



China Seven Star Shopping Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 245

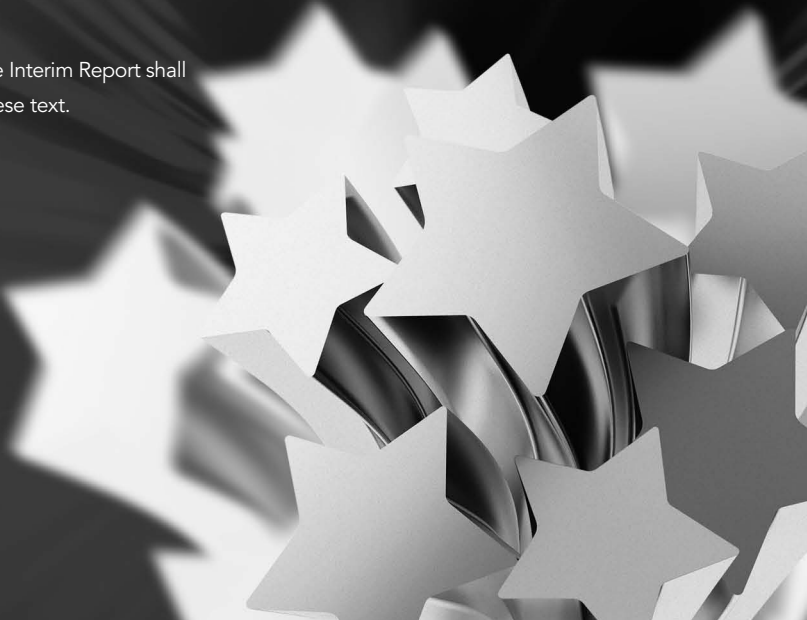
Interim Report 2013



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English text of the Interim Report shall prevail over Chinese text.



CORPORATE INFORMATION

Board of Directors

Executive Directors

Ni Xinguang (*Chairman*)

Wang Zhiming (*Managing Director*)
(Resigned on 28 June 2013)

Tu Baogui (*Chief Executive Officer*)
(Appointed on 9 July 2013)

Independent Non-executive Directors

Wong Chak Keung

Lu Wei

Ling Yu Zhang

Audit Committee

Wong Chak Keung (*Chairman*)

Lu Wei

Ling Yu Zhang

Nomination Committee

Lu Wei (*Chairman*)

Ling Yu Zhang

Wong Chak Keung

Remuneration Committee

Ling Yu Zhang (*Chairman*)

Wong Chak Keung

Lu Wei

Company Secretary

Law Gerald Edwin

Principal Bankers

Agricultural Bank of China Limited

Bank of Shanghai Co., Ltd

China Construction Bank Corporation

China Everbright Bank Co., Ltd

China Merchants Bank Co., Ltd

China Minsheng Banking Corp. Ltd

Industrial and Commercial Bank of

China (Asia) Limited

Postal Savings Bank of China Co., Ltd

Solicitors

Hong Kong Law

Anthony Chiang & Partners

Michael Li & Co.

PRC Law

Trend Associates

Independent Auditor

RSM Nelson Wheeler

Certified Public Accountants

Registered Office

Unit A02, 11/F

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

Principal Place of Business in Shanghai

No. 568 Hongxu Road

Minhang District

Shanghai

China

Share Registrar and Transfer Office

Tricor Tengis Limited

26/F Tesbury Centre

28 Queen's Road East

Hong Kong

Stock Code

245 HK

Website

www.sevenstar.hk



MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2013, amidst the uncertainties of global economy, China's economic growth will continue to slowdown. According to the data from National Bureau of Statistics, China's Gross Domestic Product ("GDP") amounted to RMB24,800.9 billion in the first half of 2013, representing an increase of 7.6% compared to last year while growth for second quarter rolled back by 0.2% compared to the first quarter. Nevertheless, there was a slight rise in China's consumption market. The total retail sales of consumer goods recorded RMB11,076.4 billion, an actual increase of 11.4% netting off the price factors. As there is a further rise in consumer sentiment, China's consumption market is expected to gradually improve in the second half of the year.

