



**WHITE
FLOWER**

PAK FAH YEOW INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code:239

2013

INTERIM
REPORT



This Interim Report is printed on environmentally friendly paper

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Gan Wee Sean (*Chairman and
Chief Executive Officer*)

Gan Fock Wai, Stephen (*R*)

Independent Non-executive Directors

Leung Man Chiu, Lawrence

(*chairing A, chairing R and chairing N*)

Wong Ying Kay, Ada (*A, R and N*)

Ip Tin Chee, Arnold (*A, R and N*)

COMPANY SECRETARY

Lo Tai On

REGISTERED OFFICE

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Wanchai

Hong Kong

AUDITOR

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Wanchai

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SOLICITOR

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PRINCIPAL REGISTRAR

HSBC Securities Services (Bermuda) Limited

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Hamilton HM 11

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HONG KONG SHARE REGISTRAR

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(A) *Audit Committee member*

(R) *Remuneration Committee member*

(N) *Nomination Committee member*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results Overview

For the six months ended 30 June 2013, the Group's turnover increased by 8.0% to HK\$77,812,000 (2012: HK\$72,029,000) mainly due to increased contributions from sales of Hoe Hin brand of products (the "Hoe Hin Products") and treasury investment, offset by decreased contributions from rental income.

Net revaluation surplus of the Group's investment properties for the period was HK\$8,751,000 (2012: HK\$6,296,000), including a surplus of HK\$601,000 (2012: a deficit of HK\$2,394,000) which related to the Group's investment properties in the United Kingdom.

Net profit for the six months ended 30 June 2013 increased by 4.6% to approximately HK\$31,620,000 (2012: HK\$30,226,000).

The revaluation of other properties, which has been accounted for as other comprehensive income, has resulted in a revaluation surplus (net of tax) in this period of HK\$11,276,000 (2012: HK\$19,409,000).

Total comprehensive income attributable to owners for the six months ended 30 June 2013 was approximately HK\$40,030,000 (2012: HK\$51,088,000).

Manufacturing and sales of Hoe Hin Brand of products

Sales of Hoe Hin Products increased by 8.8% to HK\$72,599,000 (2012: HK\$66,700,000).

Hong Kong remained the major market of the Hoe Hin Products which accounted for about 70.9% (2012: 68.4%) of the segment revenue. Macau and Mainland China accounted for about 6.0% (2012: 10.7%) and 5.7% (2012: 8.0%) respectively. Sales in Hong Kong increased by 13.2% as a result of continuous inbound tourists from Mainland China buying the Hoe Hin Products. Sales in Macau and Mainland China, however, declined about 38.0% and 23.0% respectively. Other than the United States market where sales were improved, sales in other markets had no significant changes comparing to the same period in previous year. Though the sales in new markets for the period were insignificant, the Group started making progress in Papua New Guinea and Cambodia markets.

Segment profit decreased by 5.7% to HK\$28,498,000 (2012: HK\$30,211,000), mainly due to increased spending on advertising and promotional expenses.

Property investment

Revenue for this segment decreased by 6.2% to HK\$4,832,000 (2012: HK\$5,151,000). This change mainly represents decreased average exchange rate in translating rental income derived in the United Kingdom, partly offset by increased rental income from the Group's investment properties in Hong Kong as a result of rent review.

Net revaluation surplus in respect of the Group's investment properties of HK\$8,751,000 (2012: HK\$6,296,000) was recognised for the period.

As a result, the segment profit increased by 25.1% to HK\$13,021,000 (2012: HK\$10,411,000).

Treasury investment

Revenue derived from this segment increased by 114.0% to HK\$381,000 (2012: HK\$178,000), primarily due to more interest income earned from debt securities. The segment results increased to a profit of HK\$1,219,000 (2012: HK\$778,000), mainly attributable to favourable movement in fair value changes and realised gain on listed investments and increased interest income as aforesaid, partly offset by increased losses on foreign currency transactions.

Finance costs

The increase of HK\$42,000 (7.6%) to HK\$598,000 was mainly due to a new interest element on consideration payable for acquisition of trademarks which took place in December 2012, partly offset by decreased interest expenses as a result of lower bank loan balances.

Taxation

There was a decrease in taxation of HK\$443,000 to HK\$4,188,000 for the period, principally due to decreased taxable operating profits of subsidiaries in Hong Kong for the period.

FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 30 June 2013 was 10.2% (31 December 2012: 11.7%). Total bank borrowings of the Group amounted to HK\$49.5 million (31 December 2012: HK\$56.0 million), mainly denominated in Pound Sterling, United States Dollars and Hong Kong Dollars with floating interest rates.

Current ratio (current assets divided by current liabilities) was 1.0 as at 30 June 2013 (31 December 2012: 1.2).

EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong dollars and United States dollars. Certain rental income is derived in the United Kingdom and denominated in Pound Sterling. As at 30 June 2013, the Group's debt borrowings were mainly denominated in Pound Sterling, United States Dollars and Hong Kong Dollars. The Group also had equity securities denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States dollars whose exchange rate remained relatively stable during the period, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 30 June 2013 were approximately HK\$33.1 million (31 December 2012: HK\$31.1 million) in total, or about 4.9% (31 December 2012: 4.8%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debts borrowings) of approximately HK\$70.8 million (31 December 2012: HK\$73.6 million) relating to properties investments in the United Kingdom.

PLEDGE OF ASSETS

As at 30 June 2013, certain of the Group's leasehold land and buildings, investment properties, bank deposits and securities with carrying value of approximately HK\$263.4 million (31 December 2012: HK\$258.8 million) were pledged to secure banking facilities granted to the Group to the extent of HK\$91.6 million (31 December 2012: HK\$95.7 million), of which HK\$49.5 million (31 December 2012: HK\$56.0 million) were utilised as at 30 June 2013.

HUMAN RESOURCES

As at 30 June 2013, the Group had a total of 87 (31 December 2012: 85) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.

OUTLOOK

Possible narrowing of quantitative easing measures by the United States may impact financial markets negatively towards the year end 2013. Despite such uncertainty subsisted, the effect to the sales of Hoe Hin products is expected to be insignificant as spending from Mainland tourists is moderate. As announced earlier last week, the Group granted a buyer until near the end of this month an option to buy the Group's properties in London for a total consideration of GBP13.7 million (including the option fee). In view of recent prevailing property market conditions in London, such disposal, subject to exercise of the option, is considered a good opportunity for the Group to realise a premium gain from this investment.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 28 August 2013

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED
 瑪澤會計師事務所有限公司
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To the board of directors

Pak Fah Yeow International Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 9 to 33, comprising the condensed consolidated statement of financial position as at 30 June 2013 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and explanatory information. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 28 August 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Turnover	3	77,812	72,029
Other revenue		891	412
Changes in inventories of finished goods		67	(493)
Raw materials and consumables used		(17,462)	(14,874)
Staff costs		(12,927)	(12,369)
Depreciation expenses		(1,098)	(1,052)
Net exchange loss		(1,765)	(71)
Other operating expenses		(19,480)	(14,803)
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		26,038	28,779
Net gain on financial assets at fair value through profit or loss		1,617	338
Revaluation surplus in respect of investment properties		8,751	8,690
Revaluation deficit in respect of investment properties		-	(2,394)
Profit from operations		36,406	35,413
Finance costs	4	(598)	(556)
Profit before taxation	4	35,808	34,857
Taxation	5	(4,188)	(4,631)
Profit for the period, attributable to owners of the Company		31,620	30,226

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		718	1,031
Exchange difference arising from translation of financial statements of overseas subsidiaries		(7,438)	950
Exchange difference arising from translation of inter-company balances with overseas subsidiaries		3,854	(528)
<i>Item that will not be reclassified to profit or loss:</i>			
Revaluation surplus in respect of leasehold land and buildings, net of tax effect of HK\$2,228,000 (2012: HK\$3,835,000)		11,276	19,409
Other comprehensive income for the period, net of tax, attributable to owners of the Company		8,410	20,862
Total comprehensive income for the period, attributable to owners of the Company		40,030	51,088
Earnings per share			
Basic and diluted	7	12.2 cents	11.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Non-current assets			
Investment properties	8	249,599	247,283
Property, plant and equipment	8	285,503	272,059
Intangible assets		2,450	2,450
Available-for-sale financial assets		9,217	9,577
		546,769	531,369
Current assets			
Inventories		24,538	20,850
Trade and other receivables	9	39,742	33,881
Financial assets at fair value through profit or loss		33,042	25,455
Pledged bank deposits		11,726	17,077
Bank balances and cash		21,168	20,996
		130,216	118,259
Current liabilities			
Bank borrowings, secured	10	49,472	56,003
Current portion of consideration payable for acquisition of trademarks		-	376
Current portion of deferred income		68	68
Trade and other payables	11	40,958	34,515
Tax payable		7,284	3,747
Dividends payable		31,873	5,663
		129,655	100,372
Net current assets		561	17,887
Total assets less current liabilities		547,330	549,256

