



Poly Capital Holdings Limited
保興資本控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)



Interim Report
2012

* For identification purpose only



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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	the Board of Directors of the Company
“Company”	Poly Capital Holdings Limited
“Directors”	the directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “cents”	Hong Kong dollars and cents
“%”	per cent.



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul (*Chairman*)
 Mr. Sue Ka Lok (*Chief Executive Officer*)
 Mr. Bai Jianjiang
 Ms. Lee Chun Yeung, Catherine

Independent Non-executive Directors

Mr. Wong Kwok Tai
 Mr. Weng Yixiang
 Mr. Lu Xinsheng

AUDIT COMMITTEE

Mr. Wong Kwok Tai (*Chairman*)
 Mr. Weng Yixiang
 Mr. Lu Xinsheng

REMUNERATION COMMITTEE

Mr. Weng Yixiang (*Chairman*)
 Mr. Wong Kwok Tai
 Mr. Lu Xinsheng
 Mr. Sue Ka Lok

NOMINATION COMMITTEE

Mr. Lu Xinsheng (*Chairman*)
 Mr. Wong Kwok Tai
 Mr. Weng Yixiang
 Mr. Sue Ka Lok

COMPANY SECRETARY

Ms. Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
 (Stock Code: 1141)

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1501, 15th Floor
 Great Eagle Centre
 23 Harbour Road
 Wanchai
 Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,
 Hong Kong Branch
 Bank of China (Hong Kong) Limited
 BNP Paribas Hong Kong Branch
 ABN AMRO Bank N.V.

LEGAL ADVISERS

Reed Smith Richards Butler
 Troutman Sanders

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
 26 Burnaby Street
 Hamilton HM11
 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.polycapital.com.hk



Management Discussion and Outlook

BUSINESS REVIEW

In September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000 and the disposal was completed in November 2012. Accordingly, the results of the pharmaceutical division were accounted for as discontinued operation in the condensed consolidated statement of comprehensive income, whereas the assets and liabilities of the division were accounted for as assets classified as held for sale and liabilities directly associated with assets classified as held for sale in the condensed consolidated statement of financial position.

Continuing operations

For the six months ended 30 September 2012, the Group reported revenue of HK\$319,637,000, decreased by 58% from the previous period (30 September 2011: HK\$764,306,000), and gross profit of HK\$12,878,000, showing a 31% decline compared to the last period (30 September 2011: HK\$18,544,000). The significant decrease in the Group's revenue was mainly attributed to the decline in volume of metal minerals traded by the Group's supply and procurement division.

During the period under review, the Group's supply and procurement division continued to focus on the sourcing, transporting and supplying of metal minerals. When compared with the previous period, the division recorded a 58% decrease in revenue to HK\$312,101,000 (30 September 2011: HK\$747,427,000) and a 65% increase in segment profit to HK\$5,417,000 (30 September 2011: HK\$3,275,000). The decrease in the division's revenue was principally attributed to the slowdown in demand for building materials and hence metal minerals in the Mainland, which in turn was mainly caused by the financial tightening measures imposed on the property sector by the Chinese government. In contrast to the drop in revenue, the division achieved a substantial rise of segment profit, which was mainly due to the absence of approximately HK\$8 million loss incurred in the previous period resulting from the minerals content deviation of a shipment of iron ore transacted. The Group had initiated an arbitration claim against the supplier of that shipment and the case was finally settled through mediation. The Group was awarded a compensation of approximately HK\$4.5 million, out of which approximately HK\$2.6 million was recovered during the year ended 31 March 2012, and approximately HK\$1.9 million was recovered in the current period. The Group has recently expanded its supply and procurement business to timber logs trading. The management is optimistic about the prospects of natural resources related businesses and will continue to devote financial resources for development of such businesses.

The financing division continued to provide a stable income source to the Group for the period under review. When compared with the previous period, the interest income and segment profit generated by the financing division were up substantially by 178% to HK\$4,957,000 (30 September 2011: HK\$1,784,000) and 190% to HK\$4,924,000 (30 September 2011: HK\$1,698,000). Such material increases were mainly due to the higher average amount of loans advanced to customers over the previous period. The loan portfolio held by the Group amounted to HK\$71,841,000 (31 March 2012: HK\$66,838,000) at the period end. The Group will progressively expand the scale of this operation in light of profitable results achieved in the past years.