Under the influences of macroeconomic environment and a series of political reforms such as "Limit on Entertainment Programs"* and "Television Commercials Ban"*, China's advertising market had suffered from a certain degree of hit in 2012. However, the "12th Five-Year Plan of Advertising Industry"* promulgated by the State Administration for Industry and Commerce ("SAIC") in May 2012 will be continued to implement in the next few years. It aims to enhance the competitiveness of advertising enterprises, to integrate structure of advertising industry and to improve the legal and regulatory system for advertising industry. Mr. Mao Zhang, director of SAIC of China, has announced on the "National Trade and Industry Advertising Conference"* that, as of the end of last year, the turnover of advertising business in China recorded RMB469.8 billion and the overall market scale of advertising industry was ranked as the second in the world. Along with the position development of advertising industry under strong national support, the advertising market will have a steady development.

* *Management translation*



Business Review

The Group's principal activity remains as television advertising agency and related businesses. The television advertising agency business was still the major revenue source of the Group in the first half of 2013. On 31 December 2009, the Group entered into an exclusive media management services agreement with the satellite television channel of Guangdong Television ("GSTV") for a term of three years. Such agreement has expired on 31 December 2012. After further in-depth discussion, the Group considered that the immense cost of exclusive advertising agency would affect the Group's results in financial statements. Upon the expiry of the agreement on 31 December 2012, the Group has decided not to renew the exclusive media management services agreement and changed the operation model with GSTV to subcontracting model. The Group believes that the change in operation model can further lower the operating cost and improve the Group's profit margin.

During the year, the Group has added consultancy services, which mainly assists customers to identify and acquire domestic properties, and provides services such as financing, property design and marketing for consultation fee. For the six months ended 30 June 2013, the revenue of consultancy services accounted for approximately 12.6% of the Group's turnover.

In recent years, the Group's revenue from insurance agency services has recorded an increase over to the same period last year. The services mainly cover a variety of life insurance and financial assets insurance. For the six months ended 30 June 2013, insurance agency services accounted for approximately 10.1% of the Group's turnover.

Furthermore, leveraging on the Group's diligence and efforts, the Group's retail and wholesale kitchenware business started to develop rapidly on television shopping and online shopping platform. For the six months ended 30 June 2013, the revenue from retail and wholesale kitchenware business was approximately HK\$24,079,000 which accounted for 30.3% of the Group's turnover. The Group will continue to enhance the retail and wholesale kitchenware business to sustain a stable growth.



Outlook and Strategy

The Chinese government emphasized the primary task for 2013 is to expand the domestic demand, improve the capacity of national consumption and to boost the household consumer sentiment. According to the 32nd "Statistical Report on Internet Development in China" issued by China Internet Network Information Center ("CNNIC"), the internet penetration rate was 44.1%, a growth of 2% compared with the end of 2012. Among all new internet users, the proportion of users accessing to the internet through mobile phones reached over 70%. Meanwhile, for online advertising and shopping, according to the data from iResearch Consulting Group, the market scale of China online advertising amounted to RMB23.3 billion in the second quarter of 2013, an increase of 17.4% over previous quarter. Online shopping market transactions in China reached RMB437.1 billion, an increase of 45.3% over the same period last year. With the gradual popularity of mobile phones and tablet PCs, online shopping platform has become the new trend and also provide new opportunities for the industry. The Group will seize this new trend of online platform generation and will promote an efficient development of the online retail kitchenware business.