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2013

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Notes		
Non-current liabilities		
Long-term portion of consideration payable for acquisition of trademarks	2,074	2,074
Long-term portion of deferred income	9,954	10,003
Long-term portion of customers' deposits	-	13,557
Provision for long service payments	1,224	788
Provision for directors' retirement benefits	11,171	10,777
Deferred taxation	36,862	34,618
	61,285	71,817
NET ASSETS	486,045	477,439
Capital and reserves		
Share capital	12,985	12,985
Share premium and reserves	473,060	464,454
TOTAL EQUITY	486,045	477,439

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2013

	Share capital HK\$'000	Share premium HK\$'000	Properties Revaluation reserve HK\$'000	Investment Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits		Total HK\$'000
						Proposed dividends HK\$'000	Undistributed profits HK\$'000	
At 1 January 2013 (audited)	12,985	24,594	177,250	4,491	(6,481)	23,373	241,227	477,439
Profit for the period	-	-	-	-	-	-	31,620	31,620
Other comprehensive income	-	-	11,276	718	(3,584)	-	-	8,410
Total comprehensive income attributable to owners of the Company	-	-	11,276	718	(3,584)	-	31,620	40,030
Interim dividends declared (note 6)	-	-	-	-	-	5,713	(13,764)	(8,051)
2012 final dividends transferred to dividends payable (note 6)	-	-	-	-	-	(23,373)	-	(23,373)
At 30 June 2013 (unaudited)	12,985	24,594	188,526	5,209	(10,065)	5,713	259,083	486,045
At 1 January 2012 (audited)	12,985	24,594	121,432	3,226	(8,645)	16,101	218,175	387,868
Profit for the period	-	-	-	-	-	-	30,226	30,226
Other comprehensive income	-	-	19,409	1,031	422	-	-	20,862
Total comprehensive income attributable to owners of the Company	-	-	19,409	1,031	422	-	30,226	51,088
Interim dividends declared (note 6)	-	-	-	-	-	4,675	(12,726)	(8,051)
2011 final dividends transferred to dividends payable (note 6)	-	-	-	-	-	(16,101)	-	(16,101)
At 30 June 2012 (unaudited)	12,985	24,594	140,841	4,257	(8,223)	4,675	235,675	414,804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2013

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Net cash generated from operating activities	4,285	41,869
Net cash generated from (used in) investing activities	5,687	(1,492)
Net cash used in financing activities	(9,610)	(20,659)
Net increase in cash and cash equivalents	362	19,718
Cash and cash equivalents at beginning of period	20,996	6,455
Effect of foreign exchange rate changes	(190)	6
Cash and cash equivalents at end of period, represented by bank balances and cash	21,168	26,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2012 (“2012 annual accounts”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention except for investment properties, leasehold land and buildings, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies and basis of preparation adopted in these condensed consolidated financial statements are consistent with those used in the preparation of the 2012 annual accounts.

The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods, except that certain presentation and disclosures of consolidated financial statement items have been revised. A summary of the main effect on the accounting policies adopted by the Group is set out below.

Amendments to HKAS 1: Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The Group’s presentation of other comprehensive income in these condensed consolidated financial statements has been modified accordingly.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to HKAS 34: Interim financial reporting and segment information for total assets and liabilities

The adoption of amendments to HKAS 34 does not result in a change in the accounting policies relating to assets and liabilities. The amendments to HKAS 34 require entities to disclose the measures of total assets and liabilities for particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker. The Group has disclosed the segment assets and liabilities in note 3.

HKFRS 10: Consolidated Financial Statements and HKAS 27: Separate Financial Statements

HKFRS 10 replaces the requirement in HKAS 27 "Consolidated and separate financial statements" relating to the preparation of consolidated financial statements and HK-SIC 12 "Consolidation – Special purpose entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12: Disclosure of Interests in Other Entities

HKFRS 12 specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new requirements for unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in these unaudited condensed consolidated financial statements as a result of adopting HKFRS 12.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 13: *Fair Value Measurement*

HKFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other HKFRSs, including HKFRS 7 "*Financial Instruments: Disclosures*". Some of these disclosures are specifically required in interim financial information for financial instruments; accordingly, the Group has included additional disclosures in these condensed consolidation financial statements in this regard.