Management Discussion and Outlook

BUSINESS REVIEW *(continued)*

Continuing operations (continued)

The Group's securities investment division recorded revenue of HK\$2,579,000 (30 September 2011: HK\$15,095,000) representing mainly dividend from equity securities investments and interest income from convertible bonds received during the period. As a whole, the division reported a loss of HK\$136,331,000 (30 September 2011: HK\$229,101,000) primarily as a result of the loss incurred from investing in Hong Kong listed equity securities, and that loss incurred comprised mainly unrealised holding loss of HK\$123,115,000 (30 September 2011: HK\$229,502,000) from holdings of listed equity securities and convertible bonds measured at fair values at the period end. During the review period, the Hong Kong stock market was still clouded with uncertainties mainly resulting from the continuance of the sovereign debts crises in Europe, the slow recovery of the United States economy and the slowdown of GDP growth of the Mainland economy. Investment sentiments were low for a large part of the period and put pressure on prices of listed securities invested by the Group. The Group's securities portfolio at the period end comprised mainly listed equity securities in banking company, conglomerate company, infrastructure company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, apparels and accessories company, automobile retailing company and financial services company. At the period end, the Group's securities and convertible bonds portfolio was valued at HK\$700,515,000 (31 March 2012: HK\$715,251,000). The management expects that the division will perform better when investor confidence and positive market sentiments are restored in the stock markets.

Discontinued operation

For the review period, the pharmaceutical division reported revenue of HK\$16,702,000 (30 September 2011: HK\$11,452,000) and incurred segment loss of HK\$2,281,000 (30 September 2011: HK\$6,261,000). On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000. As mentioned in the Company's circular dated 28 September 2012, the pharmaceutical division is selling Jinhua Qinggan, a Chinese medicine for treating patients infected with Influenza A (H1N1) and other types of influenza, as a prescription drug to designated medical institutions in Beijing, and the division will only be able to market the medicine as a non-prescription drug to public subject to the issuance of a new drug certificate from the relevant authorities in the Mainland. The division has submitted medicine tests results in connection with the application of such certificate and has been awaiting for feedback and results of its application. However, as the issuance date of the new drug certificate is uncertain, and that sales volume of the medicine had not yet reached a scale that could cover the division's operating costs, in particular, the high start-up costs in its early stage of operation even though substantial promotional expenses had been incurred in marketing Jinhua Qinggan, the division had been incurring losses in the past years. The Board therefore believes that the disposal will enable the Group to deploy resources in other business with better prospects and is in the interests of the Company and its shareholders as a whole. The disposal was approved by shareholders on 22 October 2012 and completed on 2 November 2012.



Management Discussion and Outlook

BUSINESS REVIEW *(continued)*

For the period ended 30 September 2012, the Group recorded loss attributable to owners of the Company of HK\$138,796,000 (30 September 2011: HK\$238,427,000) and basic loss per share of HK4.68 cents (30 September 2011: HK21.52 cents (restated)) from continuing and discontinued operations. The overall loss incurred by the Group was mainly attributed to the loss incurred by the Group's securities investment division during the period.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 September 2012, the Group had current assets of HK\$1,275,752,000 (31 March 2012: HK\$1,230,337,000) and liquid assets comprising cash and short-term securities investment of HK\$863,373,000 (31 March 2012: HK\$1,029,865,000) (excluding pledged bank deposits for trade facilities granted by banks). The Group's current ratio, calculated based on current assets of HK\$1,275,752,000 (31 March 2012: HK\$1,230,337,000) over current liabilities of HK\$219,801,000 (31 March 2012: HK\$241,615,000), was at a strong ratio of about 5.80 at the period end (31 March 2012: 5.09).

The Group's finance costs for the last period included an interest on convertible notes of HK\$7,890,000 calculated in accordance with the Group's accounting policy on financial instruments, yet only part of that interest of HK\$912,000 required cash settlement and the rest of that amount was not associated with any cash outlay. In September 2011, the Company repurchased all outstanding convertibles notes in an aggregate principal amount of HK\$189,100,000 at the price of HK\$187,209,000, representing a discount of 1% on the aggregate principal amount of such notes. The net gain on repurchase of the convertible notes amounted to HK\$2,159,000 and was included as other income in the last period.

At the period end, equity attributable to owners of the Company amounting to HK\$1,060,936,000 (31 March 2012: HK\$1,199,742,000) and is equivalent to an attributable amount of approximately HK\$0.36 (31 March 2012: HK\$0.40) per share of the Company. The decrease of the equity attributable to owners of the Company was mainly a result of the loss incurred by the Group.

The Group's indebtedness comprised of bank loans of the discontinued pharmaceutical division of HK\$24,323,000 (31 March 2012: HK\$59,920,000 (including bank advances for discounted bills)). The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 2% (31 March 2012: 5%).

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.



Management Discussion and Outlook

FINANCIAL REVIEW *(continued)*

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Assets

At 30 September 2012, bank deposits of HK\$19,991,000 (31 March 2012: HK\$15,008,000) were pledged to secure trade credit facilities granted to the Group.

At 30 September 2012, buildings and prepaid lease payments of the discontinued pharmaceutical division with carrying amount of HK\$29,601,000 (31 March 2012: HK\$30,114,000) and HK\$33,575,000 (31 March 2012: HK\$33,974,000) respectively were pledged to secure for bank loans of the division.

Contingent Liability

At 30 September 2012, the Group had no significant contingent liability (31 March 2012: nil).