In addition, in order to strengthen the basic universal standards of media shopping industry and protect the interest of consumer. Professional Committee of Media Shopping, China General Chamber of Commerce ("SCTRIC") has formulated the media industry standard, "Operational Requirements for Media Shopping"* , which will be duly implemented on 1 November 2013. This standard strictly regulates the requirements of various areas in media shopping, such as products, advertisement, call centers, logistics and delivery, inventory return and personnel. Meanwhile, SCTRIC has also made an application to the Ministry of Commerce for adopting "Television Shopping Enterprise Service Evaluation Guidelines"* as new industry standard, for ensuring a healthy growth of media shopping industry. This standard will regulate the corporate governance of current television shopping industry, so as to crack down unscrupulous traders and enhance consumers' confidence in the industry. It is expected that more relevant regulatory standards will be applied for and implemented to adjust the professional standards of the industry, which allows consumers to gain more confidence in using media shopping platform and creates a favorable environment for future development of the industry. The Group will closely monitor the long term development of the media shopping industry;

* *Management translation*

grasp the great opportunities from the industry in the future; further expand and enhance the Group's current business; improve the quality of the Group's professional services; and identify new advertising business to diversify the Group's overall businesses. Meanwhile, in response to the Chinese government, the Group will expand in multiple areas, especially becoming service-oriented enterprise, so as to generate more business opportunities in the near future.

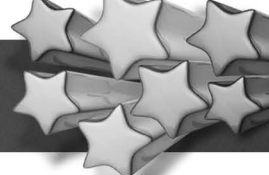
Financial Review

For the six months ended 30 June 2013, the Group's unaudited consolidated turnover was approximately HK\$79,479,000, represents a decrease of approximately 76.1% from the same period of last year, mainly attributable to the decrease of advertising sales in PRC after the termination of the three years exclusive media management agreement with Guangdong Television on 31 December 2012. Excluding the advertising sales contribution of approximately HK\$37,319,000 to the turnover, the Group recorded a retail revenue of approximately HK\$24,079,000 (first half of 2012: approximately HK\$25,580,000), a decrease of approximately 5.9% year-on-year. The reason for the decline was mainly due to the decrease of the retail customers demand on kitchenware products.

The breakdown of the Group's turnover recognized in the unaudited consolidated statement of profit or loss was as follows:

For the six months ended 30 June, in HK\$'000

	2013	2012	Change
PRC retail and distribution of consumer products	24,079	25,580	-5.9%
Television advertising	37,319	301,539	-87.6%
Insurance agency service	8,049	4,752	+69.4%
Consultancy services	10,032	-	n/a
Turnover	79,479	331,871	-76.1%



The Group recorded a gross profit of HK15,469,000 and a gross profit margin of 19.5% which is slightly higher than the 18.7% of the same period last year mainly due to (i) the improvement of gross margin of sales of kitchenware products and (ii) the profitable return generated from the new business of property development consultancy services.

This year the Group recorded an other income of HK\$27,722,000 which mainly consists of write back of agency fee payables and write back of other payables and accruals as set out in Note 6 to the condensed interim financial statements.

The Board did not recommend payment of an interim dividend for the six months ended 30 June 2013 (first half of 2012: HK\$Nil).

Employee relations

As of 30 June 2013, the Group has 58 employees (as at 30 June 2012: 79 employees). Total remuneration cost for the period under review was approximately HK\$5.2 million (six months ended 30 June 2012: approximately HK\$5.7 million). No share options were granted during the period under review and no share option cost that was charged to the statement of profit or loss (six months ended 30 June 2012: approximately HK\$Nil). Based on the existing outstanding number of share options as of 30 June 2013 and assume that no further share options are to be granted in the six months to 31 December 2013, no further share option cost will be charged to the statement of profit or loss.

The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management. In addition, the Group adopts a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.



Liquidity and financial resources

As at 30 June 2013, the Group's cash and bank deposits (include pledged bank deposits) amounted to approximately HK\$53 million (31 December 2012: approximately HK\$75 million). The gearing ratio as at 30 June 2013 (total interest bearing borrowings to total assets) was 0% (31 December 2012: 6.2%), indicated that the Group's overall financial position remained strong.

Segment information

The details of segment information are set out in Note 3 to the condensed interim financial statements.