At the date of authorisation of these condensed consolidated financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the current period. The Group is in the process of making an assessment of what the impact of these HKFRS is expected to be in the period of initial application. So far it is concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations. The Group is currently organised into three operating businesses as follows:

- (a) Manufacturing and sale of Hoe Hin Brand of products.
- (b) Property investment.
- (c) Treasury investment.

Each of the Group's operating businesses represents a strategic business unit subject to risks and returns that are different from those of the other operating business.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, and central administration costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than corporate assets. All liabilities are allocated to reportable segments other than deferred taxation, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.

3. SEGMENT INFORMATION (CONTINUED)

Business segment

	Manufacturing and sales of Hoe Hin Brand of products (unaudited) HK\$'000	Property investment – rental income (unaudited) HK\$'000	Treasury investment – interest income (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Six months ended 30 June 2013				
Revenue from external customers	72,599	4,832	381	77,812
Segment results	28,498	13,021	1,219	42,738
Unallocated corporate expenses				(6,332)
Profit from operations				36,406
Finance costs				(598)
Profit before taxation				35,808
Taxation				(4,188)
Profit for the period				31,620
Six months ended 30 June 2012				
Revenue from external customers	66,700	5,151	178	72,029
Segment results	30,211	10,411	778	41,400
Unallocated corporate expenses				(5,987)
Profit from operations				35,413
Finance costs				(556)
Profit before taxation				34,857
Taxation				(4,631)
Profit for the period				30,226

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments as at 30 June 2013 and 31 December 2012:

	At 30 June 2013			
	Manufacturing and sales of Hoe Hin Brand of products (unaudited) HK\$'000	Property investment - rental income (unaudited) HK\$'000	Treasury investment - interest income (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Segment assets	363,728	250,302	62,783	676,813
Unallocated corporate assets				172
Consolidated total assets				676,985
Liabilities				
Segment liabilities	56,373	45,268	1,933	103,574
Unallocated corporate liabilities				87,366
Consolidated total liabilities				190,940
	At 31 December 2012			
	Manufacturing and sales of Hoe Hin Brand of products (audited) HK\$'000	Property investment - rental income (audited) HK\$'000	Treasury investment - interest income (audited) HK\$'000	Consolidated (audited) HK\$'000
Segment assets	338,281	248,385	62,580	649,246
Unallocated corporate assets				382
Consolidated total assets				649,628
Liabilities				
Segment liabilities	61,891	49,375	4,498	115,764
Unallocated corporate liabilities				56,425
Consolidated total liabilities				172,189

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue from external customers		Results from operations	
	Six months ended 30 June		Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Hong Kong	53,152	47,109	33,810	32,290
Macau	4,384	7,073	2,607	4,467
Other regions in the PRC	4,202	5,443	(1,507)	66
Southeast Asia	8,570	8,580	(200)	3,266
North America	3,399	130	1,411	139
United Kingdom	3,064	3,611	3,986	1,166
Europe (excluding United Kingdom)	6	-	144	(97)
Other regions	1,035	83	2,130	(54)
Unallocated corporate expenses	-	-	(5,975)	(5,830)
	77,812	72,029	36,406	35,413

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
This is stated after charging (crediting):		
(a) Finance costs		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	269	393
Interest on bank loan wholly repayable more than five years	145	163
Interest on consideration payable for acquisition of trademarks	184	-
	598	556
(b) Other items		
Cost of inventories	24,215	21,447
Dividend income from listed securities	(296)	(337)
Net gain on disposal of financial assets at fair value through profit or loss	(527)	(12)

5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) of the estimated assessable profits for the period. Overseas taxation has been provided on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	3,600	3,922
Overseas tax	572	693
	4,172	4,615
Deferred tax		
Origination of temporary differences	16	16
	4,188	4,631

6. DIVIDENDS

Dividends attributable to the previous financial year, approved and paid during the period

At the board meeting held on 27 March 2013, the directors proposed a final dividend of HK6.2 cents per share totalling HK\$16,101,000 for the year ended 31 December 2012 (*year ended 31 December 2011: HK6.2 cents per share totalling HK\$16,101,000*) and a special final dividend of HK2.8 cents per share totalling HK\$7,272,000 for the year ended 31 December 2012 (*year ended 31 December 2011: Nil*), which had been reflected as an appropriation of accumulated profits. Upon the approval by shareholders on 17 June 2013, the appropriation was transferred to dividends payable.