Capital Commitment

At 30 September 2012, the Group had no significant capital commitment (31 March 2012: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 September 2012, in respect of the continuing operations, the Group had about 30 (30 September 2011: about 30) employees including directors. For the review period, total staff costs of the continuing operations, including directors' remuneration, was HK\$4,978,000 (30 September 2011: HK\$4,758,000). Remuneration packages for employees and directors are structured by reference to market conditions and individual performance. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses. At 30 September 2011, the Group as a whole had about 130 employees, of which about 100 employees worked in the pharmaceutical division which has been discontinued.

PROSPECTS

In view of the uncertainties and challenges embedded in the business environments the Group is operating in, the management will continue to manage the Group's businesses in a prudent and cautious manner with the view to ensure a stable prospect to shareholders. Looking forward, the Group will continue to engage in its three remaining businesses, namely, supply and procurement, provision of finance and securities investment after disposal of its pharmaceutical business.



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Notes	Six months ended 30 September	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	4	319,637	764,306
Cost of sales		(306,759)	(745,762)
Gross profit		12,878	18,544
Net losses on investments at fair value through profit or loss	5	(138,910)	(244,197)
Other income and gains		2,808	7,329
Selling and distribution costs		(739)	–
Administrative expenses		(11,069)	(9,340)
Finance costs		–	(7,890)
Loss before taxation	5	(135,032)	(235,554)
Taxation	6	(150)	4,550
Loss for the period from continuing operations		(135,182)	(231,004)
Discontinued operation			
Loss for the period from discontinued operation	7	(3,857)	(8,212)
Loss for the period		(139,039)	(239,216)
Other comprehensive (expense)/income			
Exchange differences on translating foreign operations		(12)	2,615
Other comprehensive (expense)/income for the period, net of tax		(12)	2,615
Total comprehensive expense for the period		(139,051)	(236,601)
Loss for the period attributable to:			
Owners of the Company		(138,796)	(238,427)
Non-controlling interests		(243)	(789)
		(139,039)	(239,216)
Total comprehensive expense attributable to:			
Owners of the Company		(138,807)	(235,782)
Non-controlling interests		(244)	(819)
		(139,051)	(236,601)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations Basic and diluted (HK cents per share)	8	(4.68)	(21.52)
From continuing operations Basic and diluted (HK cents per share)		(4.56)	(20.85)

The accompanying notes form an integral part of these financial statements.



Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	<i>Notes</i>	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,948	41,322
Prepaid lease payments		–	33,175
Other deposits		–	190
Intangible asset	11	–	135,558
Goodwill		–	9,935
Total non-current assets		2,948	220,180
Current assets			
Inventories		–	6,704
Accounts and bills receivable	12	2,103	57,447
Prepayments, deposits and other receivables	13	28,636	53,902
Loans receivable		71,841	66,838
Tax recoverable		506	573
Investments at fair value through profit or loss	14	700,515	715,251
Pledged bank deposits		19,991	15,008
Cash and bank balances		162,858	314,614
		986,450	1,230,337
Assets classified as held for sale	15	289,302	–
Total current assets		1,275,752	1,230,337
Current liabilities			
Accounts and bills payable	16	1,961	22,590
Other payables and accruals	17	21,710	159,053
Tax payable		135	52
Bank advances for discounted bills	12	–	31,169
Bank loans		–	28,751
		23,806	241,615
Liabilities directly associated with assets classified as held for sale	15	195,995	–
Total current liabilities		219,801	241,615



Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	<i>Notes</i>	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Net current assets		1,055,951	988,722
Total assets less current liabilities		1,058,899	1,208,902
Non-current liability			
Deferred tax liabilities		–	10,953
Net assets		1,058,899	1,197,949
Capital and reserves			
Share capital	18	296,553	296,549
Reserves		764,383	903,193
Equity attributable to owners of the Company		1,060,936	1,199,742
Non-controlling interests		(2,037)	(1,793)
Total equity		1,058,899	1,197,949

The accompanying notes form an integral part of these financial statements.



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to owners of the Company										
	Share capital	Share premium	Contributed surplus	Convertible notes equity reserve	Translation reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2011	41,185	1,392,211	3,085	33,238	4,553	2,692	(124)	(179,281)	1,297,559	(734)	1,296,825
Loss for the period	-	-	-	-	-	-	-	(238,427)	(238,427)	(789)	(239,216)
Other comprehensive income/(expense) for the period	-	-	-	-	2,645	-	-	-	2,645	(30)	2,615
Total comprehensive income/(expense) for the period	-	-	-	-	2,645	-	-	(238,427)	(235,782)	(819)	(236,601)
Repurchase of convertible notes	-	-	-	(33,238)	-	-	-	13,429	(19,809)	-	(19,809)
At 30 September 2011	41,185	1,392,211	3,085	-	7,198	2,692	(124)	(404,279)	1,041,968	(1,553)	1,040,415
At 1 April 2012	296,549	1,523,162	3,085	-	8,081	2,692	(124)	(633,703)	1,199,742	(1,793)	1,197,949
Loss for the period	-	-	-	-	-	-	-	(138,796)	(138,796)	(243)	(139,039)
Other comprehensive expense for the period	-	-	-	-	(11)	-	-	-	(11)	(1)	(12)
Total comprehensive expense for the period	-	-	-	-	(11)	-	-	(138,796)	(138,807)	(244)	(139,051)
Transaction costs attributable to issue of shares	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Exercise of warrants	4	-	-	-	-	-	-	-	4	-	4
Lapse of share options	-	-	-	-	-	(2,692)	-	2,692	-	-	-
At 30 September 2012	296,553	1,523,159	3,085	-	8,070	-	(124)	(769,807)	1,060,936	(2,037)	1,058,899