Capital structure

There were no changes to the Group's capital structure during the six months ended 30 June 2013.

Material acquisitions and disposals of subsidiaries and associates

The Group did not have any material acquisitions or disposals of subsidiaries or associates during the six months ended 30 June 2013.

Charges on Group assets

Apart from the deposits of approximately HK\$3,814,000 pledged to a bank to secure bills payables of approximately HK\$3,814,000 as set out in Note 11 to the condensed interim financial statements and the deposits of approximately HK\$316,000 pledged to a bank as securities for two corporate cards with credit limit of approximately HK\$252,000 in aggregate granted to one executive director and one ex-executive director (who resigned on 28 June 2013 and the corporate card had been returned to the Company after his resignation) of the Group, as at 30 June 2013, there were no charges on the Group's assets.



Exposure to exchange rate fluctuation and related hedging

The Directors considered that the Group has certain exposure to foreign currency risk as some of its business transactions and assets are denominated in currencies other than the functional currency of respective Group entities such as Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2013 (31 December 2012: HK\$Nil).

On behalf of the Board

Ni Xinguang

Chairman and executive director

Hong Kong, 29 August 2013

DIRECTORS' INTEREST IN SHARES

As at 30 June 2013, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

Name of director	Number of shares held		Total	Percentage of the issued share capital (Note (b))
	Personal interests	Corporate interests		
Ni Xinguang ("Mr. Ni")	28,734,000	566,004,000 (Note (a))	594,738,000	27.05%

Notes:

- 566,004,000 shares were owned by Group First Limited, a private company wholly owned by Mr. Ni, representing approximately 25.75% of the issued share capital of the Company.
- The percentage was calculated based on the total number of 2,198,331,250 ordinary shares of the Company in issue as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2013, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

On 28 May 2004, the shareholders of the Company approved the adoption of a new share option scheme (the "2004 Share Option Scheme"). The 2004 Share Option Scheme will expire on 27 May 2014. No share options were lapsed and no share options were granted or exercised during the period under review and no share option cost was charged to the statement of profit or loss (six months ended 30 June 2012: approximately HK\$Nil). Based on the existing outstanding number of share options as of 30 June 2013 and assume that no further share options are to be granted in the six months to 31 December 2013, no further share option cost will be charged to the statement of profit or loss as share option expense.

Movements of the options, which were granted under the 2004 Share Option Scheme, during the period under review were listed below:

Category	Date of grant	Number of option shares held as at 01/01/2013	Number of option shares granted during the period	Number of option shares exercised during the period	Number of option shares lapsed during the period	Number of option shares held as at 30/06/2013	Exercise price HK\$	Exercise period
Consultants	30/04/2007	48,960	-	-	-	48,960	6.03	30/04/2008 – 29/04/2015
	30/04/2009	1,428,000	-	-	-	1,428,000	0.49	05/05/2010 – 04/05/2017
	10/09/2010	1,428,000	-	-	-	1,428,000	0.74	10/09/2010 – 09/09/2013
	11/11/2010	27,540,000	-	-	-	27,540,000	0.78	11/11/2010 – 10/11/2013
		30,444,960	-	-	-	30,444,960		



SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2013, so far as was known to the Directors of the Company, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (c))
Group First Limited	Beneficial owner (Note (a))	566,004,000	25.75%
Ye Zhu Ying ("Ms. Ye")	Interests controlled through corporation (Note (b))	231,497,650	10.53%
Best Idea International Limited (Note (b))	Beneficial owner	231,497,650	10.53%

Notes:

- (a) Group First Limited is a private company wholly owned by Mr. Ni. Mr. Ni is an executive director of the Company. Accordingly, the 566,004,000 shares owned by Group First Limited is also deemed to be the corporate interests of Mr. Ni.
- (b) Best Idea International Limited is a private company wholly owned by Ms. Ye. Accordingly, the 231,497,650 shares owned by Best Idea International Limited is also deemed to be the corporate interests of Ms. Ye.
- (c) The percentage was calculated based on the total number of 2,198,331,250 ordinary shares of the Company in issue as at 30 June 2013.