6. DIVIDENDS (CONTINUED)

Dividends attributable to the period

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
First interim dividend	8,051	8,051
Second interim dividend	5,713	4,675
	13,764	12,726

On 17 June 2013, the directors declared the first interim dividend of HK3.1 cents per share totalling HK\$8,051,000 (2012: HK3.1 cents per share totalling HK\$8,051,000 declared on 28 June 2012), which is payable to the shareholders on the register of members of the Company on 26 July 2013.

On 28 August 2013, the directors declared the second interim dividend of HK2.2 cents per share totalling HK\$5,713,000 (2012: HK1.8 cents per share totalling HK\$4,675,000 declared on 31 August 2012), which is payable to the shareholders on the register of members of the Company on 4 October 2013.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the period of HK\$31,620,000 (2012: HK\$30,226,000) and the 259,700,000 (2012: 259,700,000) ordinary shares in issue during the period.

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two periods ended 30 June 2012 and 2013.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties situated in Hong Kong and leasehold land and buildings situated in Hong Kong were stated at fair value as at 30 June 2013 as estimated by the directors with reference to the valuation provided by independent professional valuers. The Group recorded a surplus on revaluation of the investment properties situated in Hong Kong of HK\$8,150,000 during the period (2012: HK\$8,690,000), which was recognised in the profit or loss. In addition, the Group recorded a surplus on revaluation of the leasehold land and buildings situated in Hong Kong of HK\$13,504,000 during the period (2012: HK\$23,244,000), which was recognised in the properties revaluation reserve.

On the other hand, the Group's investment properties situated in London, the United Kingdom were also stated at fair value as at 30 June 2013 as estimated by the directors with reference to the valuation provided by independent professional valuers, resulted in a surplus on revaluation of HK\$601,000 during the period (2012: deficit of HK\$2,394,000), which was recognised in the profit or loss. During the period, the Group also recorded a deficit on exchange realignment of HK\$6,435,000 (2012: surplus of HK\$873,000) on the investment properties situated in the United Kingdom which was recognised as part of the exchange difference arising from translation of financial statements of overseas subsidiaries in the exchange reserve.

In the opinion of the directors, the change in fair value of the Group's investment properties situated in the Singapore for the period was not material to the results of the Group.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Trade receivables	36,408	25,923
Bills receivables	1,605	4,483
Other receivables		
Deposits, prepayments and other debtors	1,729	3,475
	39,742	33,881

The Group allows credit period ranging from 30 days to 120 days to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Within 30 days	6,829	6,432
31 – 60 days	23,607	7,146
61 – 90 days	5,972	12,345
	36,408	25,923

10. BANK BORROWINGS, SECURED

The analysis of the carrying amount of bank borrowings is as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Term loans from banks due for repayment within one year	37,475	43,042
Term loan from a bank due for repayment after one year which contains a repayment on demand clause	11,997	12,961
	49,472	56,003

A term loan of HK\$11,997,000 (31 December 2012: HK\$12,961,000), with a clause in its terms that gives the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion, are classified as current liabilities even though the directors do not expect that the lenders would exercise their rights to demand repayment.

10. BANK BORROWINGS, SECURED (CONTINUED)

The amounts due based on the scheduled repayment dates set out in the loan agreements ignoring the effect of any repayment on demand clause are as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Within 1 year	37,475	43,042
After 1 year but within 2 years	1,959	1,939
After 2 years but within 5 years	6,116	6,055
After 5 years	3,922	4,967
	11,997	12,961
	49,472	56,003

The maturity of the above borrowings is as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Wholly repayable within five years	45,550	51,036
Wholly repayable more than five years	3,922	4,967
	49,472	56,003

11. TRADE AND OTHER PAYABLES

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Trade payables	4,884	7,103
Other payables		
Accrued charges and other creditors	12,249	13,275
Customers' deposits	23,825	14,137
	36,074	27,412
	40,958	34,515

The ageing analysis of trade payables is as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Within 30 days	3,140	6,359
31 – 60 days	1,002	235
61 – 90 days	586	188
More than 90 days	156	321
	4,884	7,103