The accompanying notes form an integral part of these financial statements.



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash used in operating activities	(85,759)	(367,642)
Net cash (used in)/generated from investing activities	(5,327)	220,900
Net cash (used in)/generated from financing activities	(35,596)	83,245
Net decrease in cash and cash equivalents	(126,682)	(63,497)
Cash and cash equivalents at the beginning of the period	314,614	509,938
Effect of foreign exchange rate changes, net	13	(1,746)
Cash and cash equivalents at the end of the period	187,945	444,695
Analysis of balances of cash and cash equivalents		
Cash and bank balances	187,945	444,695

The accompanying notes form an integral part of these financial statements.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair values. The condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2012 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2012.

The applicable new and revised HKFRSs adopted in the condensed consolidated interim financial statements are set out below:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets

The application of the above new and revised HKFRSs has had no material effect on the results and financial positions of the Group prepared and presented for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (As revised in 2011)	Employee Benefits ²
HKAS 27 (As revised in 2011)	Separate Financial Statements ²
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans ²
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of the impact of the above HKFRSs upon initial application but is not yet in a position to state whether the above HKFRSs would have a significant impact on the Group's and the Company's results of operations and financial position.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

3. SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purpose of resources allocation and performance assessment, the Group is currently organised into the following operating segments.

- the supply and procurement segment represents supply and procurement activities in metal minerals and recyclable metal materials;
- the pharmaceutical segment represents production and sale of Chinese medicine;
- the provision of finance segment represents provision of short-term loan financing activities; and
- the securities investment segment represents investment activities in equity securities, equity-linked notes and convertible bonds.

In the current period, the pharmaceutical business was classified as assets held for sale and discontinued operation as described in note 7.

The following is an analysis of the Group's revenue and results by reportable segments:

	Six months ended 30 September 2012 (Unaudited)					
	Continuing operations			Discontinued operation		Consolidated HK\$'000
	Supply and procurement HK\$'000	Provision of finance HK\$'000	Securities investment HK\$'000	Sub- total HK\$'000	Pharmaceutical HK\$'000	
Segment revenue						
Sales to and income from external parties	312,101	4,957	2,579	319,637	16,702	336,339
Segment results	5,417	4,924	(136,331)	(125,990)	(2,281)	(128,271)
Unallocated other income and gains				784	-	784
Unallocated expenses				(9,826)	-	(9,826)
Finance costs				-	(1,665)	(1,665)
Loss before taxation				(135,032)	(3,946)	(138,978)
Taxation				(150)	89	(61)
Loss for the period				(135,182)	(3,857)	(139,039)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

3. SEGMENT INFORMATION (continued)

Six months ended 30 September 2011
(Unaudited)

	Continuing operations			Sub- total HK\$'000	Discontinued operation	Consolidated HK\$'000
	Supply and procurement HK\$'000	Provision of finance HK\$'000	Securities investment HK\$'000		Pharmaceutical HK\$'000	
Segment revenue						
Sales to and income from external parties	747,427	1,784	15,095	764,306	11,452	775,758
Segment results	3,275	1,698	(229,101)	(224,128)	(6,261)	(230,389)
Unallocated other income and gains				3,161	-	3,161
Unallocated expenses				(6,697)	-	(6,697)
Finance costs				(7,890)	(2,040)	(9,930)
Loss before taxation				(235,554)	(8,301)	(243,855)
Taxation				4,550	89	4,639
Loss for the period				(231,004)	(8,212)	(239,216)

4. REVENUE

Continuing operations

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, interest income from provision of finance and dividend and interest income from securities investments during the period.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

5. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)
Continuing operations		
The Group's loss before taxation is arrived at after charging:		
Staff costs including directors' remuneration	4,759	4,572
Pension scheme contributions	219	186
Total staff costs	<u>4,978</u>	<u>4,758</u>
Cost of inventories sold	303,625	704,583
Depreciation of property, plant and equipment	406	253
and after crediting:		
Bank interest income	728	774
Other interest income	–	14
Rental income	98	90
Exchange gains	–	226
Compensation received	1,872	3,120
Gain on repurchase of convertible notes	–	2,159
Other income	110	946
Net losses on investments at fair value through profit or loss:		
Net realised loss on investments in listed equity securities	15,795	14,695
Net unrealised loss on investments at fair value through profit or loss	123,115	229,502
Net losses on investments at fair value through profit or loss	<u>138,910</u>	<u>244,197</u>