All the interests disclosed under this section represent long position in the shares of the Company.



Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 30 June 2013, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections "Directors' Interest in Shares" and "Share Options" above, at no time during the period under review was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Board of Directors of the Company has applied the principles and complied with all the applicable provisions and where applicable, the recommended practices of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange for the six months ended 30 June 2013 except for deviation from Code provision A.4.1 of the Code.

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



None of the existing independent non-executive Directors (“INEDs”) of the Company is appointed for a specific term and this constitutes deviation.

Although the INEDs are not appointed for a specific term, the Company believes that as all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years pursuant to the articles of associations of the Company (the “Articles”), such practice meets the same objective and is no less exacting than those prescribed under Code provision A.4.1.

Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and in the course has discussed with the management, the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

The external auditor has reviewed the interim financial information for the six months ended 30 June 2013 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2013, and they all confirmed that they have fully complied with the required standard set out in the Model Code and its code of conduct regarding director’s securities transactions.



OTHER INFORMATION

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA SEVEN STAR SHOPPING LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 17 to 34 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2013 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The 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 (the "HKICPA"). The directors 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 the 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.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

29 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

	Note	Six months ended	
		30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
Turnover	3	79,479	331,871
Cost of sales and services		(64,010)	(269,711)
Gross profit		15,469	62,160
Other income		27,722	2,333
Distribution costs		(9,381)	(16,451)
Administrative expenses		(11,377)	(16,184)
Other operating expenses		(3,435)	(1,054)
Profit from operations		18,998	30,804
Finance costs	4	(156)	(8,445)
Profit before tax		18,842	22,359
Income tax expense	5	(1)	(1)
Profit for the period	6	18,841	22,358
Attributable to:			
Owners of the Company		15,674	8,528
Non-controlling interests		3,167	13,830
		18,841	22,358
Earnings per share	8		(Restated)
Basic		HK0.71 cent	HK0.57 cent
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended	
	30/6/2013	30/6/2012
	(unaudited) HK\$'000	(unaudited) HK\$'000
Profit for the period	18,841	22,358
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(81)	585
Other comprehensive income for the period, net of tax	(81)	585
Total comprehensive income for the period	18,760	22,943
Attributable to:		
Owners of the Company	18,901	6,409
Non-controlling interests	(141)	16,534
	18,760	22,943

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Note	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
Non-current assets			
Fixed assets	9	4,558	5,759
Intangible assets		123	173
Available-for-sale financial assets		210	207
		4,891	6,139
Current assets			
Inventories		19,088	15,618
Trade and bills receivables	10	17,168	52,829
Other receivables, prepayments and deposits		25,752	12,277
Pledged bank deposits		4,130	12,641
Bank and cash balances		48,998	62,038
		115,136	155,403
Current liabilities			
Agency fee payables		1,190	20,311
Trade and bills payables	11	22,323	18,471
Other payables and accruals		39,586	74,665
Bank loans		–	9,944
Current tax liabilities		2,321	2,304
		65,420	125,695
Net current assets		49,716	29,708
NET ASSETS		54,607	35,847
Capital and reserves			
Share capital	12	21,983	21,983
Other reserves		1,330,308	1,327,081
Accumulated losses		(1,079,817)	(1,095,491)
Equity attributable to owners of the Company		272,474	253,573
Non-controlling interests		(217,867)	(217,726)
TOTAL EQUITY		54,607	35,847

