	-	1,060	1,222	(1,060)	1,222
As at 30 September 2011 (Unaudited)	-	-	-	14,861	4,771	1,232	34,904	55,768

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	<b>Six months ended 30 September 2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(11,008)</b>	(26,410)
Net cash generated from/(used in) investing activities	<b>130</b>	(190)
Net cash generated from/(used in) financing activities	<b>33,659</b>	(40,708)
Net increase/(decrease) in cash and cash equivalents	<b>22,781</b>	(67,308)
Cash and cash equivalents at the beginning of the period	<b>44,758</b>	70,143
Effect of foreign currency exchange rate changes	<b>1,760</b>	3,708
Cash and cash equivalents at the end of the period	<b>69,299</b>	6,543

# Notes to the Consolidated Financial Statements

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting”, other relevant Hong Kong Accounting Standards (“HKASs”), Interpretations and the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and applicable disclosure provisions of the Listing Rules. These unaudited consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in the preparation of the unaudited consolidated interim financial statements for the six months ended 30 September 2012 are consistent with those used in the annual report for the year ended 31 March 2012. The Group has adopted new or revised standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 April 2012. The adoption of such new or revised standards, amendments to standards and interpretation does not have material impacts on the unaudited consolidated interim financial statements for the six months ended 30 September 2012 and does not result in substantial changes to the Group’s accounting policies.

The companies now comprising the Group underwent a reorganisation (the “Reorganisation”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange. Upon the completion of the Reorganisation on 15 February 2012, the Company became the holding company of the companies comprising the Group. The Reorganisation included the following principal step:

- (a) On 1 July 2010, Lian Wang was incorporated in the British Virgin Islands (the “BVI”) with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of its incorporation, 1 share and 9,999 shares were issued and allotted to Mr. Choi and Mrs. Choi, the ultimate shareholders of the Company, respectively.
- (b) On 9 August 2010, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, one nil-paid subscriber share was transferred to Lian Wang.

# Notes to the Consolidated Financial Statements

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

- (c) On 5 July 2010, Shengfa Limited (“Shengfa”) was incorporated in the BVI with an authorised capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 27 August 2010, 1 share was issued and allotted to the Company for cash at par.
- (d) On 5 July 2010, Cheng Wang Limited (“Cheng Wang”) was incorporated in the BVI with an authorised capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 27 August 2010, 1 share was issued and allotted to Shengfa for cash at par.
- (e) On 3 February 2012, Cheng Wang acquired (i) the entire issued share capital of Great Top Investment Limited (“Great Top”) from Mr. Choi and Mrs. Choi; and (ii) all the outstanding indebtedness in the aggregate sum of HK\$79,990,000 due or owing from Great Top to Mr. Choi and Mrs. Choi. In consideration for such acquisition:
- (i) Cheng Wang had, at the direction of Mr. Choi and Mrs. Choi, procured the Company to:
    - (aa) allot and issue 999,999 new shares, credited as fully paid, to Lian Wang;
    - (bb) credit as fully paid at par 1 nil-paid share held by Lian Wang;
  - (ii) 1 ordinary share of US\$1.00 each in Shengfa, credited as fully paid, was allotted and issued to the Company; and
  - (iii) 1 ordinary share of US\$1.00 each in Cheng Wang, credited as fully paid, was allotted and issued to Shengfa.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 2 April 2012.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, these unaudited consolidated interim financial statements have been prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, assuming that the current structure of the Group had been in existence throughout each of the six months ended 30 September 2012 and 2011.



# Notes to the Consolidated Financial Statements

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The measurement basis used in the preparation of the unaudited consolidated interim financial statements is historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

## 2. OPERATING SEGMENT AND TURNOVER

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purposes of allocating resources to segments and assessing their performance.

The Group currently operates in one business segment in the manufacture and sale of chemicals in the PRC. A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segments.

### Turnover from major products

The Group's turnover from its major products is as follows:

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Turnover:		
Sale of PA	<b>132,807</b>	105,517
Sale of fumaric acid and other by-products of PA	<b>11,143</b>	17,439
	<b>143,950</b>	122,956

### Information about geographical areas

As all of the Group's turnover is derived from customers based in the PRC and all the Group's identifiable assets and liabilities are located in the PRC, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

# Notes to the Consolidated Financial Statements

## 3. OTHER REVENUE

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Other revenue:		
Bank interest income	<b>284</b>	412
Sundry income	<b>31</b>	14
	<b>315</b>	426

## 4. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of owned property, plant and equipment	<b>2,818</b>	2,736
Amortisation of prepaid lease payments for land use right	<b>28</b>	27
Listing expenses	<b>4,882</b>	2,196
Cost of inventories sold	<b>121,933</b>	106,326

## 5. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on bank borrowings wholly repayable within one year	<b>2,395</b>	2,120

## Notes to the Consolidated Financial Statements

**6. TAXATION**

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax for the year — PRC enterprise income tax	<b>3,621</b>	1,365

**7. DIVIDEND**

The Directors do not recommend the payments of any dividend for the six months ended 30 September 2012 (2011: Nil).