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

6. TAXATION

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Current – Hong Kong		
Charge for the period	150	80
Over provision in prior period	–	(50)
	150	30
Deferred tax		
Charge for the period	–	(4,580)
	150	(4,550)

Hong Kong Profits Tax for the six months ended 30 September 2012 and 2011 was calculated at 16.5% of the estimated assessable profit for the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DISCONTINUED OPERATION

Plan to dispose of the pharmaceutical business

On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000. The disposal was approved by shareholders of the Company on 22 October 2012 and completed on 2 November 2012. The net proceeds of the disposal is expected to exceed the carrying amount of the related net assets of the pharmaceutical business and accordingly, no impairment loss was recognised, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

Analysis of results of the discontinued operation

The results of the discontinued operation included in the condensed consolidated statement of comprehensive income and the condensed consolidated statement of cash flows are set out below.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

7. DISCONTINUED OPERATION (continued)

	Six months ended 30 September	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Loss for the period from discontinued operation		
Revenue	16,702	11,452
Cost of sales	(10,444)	(5,923)
Gross profit	6,258	5,529
Other income and gains	66	25
Selling and distribution costs	(279)	(1,930)
Administrative expenses	(8,326)	(9,885)
Finance costs	(1,665)	(2,040)
Loss before taxation	(3,946)	(8,301)
Taxation	89	89
Loss for the period from discontinued operation	(3,857)	(8,212)
Loss for the period attributable to:		
Owners of the Company	(3,614)	(7,423)
Non-controlling interests	(243)	(789)
	(3,857)	(8,212)
Loss for the period from discontinued operation includes the followings:		
Staff costs including directors' remuneration	866	688
Pension scheme contributions	258	218
Total staff costs	1,124	906
Cost of inventories sold	9,314	5,604
Depreciation of property, plant and equipment	2,738	965
Amortisation of prepaid lease payments	396	393
Bank interest income	(66)	(25)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

7. DISCONTINUED OPERATION (continued)

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Cash flows from discontinued operation		
Net cash (used in)/generated from operating activities	(8,661)	4,688
Net cash used in investing activities	(244)	(1,554)
Net cash used in financing activities	(4,423)	(3,921)
Net cash outflows	(13,328)	(787)

The pharmaceutical business has been classified and accounted for as a disposal group held for sale at 30 September 2012. Details of the assets and liabilities of the disposal group are set out in note 15.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing and discontinued operations

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

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 30 September 2011 HK\$'000 (Unaudited)
	Loss	
Loss attributable to owners of the Company for the purpose of basic loss per share	(138,796)	(238,427)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

From continuing and discontinued operations *(continued)*

	As at 30 September 2012 '000 (Unaudited)	As at 30 September 2011 '000 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	2,965,491	1,107,871

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 30 September 2011 HK\$'000 (Unaudited)
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	(135,182)	(231,004)

	As at 30 September 2012 '000 (Unaudited)	As at 30 September 2011 '000 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	2,965,491	1,107,871



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

From discontinued operation

Basic loss per share from the discontinued operation is HK0.12 cents per share (six months ended 30 September 2011: HK0.67 cents per share), calculated based on the loss attributable to owners of the Company from the discontinued operation of HK\$3,614,000 (six months ended 30 September 2011: HK\$7,423,000) and the weighted average number of ordinary shares of 2,965,491,000 (six months ended 30 September 2011: 1,107,871,000 (restated)).

The weighted average number of ordinary shares for the six months ended 30 September 2011 for the purpose of calculating the basic loss per share from the above operations has been restated resulting from the share consolidation (the "Share Consolidation") and the rights issue (the "Rights Issue") of the Company completed during the year ended 31 March 2012.

Basic and diluted loss per share from the above operations for the six months ended 30 September 2012 and 2011 were the same because exercise of share options and warrants (six months ended 30 September 2011: exercise of share options and conversion of convertible notes) would decrease the loss per share for both periods, therefore, anti-dilutive.

9. DIVIDENDS

No dividends were declared during the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group incurred costs for motor vehicle and equipment of approximately HK\$820,000 and HK\$509,000 respectively.