12. PLEDGE OF ASSETS

Certain of the Group's leasehold land and buildings, investment properties, bank deposits and financial assets at fair value through profit or loss were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$91,607,000 (31 December 2012: HK\$95,732,000), of which HK\$49,472,000 (31 December 2012: HK\$56,003,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
Leasehold land and buildings	115,000	107,000
Investment properties	104,408	110,242
Financial assets at fair value through profit or loss	32,235	24,521
Bank deposits	11,726	17,077
	263,369	258,840

13. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the period, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Compensation paid to key management personnel, including directors:		
– Salaries and other benefits	5,983	5,900
– Contributions to defined contribution plan	30	24
Royalty (refunded from)/paid to a director (Note)	(20)	125

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Note:

On 8 September 2009, a subsidiary, Hoe Hin Pak Fah Yeow Manufactory, Limited (the “Subsidiary”) entered into an agreement to acquire certain trademarks relating to White Flower Embrocation registered in Malaysia and Singapore (the “Trademarks”) from Mr. Gan Wee Sean at a total consideration of HK\$19,600,000 which is payable by 70 equal annual instalments of HK\$280,000 each. The completion of the transaction is subject to obtaining notices of assignment to be issued by the Malaysia and Singapore Trade Mark Offices. Before the completion of the transaction, the Subsidiary continues licensing the use of the Trademarks at an annual royalty payment of HK\$250,000. On 3 December 2012, the assignment was completed and the Trademarks were recognised as intangible assets of the Group. During the period, the Group obtained a royalty refund of HK\$20,000 for the period from 3 to 31 December 2012 from Mr. Gan Wee Sean.

14. CAPITAL COMMITMENT

In 2007, the Group entered into a master agreement with a bank to invest in a private equity fund with commitment of maximum capital injection of US\$1 million (equivalent to HK\$7.8 million). As at 30 June 2013, US\$786,000 (equivalent to approximately HK\$6,129,000) (31 December 2012: US\$786,000 (equivalent to approximately HK\$6,129,000)) was called and paid up. Since the commitment period ended on 31 December 2011, the remaining US\$214,000 (equivalent to approximately HK\$1,671,000) (31 December 2012: US\$214,000 (equivalent to approximately HK\$1,671,000)) would only be payable in limited situations stipulated in the master agreement until the contractual end of the fund life in December 2016.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities in the condensed consolidated financial statements approximate their fair values.

The following presents the carrying value of financial instruments measured at fair value at 30 June 2013 across the three levels of the fair value hierarchy, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Assets measured at fair value

	30 June			
	2013	Level 1	Level 2	Level 3
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Debt securities, listed in Hong Kong	3,814	3,814	-	-
Debt securities, listed overseas	12,031	12,031	-	-
Equity securities, listed in Hong Kong	1,500	1,500	-	-
Equity securities, listed overseas	5,672	5,672	-	-
Dual currency deposits	10,025	10,025	-	-
Available-for-sale financial assets				
Unlisted private equity fund	3,137	-	-	3,137
Other securities, unlisted	6,080	6,080	-	-
	42,259	39,122	-	3,137
	31 December			
	2012	Level 1	Level 2	Level 3
	(audited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Debt securities, listed in Hong Kong	1,498	1,498	-	-
Debt securities, listed overseas	5,768	5,768	-	-
Equity securities, listed in Hong Kong	4,019	4,019	-	-
Equity securities, listed overseas	14,170	14,170	-	-
Available-for-sale financial assets				
Unlisted private equity fund	3,775	-	-	3,775
Other securities, unlisted	5,802	5,802	-	-
	35,032	31,257	-	3,775

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value (Continued)

During the period ended 30 June 2013 and year ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Assets measured at fair value based on Level 3

Fair value measurement at the end of the reporting period:

Description	Unlisted private equity fund	
	At 30 June 2013 (unaudited) HK\$'000	At 31 December 2012 (audited) HK\$'000
At beginning of the reporting period	3,775	3,063
Gains or losses recognised in:		
– profit or loss	–	–
– other comprehensive income	440	661
Additions	–	625
Disposals	(1,078)	(574)
At end of the reporting period	3,137	3,775

All of the above gains or losses are reported as changes of “investment revaluation reserve”.

The unlisted private equity fund’s assets mainly comprised investment in unlisted companies in various industries (the “Investment”) through a private equity investment fund and the fair value of the Investment is estimated by the fund manager by reference to a number of factors including the operating cash flows and financial performance of the Investment, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the Investment.