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Unaudited										
	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Share-based payments reserve	Special capital reserve	Foreign currency translation reserve	Statutory surplus reserve	Accumulated losses	Total	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2012	732,777	505,398	16,752	726,699	50,206	5,862	(1,747,742)	289,952	(307,389)	(17,437)	
Total comprehensive income for the period	-	-	-	-	(2,119)	-	8,528	6,409	16,534	22,943	
Reduction in par value of share capital (Notes 12(a)(ii) & (iii))	(718,122)	-	-	-	-	-	718,122	-	-	-	
Purchase of equity interests from non-controlling interests	-	-	-	-	-	-	(77,230)	(77,230)	77,230	-	
Changes in equity for the period	(718,122)	-	-	-	(2,119)	-	649,420	(70,821)	93,764	22,943	
At 30 June 2012	14,655	505,398	16,752	726,699	48,087	5,862	(1,098,322)	219,131	(213,625)	5,506	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2013

	Unaudited									
	Attributable to owners of the Company									
	Share capital	Share premium	Share- based payments reserve	Special capital reserve	Foreign currency translation reserve	Statutory surplus reserve	Accumulated losses	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	21,983	533,936	8,701	726,699	51,883	5,862	(1,095,491)	253,573	(217,726)	35,847
Total comprehensive income for the period	-	-	-	-	3,227	-	15,674	18,901	(141)	18,760
Changes in equity for the period	-	-	-	-	3,227	-	15,674	18,901	(141)	18,760
At 30 June 2013	21,983	533,936	8,701	726,699	55,110	5,862	(1,079,817)	272,474	(217,867)	54,607

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended	
	30/6/2013	30/6/2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(11,979)	(26,790)
Purchase of fixed assets	(37)	(490)
Other investing cash flows (net)	349	158
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	312	(332)
Decrease in pledged bank deposits	8,516	12,342
Repayment of bank loans	(9,944)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(1,428)	12,342
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,095)	(14,780)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	62,038	40,689
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	55	(396)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	48,998	25,513
Bank and cash balances	48,998	25,513



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

These condensed financial statements 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 applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2012 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012 except as stated below.

2. Adoption of new and revised Hong Kong financial reporting standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

2. Adoption of new and revised Hong Kong financial reporting standards (continued)

b. HKFRS 13 "Fair Value Measurement" (continued)

The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Except for available-for-sale financial assets, the carrying amounts of the Group's financial assets and liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Segment information

In the current period, segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable segment assets and liabilities have not been presented in these condensed financial statements.

	PRC retail and distribution	Television advertising	Consultancy services	Insurance agency	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)

Six months ended 30 June 2013

Revenue from external customers	24,079	37,319	10,032	8,049	79,479
Intersegment revenue	-	-	-	-	-
Segment profit/(loss)	(2,556)	21,312	9,530	28	28,314

Six months ended 30 June 2012

Revenue from external customers	25,580	301,539	-	4,752	331,871
Intersegment revenue	-	-	-	-	-
Segment profit/(loss)	(6,969)	36,312	-	179	29,522

3. Segment information (continued)

	Six months ended	
	30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
Reconciliation of segment profit or loss:		
Total profit or loss of reportable segments	28,314	29,522
Interest income	343	158
Unallocated corporate income	1,093	38
Unallocated corporate expenses	(10,908)	(7,359)
Profit before tax	18,842	22,359

4. Finance costs

	Six months ended	
	30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
Notional non-cash interest accretion on pre-agreed periodic payments on exclusive advertising agency right	–	8,104
Interest on bank loans	156	341
	156	8,445

5. Income tax expense

	Six months ended	
	30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
PRC tax		
— underprovision in prior years	1	1

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the period (six months ended 30 June 2012: HK\$Nil).

Taxes on profits assessable in the PRC have been provided at the applicable rates of tax in the PRC in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation has been made for both periods ended 30 June 2012 and 2013 as the effect of all temporary difference is not material.