In addition, at 30 September 2012, the Group reclassified leasehold improvements, furniture, fixtures and equipment, motor vehicles and buildings of the disposal group with carrying amounts of approximately HK\$3,386,000, HK\$3,174,000, HK\$375,000 and HK\$29,601,000 respectively as assets classified as held for sale (note 15).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

11. INTANGIBLE ASSET

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Cost		
At the beginning of the period/year	157,440	152,320
Reclassified as asset held for sale	(157,440)	–
Exchange realignment	–	5,120
	<hr/>	<hr/>
At the end of the period/year	–	157,440
Impairment		
At the beginning of the period/year	21,882	–
Eliminated on reclassification as asset held for sale	(21,882)	–
Impairment loss recognised in profit or loss	–	21,704
Exchange realignment	–	178
	<hr/>	<hr/>
At the end of the period/year	–	21,882
Carrying value		
At the end of the period/year	–	135,558

Notes:

- (a) The intangible asset represents an intellectual property relating to production and sale of 金花清感 (Jinhua Qinggan) which is presently a prescription drug for clinic use. Jinhua Qinggan is a Chinese medicine aimed at treating patients who have been infected with Influenza A (H1N1) and other types of influenza.
- (b) The above intangible asset has definite useful life and is amortised on a straight-line basis over 20 years commencing from the date of granting of the new drug certificate.
- (c) The intangible asset has been reclassified and accounted for as assets classified as held for sale (note 15) at 30 September 2012.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

12. ACCOUNTS AND BILLS RECEIVABLE

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Accounts receivable	–	21,260
Bills receivable	2,103	36,187
	2,103	57,447

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Accounts and bills receivable are non-interest bearing. The carrying amounts of the accounts and bills receivable approximate to their fair values.

The following is an analysis of accounts and bills receivable by age, presented based on the invoice date, and net of impairment. The analysis below includes those accounts receivable of the disposal group reclassified as assets classified as held for sale (note 15):

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Within 30 days	4,723	6,443
31 to 60 days	2,812	37,443
61 to 90 days	2,941	2,744
91 to 180 days	1,546	3,627
Over 180 days	7,863	7,190
Total	19,885	57,447

As at 30 September 2012, there was no outstanding discounted bills receivable. As at 31 March 2012, a subsidiary of the Group discounted bills receivable amounting to approximately HK\$31,169,000 to banks in exchange for cash.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Prepayments and deposits	15,873	12,092
Other receivables	12,763	41,810
	28,636	53,902

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss comprised of:

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Held for trading:		
– Equity securities listed in Hong Kong (<i>note (a)</i>)	625,544	638,626
– Designated as financial asset at fair value through profit or loss: Convertible bonds (<i>note (b)</i>)	74,971	76,625
	700,515	715,251

Notes:

- (a) The listed equity securities investments at 30 September 2012 and 31 March 2012 were classified as held for trading. The fair values of the listed equity securities investments are determined based on the quoted market bid prices available on the Stock Exchange.
- (b) The fair values of the convertible bonds are estimated by an independent qualified professional valuer which comprised the sum of fair value of the debt elements and the conversion options embedded in the convertible bonds less the redemption options as held by the issuers of the convertible bonds. As at 30 September 2012 and 31 March 2012, the fair value of the debt elements is the value equal to the present value of its expected future cash flows discounted at the required yield, which is determined with reference to the credit rating of the issuers of the convertible bonds and the remaining time to maturity. The fair value of the debt elements and the conversion options embedded are measured by the Binomial Option Pricing Model, which incorporated assumptions not entirely supported by observable market prices or rates.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

15. ASSETS CLASSIFIED AS HELD FOR SALE

As described in note 7, the Group planned to dispose of its pharmaceutical business and that the disposal was completed on 2 November 2012. The major classes of assets and liabilities of the pharmaceutical business at the end of the reporting period are as follows:

	As at 30 September 2012 HK\$'000 (Unaudited)
Property, plant and equipment	36,536
Prepaid lease payments	32,776
Intangible asset	135,558
Goodwill	9,935
Inventories	5,120
Accounts receivable	17,782
Prepayments, deposits and other receivables	26,508
Cash and bank balances	25,087
	<hr/>
Assets classified as held for sale	289,302
	<hr/>
Accounts payable	(11,363)
Other payables and accruals	(149,446)
Bank loans	(24,323)
Deferred tax liabilities	(10,863)
	<hr/>
Liabilities directly associated with assets classified as held for sale	(195,995)
	<hr/>
Net assets classified as held for sale	93,307



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

16. ACCOUNTS AND BILLS PAYABLE

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Accounts payable	–	17,108
Bills payable	1,961	5,482
	1,961	22,590

The accounts and bills payable are non-interest bearing and are normally settled on 60 days term. As at 30 September 2012, the Group had bills payable of approximately HK\$1,961,000 (31 March 2012: HK\$5,482,000), which were ranged from within 30 days to over 180 days.

The following is an analysis of accounts and bills payable by age based on the invoice date. The analysis below includes those accounts payable of the disposal group reclassified as liabilities directly associated with assets classified as held for sale (note 15):

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Within 30 days	4,465	2,422
31 to 60 days	20	3,802
61 to 90 days	4,408	2,118
91 to 180 days	13	3,767
Over 180 days	4,418	10,481
Total	13,324	22,590



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

17. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Other payables (<i>note</i>)	18,674	156,904
Accruals	3,036	2,149
	21,710	159,053

Note:

As at 31 March 2012, included in other payables of approximately HK\$114,698,000 was the balance payment for the consideration of the transfer of the intangible asset (note 11). This other payable together with certain other payables and accruals of the disposal group have been reclassified and accounted for as liabilities directly associated with assets classified as held for sale (note 15) at 30 September 2012.

18. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000 (Unaudited)
Authorised:		
At 1 April 2012 and 30 September 2012 ordinary shares of HK\$0.1 each	10,000,000	1,000,000
Issued and fully paid:		
At 1 April 2012		
ordinary shares of HK\$0.1 each	2,965,488	296,549
Exercise of warrants (<i>note</i>)	46	4
At 30 September 2012	2,965,534	296,553

Note:

During the six months ended 30 September 2012, approximately 46,000 shares were issued as a result of exercise of approximately 46,000 units of warrants by warrant holders. The net proceeds from the exercise of the warrants was approximately HK\$4,000. As at 30 September 2012, the Company had approximately 493,989,000 units of warrants outstanding, which represented approximately 16.66% of the Company's shares in issue as at that date.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

19. SHARE OPTIONS

Details of share options granted under the previous share option scheme adopted on 30 December 2002 (the "Old Share Option Scheme") are as follows:

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share	Closing price of the Company's shares immediately before the grant date HK\$ per share
01-09-2009	01-09-2009 to 31-08-2012	1.01 (note (c))	2.08 (note (d))

The movement of share options granted under the Old Share Option Scheme during the period is presented as follows:

Name or category of participant	Number of share options				
	At 1 April 2012 '000 (note (c))	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	At 30 September 2012 '000
Director					
Suen Cho Hung, Paul	4,312	–	–	(4,312)	–

Notes:

- The share options granted were vested upon granted.
- The exercise price of the share options was subject to adjustments in the case of capitalisation of profits or reserve, rights or bonus issues, consolidation, subdivision or reduction of the share capital or other changes in the capital structure of the Company.
- Upon completion of the Share Consolidation and the Rights Issue, the number of shares falling to be issued upon exercise of the outstanding share options was adjusted from 16,000,000 shares to 4,311,864 shares and the exercise price of the share options was adjusted from HK\$0.272 per share to HK\$1.01 per share.
- The closing price per share quoted on the Stock Exchange on the trading date immediate before the date on which the share options were granted was HK\$2.08 after adjusted for the effect of the Share Consolidation.
- No share option were granted, exercised or cancelled during the six months ended 30 September 2012.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

20. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for the properties were negotiated for terms of two to five years.

As at 30 September 2012 and 31 March 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2012 HK\$'000 (Unaudited)	As at 31 March 2012 HK\$'000 (Audited)
Within one year	4,770	3,120
In the second to fifth years, inclusive	3,035	2,314
	7,805	5,434

21. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group also had the following related party transactions for the six months period ended 30 September 2012 and 2011.

Compensation of key management personnel of the Group:

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Short term employee benefits	2,194	2,091
Post-employment benefits	96	84
Total compensation paid to key management personnel	2,290	2,175



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2012

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

1. On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000. The disposal was completed on 2 November 2012. Details of the disposal were set out in the Company's announcement dated 7 September 2012 and circular dated 28 September 2012 respectively.
2. On 8 November 2012, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each (the "Placing Notes") to independent third parties (the "Placing").

Pursuant to the Placing Agreement, the Placing Notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. Details of the Placing were set out in the Company's announcement dated 8 November 2012.

23. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to conform with the current period's presentation.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 29 November 2012.



Other Information

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 22 October 2012 and the subsequent approvals of the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, the name of the Company has been changed from “Beijing Yu Sheng Tang Pharmaceutical Group Limited” to “Poly Capital Holdings Limited” and “保興資本控股有限公司” has been adopted as the Chinese name of the Company in replacement of “北京御生堂藥業集團有限公司” for identification purpose.

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, 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 under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

Long positions in the shares of the Company:

Name of Director	Capacity and nature of interest	Number of shares held	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	863,460,316 (Note 1)	–	–
	Beneficial owner	6,000,000	869,460,316	29.32%



Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long positions in the warrants of the Company:

Name of Director	Capacity and nature of interest	Number of underlying shares	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	163,943,386 <i>(Notes 1 & 2)</i>	–	–
	Beneficial owner	1,000,000 <i>(Note 3)</i>	164,943,386	5.56%

Notes:

- These interests were held by Global Wealthy Limited ("Global Wealthy"), which was a wholly-owned subsidiary of Excelsior Kingdom Limited ("Excelsior Kingdom") which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen was deemed to be interested in 863,460,316 shares and 163,943,386 underlying shares of the Company under the SFO.
- This represented the interests of Global Wealthy in 163,943,386 units of warrants issued by the Company on 9 March 2012 (the "Warrants") which carry the rights to subscribe for 163,943,386 shares of the Company at the initial exercise price of HK\$0.10 per share (subject to adjustments) (the "Exercise Price") during the period from 9 March 2012 to 7 March 2014 (both days inclusive) (the "Subscription Period").
- This represented the interests of Mr. Suen in 1,000,000 units of Warrants which carry the rights to subscribe for 1,000,000 shares of the Company at the Exercise Price during the Subscription Period.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 September 2012, the Company has adopted the new share option scheme (the “Share Option Scheme”) and the Old Share Option Scheme was terminated on the same date. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented key management and employees to strive for future development and expansion of the Group. The Share Option Scheme shall be an incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

No share options were granted by the Company under the Share Option Scheme since its adoption. Details of movement of share options granted under the Old Share Option Scheme during the six months ended 30 September 2012 are set out in note 19 to the condensed consolidated interim financial statements.

Details of the Old Share Option Scheme and the Share Option Scheme were set out in the Company’s 2012 Annual Report and the Company’s circular dated 31 July 2012 respectively.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” and the “SHARE OPTION SCHEME” above, at no time during the six months ended 30 September 2012 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.



Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2012, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares held	Number of underlying shares	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	863,460,316 <i>(Note 1)</i>	163,943,386 <i>(Notes 1 & 2)</i>	–	–
	Beneficial owner	6,000,000	1,000,000 <i>(Note 3)</i>	1,034,403,702	34.88%
Excelsior Kingdom	Interest of controlled corporation	863,460,316 <i>(Note 1)</i>	163,943,386 <i>(Notes 1 & 2)</i>	1,027,403,702	34.64%
Global Wealthy	Beneficial owner	863,460,316 <i>(Note 1)</i>	163,943,386 <i>(Notes 1 & 2)</i>	1,027,403,702	34.64%
HEC Capital Limited ("HEC Capital")	Interest of controlled corporation	249,710,400 <i>(Note 4)</i>	41,618,400 <i>(Notes 4 & 5)</i>	291,328,800	9.82%



Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(continued)*

Notes:

1. These interests were held by Global Wealthy, which was a wholly-owned subsidiary of Excelsior Kingdom which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen and Excelsior Kingdom were deemed to be interested in 863,460,316 shares and 163,943,386 underlying shares of the Company under the SFO.
2. This represented the interests of Global Wealthy in 163,943,386 units of Warrants which carry the rights to subscribe for 163,943,386 shares of the Company at the Exercise Price during the Subscription Period.
3. This represented the interests of Mr. Suen in 1,000,000 units of Warrants which carry the rights to subscribe for 1,000,000 shares of the Company at the Exercise Price during the Subscription Period.
4. These interests were held by Murtsa Capital Management Limited ("Murtsa Capital"), which was a wholly-owned subsidiary of Hennabun Development Limited which in turn was wholly owned by HEC Capital. Accordingly, HEC Capital was deemed to be interested in 249,710,400 shares and 41,618,400 underlying shares of the Company under the SFO.
5. This represented the interests of Murtsa Capital in 41,618,400 units of Warrants which carry the rights to subscribe for 41,618,400 shares of the Company at the Exercise Price during the Subscription Period.

The interests of Mr. Suen, Excelsior Kingdom and Global Wealthy in 863,460,316 shares and 163,943,386 underlying shares of the Company referred to in note 1 above related to the same parcel of shares and underlying shares.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2012 as required pursuant to section 336 of the SFO.



Other Information

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012 except for the following deviations with reasons as explained:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

The Independent Non-executive Directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in bye-law 87 of the Company's Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those set out in the CG Code.

Code Provision A.6.7

Code provision A.6.7 of the CG Code stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Deviation

Two Independent Non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 24 September 2012 as they had other important business engagements and one Independent Non-executive Director of the Company was unable to attend the special general meeting of the Company held on 22 October 2012 as he had an overseas engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2012.



Other Information

UPDATE ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Suen stepped down from his position as the chairman of Sunlink International Holdings Limited (stock code: 2336) ("Sunlink International", a listed company in Hong Kong) and was re-designated as a non-executive director of Sunlink International with effect from 11 September 2012.

Mr. Suen was appointed an executive director and the chairman of New Island Printing Holdings Limited (stock code: 377), a listed company in Hong Kong, on 12 September 2012.

2. Mr. Sue Ka Lok stepped down from his position as the chief executive officer of Sunlink International and was appointed the chairman of Sunlink International with effect from 11 September 2012.
3. Mr. Wong Kwok Tai retired as an independent non-executive director of New Century Group Hong Kong Limited (stock code: 234), a listed company in Hong Kong, on 4 September 2012.
4. During the six months ended 30 September 2012, Ms. Lee Chun Yeung, Catherine received a discretionary bonus in the amount of HK\$227,000 which was approved by the Remuneration Committee of the Company.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2012 have not been audited, but have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE 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.

On behalf of the Board

Suen Cho Hung, Paul

Chairman

Hong Kong, 29 November 2012