16. EVENT AFTER THE REPORTING PERIOD

On 16 August 2013, the Group entered into an option agreement (the “Option Agreement”) with an independent third party (the “Buyer”), in which a non-returnable option fee of GBP137,000 (equivalent to approximately HK\$1,616,000) was received by the Group and in return the Group granted the Buyer until 30 August 2013 an option to buy the Group’s investment properties situated in London at proposed consideration of GBP13,563,000 (equivalent to approximately HK\$160,009,000). The exercise of the Option Agreement would depend upon the completion of conducting the due diligence by the Buyer. The completion date would be on or before 27 September 2013.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2013, the interests and short positions of the directors and chief executives in the shares of the Company and associated corporations, as defined in Part XV of Securities and Futures Ordinance (the “SFO”) and 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 the Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of director	Personal interests	Number of shares held			Total	Percentage of issued share capital of the Company
		Family interests	Corporate interests			
Mr. Gan Wee Sean	22,673,600	1,983,800 (Note 1)	54,436,200 (Note 2)	79,093,600 (Note 2)	30.46%	
Mr. Gan Fock Wai, Stephen	8,342,400	–	52,106,600 (Note 3)	60,449,000 (Note 3)	23.28%	

(b) Long positions in non-voting deferred shares of associated corporations

(i) Hoe Hin Pak Fah Yeow Manufactory, Limited (“HHPFY”)

Name of director	Number of non-voting deferred shares of HK\$1,000 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,600	800 (Note 1)	–	9,400	42.7%
Mr. Gan Fock Wai, Stephen	2,800	–	–	2,800	12.7%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

(CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long positions in non-voting deferred shares of associated corporations (Continued)

(ii) Pak Fah Yeow Investment (Hong Kong) Company, Limited ("PFYI")

Name of director	Number of non-voting deferred shares of HK\$1 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,244,445	711,111 (Note 1)	-	8,955,556	42.2%
Mr. Gan Fock Wai, Stephen	2,800,000	-	-	2,800,000	13.2%

Notes:

1. Madam Khoo Phaik Gim, wife of Mr. Gan Wee Sean, beneficially owned 1,983,800 shares of the Company, 800 non-voting deferred shares of HHPFY and 711,111 non-voting deferred shares of PFYI.
2. These 54,436,200 shares were beneficially owned by Hexagan Enterprises Limited, a company wholly-owned by Mr. Gan Wee Sean and his wife, Madam Khoo Phaik Gim. The total number of 79,093,600 shares in aggregate represented approximately 30.46% of the issued share capital of the Company.
3. These 52,106,600 shares were beneficially owned by Gan's Enterprises Limited, a company in which Mr. Gan Fock Wai, Stephen has an interest of approximately 32%. The total number of 60,449,000 shares in aggregate represented approximately 23.28% of the issued share capital of the Company.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

(CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

Other than as disclosed above, as at 30 June 2013, none of the directors or chief executives, nor their associates, had any interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the interests or short positions of every person, other than the directors and their respective associates as disclosed in "DIRECTORS' INTEREST IN SECURITIES" above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Brooke Capital Limited	Beneficial owner and investment manager	23,580,000 (<i>note</i>)	9.08%
East of Suez Fund	Beneficial owner	13,700,000	5.28%

note: As reported by Brooke Capital Limited, these 23,580,000 shares included 15,580,000 shares interested by East of Suez Fund.

SHARE OPTION SCHEME

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

SECOND INTERIM DIVIDEND

The directors resolved to declare a second interim dividend of HK2.2 cents per share in respect of the year ending 31 December 2013 (31 December 2012: HK1.8 cents per share) payable to the shareholders on the register of members of the Company on 4 October 2013. The second interim dividend will be dispatched to the shareholders on or about 29 November 2013.

CLOSING OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 2 October 2013 to Friday, 4 October 2013, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the second interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 30 September 2013.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the period, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

The Company has complied with code provision as set out in the CG Code for the six months ended 30 June 2013 except the following deviation:-

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the executive director to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has three independent non-executive directors who offer different independent perspectives. Therefore, the board is of the view that there are adequate balances of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2013.

AUDIT COMMITTEE

The audit committee of the Company comprises the three independent non- executive directors of the Company, and meets at least twice each year. The interim financial report of the Company for the six months ended 30 June 2013 has been reviewed by the audit committee. At the request of the directors, the interim financial information set out on page 9 to page 33 have also been reviewed by the Company’s auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA and an unmodified review report has been issued.