**8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for each of the six months ended 30 September 2012 and 2011, and on the assumptions that the 200,000,000 ordinary shares with par value of HK\$0.01 each in issue as at the date of listing of the Company's shares on the Stock Exchange were outstanding throughout each of the six months ended 30 September 2012 and 2011.

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Earnings</i>		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>4,480</b>	8,061
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>200,000,000</b>	200,000,000

Diluted earnings per share were same as the basic earnings per share as there was no potential dilutive ordinary shares in existence during each of the six months ended 30 September 2012 and 2011.

# Notes to the Consolidated Financial Statements

## 9. TRADE AND BILLS RECEIVABLES

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Trade receivables	<b>34,255</b>	38,420
Bills receivable	<b>2,066</b>	2,247
	<b>36,321</b>	40,667

The carrying amounts of trade receivables are denominated in RMB. The credit policies of the Group highly depend on the industry and market environment. The Group generally receives payment on or before the delivery and may allow settlement of balance within 30 days to those long standing customers with good payment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables of the Group at the end of the reporting period, net of provision for impairment is as follows:

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Within 30 days	<b>27,742</b>	34,332
31–60 days	<b>4,260</b>	2,321
61–90 days	<b>2,253</b>	1,767
	<b>34,255</b>	38,420

## Notes to the Consolidated Financial Statements

**10. TRADE PAYABLES**

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Trade payables	<b>4,888</b>	5,257

An ageing analysis of trade payables of the Group as at the end of the reporting period as follows:

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Within 30 days	<b>4,848</b>	4,924
31–60 days	—	—
61–90 days	—	—
Over 90 days	<b>40</b>	333
	<b>4,888</b>	5,257

The trade payables are non-interest-bearing and are normally settled on or before the delivery and may allow to settle within 30 days.

# Notes to the Consolidated Financial Statements

## 11. SHARE CAPITAL Ordinary shares

	Par value HK\$	Number of shares	Share capital HK\$
<b>Authorised:</b>			
As at 9 August 2010 (date of incorporation) and 31 March 2011	0.01	38,000,000	380,000
Increase in authorised share capital	0.01	962,000,000	9,620,000
<hr/>			
<b>As at 31 March 2012 and 30 September 2012</b>		<b>1,000,000,000</b>	<b>10,000,000</b>
<hr/>			
<b>Issued and fully paid:</b>			
As at 9 August 2010 (date of incorporation) and 31 March 2011	0.01	1	—
Issue of new shares and credit 1 nil-paid share as fully paid at par	0.01	999,999	10,000
<hr/>			
As at 31 March 2012		1,000,000	10,000
Issue of new shares	0.01	199,000,000	1,990,000
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<b>As at 30 September 2012</b>		<b>200,000,000</b>	<b>2,000,000</b>
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As at 31 March 2011, the share capital of the Group represents the issued share capital of the Company with authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. There was one nil-paid share held by Lian Wang as at 31 March 2011.

On 3 February 2012, the Company allotted and issued 999,999 new shares at HK\$0.01 each, credited as fully paid, to Lian Wang, and the one nil paid share held by Lian Wang was credited as fully paid at HK\$0.01 each. There were 1,000,000 shares of HK\$0.01 each in the share capital of the Company held by Lian Wang as at 31 March 2012.

## Notes to the Consolidated Financial Statements

### **11. SHARE CAPITAL** *(Continued)* **Ordinary shares** *(Continued)*

Pursuant to the written resolutions of the sole shareholder of the Company passed on 14 March 2012, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by creation of an additional 962,000,000 shares of HK\$0.01 each.

On 2 April 2012, the Company issued 50,000,000 new ordinary shares (the "Offer Shares") of HK\$0.01 each for cash pursuant to the Company's initial public offering and placing at a price of HK\$1.10 per share to the public for listing of those shares on the Stock Exchange.

On 2 April 2012, the Company issued 149,000,000 new ordinary shares of HK\$0.01 each by capitalisation of HK\$1,490,000 standing to the credit of the Company's share premium account as a result of the issue of the Offer Shares. The 149,000,000 shares, which were paid up in full at par, were allotted and issued to Lian Wang. There were 150,000,000 shares of HK\$0.01 each in the share capital of the Company held by Lian Wang as at 30 September 2012.