6. Profit for the period

Profit for the period is arrived at after charging/(crediting):

	Note	Six months ended	
		30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
Allowance for other receivables		950	419
Allowance for trade receivables		1,493	34
Amortisation of exclusive advertising agency right		–	263,564
Amortisation of insurance agency licence		52	51
Cost of inventories sold		17,840	19,703
Depreciation		1,005	915
Directors' emoluments		1,184	1,162
Exchange (gains)/losses		(452)	214
Fixed assets written off		232	332
Impairment loss on fixed assets		71	–
Impairment loss on prepayments and deposits		449	4
Interest income		(343)	(158)
Loss on disposal of fixed assets		1	–
Reversal of allowance for inventories		(4)	–
Reversal of allowance for other receivables		(12)	–
Reversal of allowance for trade receivables		(651)	(372)
Write back of agency fee payables	(a)	(19,308)	–
Write back of other payables and accruals	(b)	(6,207)	(922)
Write back of trade payables		–	(120)

Notes:

- (a) After further negotiation between Guangdong Television and the Group during the current period, it was concluded that certain amount of agency fee payables was reduced and be written back accordingly. A supplementary agreement was entered for the aforesaid reduction.
- (b) Write back of other payables and accruals represents the waiver of amount due to a non-controlling shareholder of a subsidiary.

7. Dividend

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$Nil).



8. Earnings per share

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$15,674,000 (six months ended 30 June 2012: approximately HK\$8,528,000) and the weighted average number of ordinary shares of 2,198,331,000 (six months ended 30 June 2012: 1,494,865,000 as adjusted to reflect the share consolidation in April 2012 and the open offer in August 2012) in issue during the period.

Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the periods ended 30 June 2012 and 2013.

9. Capital expenditure

During the period, the Group incurred approximately HK\$37,000 (six months ended 30 June 2012: approximately HK\$1,300,000) on additions to fixed assets.

10. Trade and bills receivables

	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
Trade receivables (Note)	17,168	49,960
Bills receivables	–	2,869
	17,168	52,829

Note:

The Group's turnover represented television advertising service income, sales of consumer products, consultancy service income and insurance agency service income. For television advertising business, the Group generally requires customers to pay in advance, but grants a credit period of 30 to 120 days to some customers. The payment terms of the sales of consumer products are normally from 30 to 180 days. The consultancy service income is paid in accordance with the terms of the respective agreements. The payment terms of insurance agency services provided are normally at 30 days.

The aging analysis of trade receivables as at the statement of financial position date, based on the invoice date, and net of allowance, is as follows:

	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
0 – 90 days	15,283	49,066
91 – 180 days	647	517
181 – 365 days	1,095	272
Over 365 days	143	105
	17,168	49,960

11. Trade and bills payables

	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
Trade payables (Note)	18,509	18,471
Bills payables	3,814	–
	22,323	18,471

Note:

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

The aging analysis of trade payables as at the statement of financial position date, based on date of receipt of goods, is as follows:

	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
0 – 90 days	6,364	8,294
91 – 180 days	389	61
181 – 365 days	1,480	5
Over 365 days	10,276	10,111
	18,509	18,471

12. Share capital

	Note	Number of Shares '000	Amount HK\$'000
Authorised:			
Ordinary shares			
At 1 January 2012 (HK\$0.1 each)		16,000,000	1,600,000
Reduction in par value	(a)(i)	–	(1,568,000)
Share consolidation	(a)(iv)	(12,800,000)	–
		<hr/>	<hr/>
At 31 December 2012 (HK\$0.01 each) (audited) and 30 June 2013 (HK\$0.01 each) (unaudited)		3,200,000	32,000
		<hr/>	<hr/>
Issued and fully paid:			
Ordinary shares			
At 1 January 2012 (HK\$0.1 each)		7,327,771	732,777
Reduction in par value	(a)(ii)	–	(718,122)
Share consolidation	(a)(iv)	(5,862,217)	–
Issue of shares on open offer (HK\$0.01 each)	(b)	732,777	7,328
		<hr/>	<hr/>
At 31 December 2012 (HK\$0.01 each) (audited) and 30 June 2013 (HK\$0.01 each) (unaudited)		2,198,331	21,983
		<hr/>	<hr/>



12. Share capital (continued)

Notes:

- (a) On 20 January 2012, a special resolution was passed at an extraordinary general meeting to:
- (i) reduce the nominal value of the authorised share capital of the Company from HK\$0.1 to HK\$0.002 per share such that the authorised share capital is reduced from HK\$1,600,000,000 to HK\$32,000,000.
 - (ii) reduce the nominal value of each of the issued share from HK\$0.1 to HK\$0.002 by cancelling the paid-up capital to the extent of HK\$0.098 on each issued share. The issued share capital of the Company is then reduced from HK\$732,777,000 to HK\$14,655,000.
 - (iii) apply the credit of HK\$718,122,000 arising from the capital reduction as mentioned in Note (a)(ii) to eliminate part of the Company's accumulated losses.
 - (iv) consolidate every five reduced shares of HK\$0.002 each in the authorised and issued share capital of the Company into one consolidated share of HK\$0.01 each following the capital reduction as mentioned in Notes (a)(i) and (a)(ii) above.

The authorised and issued share capital of the Company was consolidated into 3,200,000,000 shares and 1,465,554,000 shares of HK\$0.01 each respectively.

The aforesaid capital reduction (Notes (a)(i) and (a)(ii)) was approved by the High Court of Hong Kong SAR on 2 April 2012 and duly registered by the Registrar of Companies in Hong Kong on 16 April 2012. The share consolidation (Note (a)(iv)) also became effective on 20 April 2012.

- (b) On 21 August 2012, 732,777,000 ordinary shares of HK\$0.01 each were issued at HK\$0.05 per share by way of open offer on the basis of one offer share for every two existing shares. The premium on the issue of shares, amounting to approximately HK\$28,538,000, net of share issue expenses, was credited to the Company's share premium account.

13. Related party transactions

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended	
	30/6/2013 (unaudited) HK\$'000	30/6/2012 (unaudited) HK\$'000
Allowance for rental receivables from a related company (Notes (i), (ii) and (iii))	(577)	–
Rental income from a related company (Notes (i), (ii) and (iii))	626	–
Rental income from related companies	–	312

Notes:

- (i) Mr. Ni Xinguang (“Mr. Ni”), an executive director of the Company has beneficial interest in these related companies.
- (ii) Mr. Wang Zhiming (“Mr. Wang”), an executive director of the Company resigned on 28 June 2013 has beneficial interest in these related companies.
- (iii) The abovesaid related party transactions were made under normal commercial terms and conditions that would also be available to unrelated third parties.

13. Related party transactions (continued)

- (b) At the end of the reporting period, the Group had the following balances with its related parties:

	30/6/2013 (unaudited) HK\$'000	31/12/2012 (audited) HK\$'000
Other receivables from a related company (Notes (i) and (ii))	263	–
Fund advanced from Mr. Wang (included in other payables and accruals) (Note (iii))	(9,970)	(409)
Other receivables from related companies	–	613
Trade payables to related companies	–	(71)
Fund advanced from a related company (included in other payables and accruals)	–	(3,108)

Notes:

- (i) Mr. Ni and Mr. Wang have beneficial interests in this related company.
- (ii) The amounts due are unsecured, interest free and have no fixed term of repayment.
- (iii) The amount due is unsecured, interest free and has been fully repaid in July 2013.

14. Pending litigations

The Group is pursuing a legal proceeding against the vendor, a director of the vendor and two ex-directors of the Company in connection with the acquisition of a PRC hotel at a consideration of HK\$120 million undertaken by the Group in September 2000. The Group is claiming the costs and expenses associated with the acquisition and as at the reporting date, the parties of the case are still attending to interlocutory matters and no hearing date has yet been fixed.

The Company is currently seeking legal advice on the litigations mentioned above. The directors believe that appropriate provisions have been made in the financial statements of the Group and the Group has valid claim/defence regarding the above litigations and consider that these outstanding litigations would not have material impact on the Group.

Apart from the aforesaid pending litigation, the Group did not have any significant contingent liabilities at 30 June 2013 (At 31 December 2012: HK\$Nil).

15. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 29 August 2013.