



NEW ISLAND DEVELOPMENT HOLDINGS LIMITED

(FORMERLY KNOWN AS NEW ISLAND PRINTING HOLDINGS LIMITED)

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

新 洲 發 展 控 股 有 限 公 司

(前稱為新洲印刷集團有限公司)

(於百慕達註冊成立之有限公司)

(股份代號：377)

2013 / 2014 INTERIM REPORT

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(FORMERLY KNOWN AS NEW ISLAND PRINTING HOLDINGS LIMITED)

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INTERIM REPORT 2013/2014

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul
(Chairman)
Mr. Lo Ming Chi, Charles
(Chief Executive Officer)
Ms. Chan Yuk Yee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

COMPANY SECRETARY

Mr. Simm Wai Kin, Derek

AUDIT COMMITTEE

Mr. Pun Chi Ping, *Chairman*
Dr. Wong Yun Kuen
Mr. Ip Man Tin, David

REMUNERATION COMMITTEE

Mr. Ip Man Tin, David, *Chairman*
Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Lo Ming Chi, Charles

NOMINATION COMMITTEE

Dr. Wong Yun Kuen, *Chairman*
Mr. Lo Ming Chi, Charles
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

SOLICITORS

Chiu & Partners Solicitors

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
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HEAD OFFICE

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Hong Kong

HONG KONG SHARE REGISTRAR

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

377

WEBSITE

<http://www.newisland.com>

INTERIM RESULTS

The board of directors (“the Board”) of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) (“the Company”) announces the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30th September, 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September, 2013 — unaudited

(Expressed in Hong Kong dollars)

	<i>Notes</i>	Six months ended	
		2013	2012
		\$'000	\$'000
Turnover	<i>3&4</i>	386,240	382,775
Cost of sales		(309,681)	(308,362)
Gross profit		76,559	74,413
Other revenue		1,967	807
Other net gain/(loss)	<i>5</i>	7,314	(23,182)
Selling and distribution costs		(22,947)	(26,484)
Administrative expenses		(47,149)	(41,558)
Profit/(loss) from operations		15,744	(16,004)
Finance costs	<i>6(a)</i>	(1,494)	(1,227)
Profit/(loss) before taxation	<i>6</i>	14,250	(17,231)
Income tax	<i>7</i>	(1,676)	(2,742)
Profit/(loss) for the period		12,574	(19,973)
Attributable to:			
Equity shareholders of the Company		12,518	(20,304)
Non-controlling interests		56	331
Profit/(loss) for the period		12,574	(19,973)
Earnings/(loss) per share			
— Basic	<i>9(a)</i>	0.47 cents	(0.76) cents
— Diluted	<i>9(b)</i>	0.47 cents	(0.76) cents

The notes on pages 8 to 16 form part of this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30th September, 2013 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30th September,	
	2013	2012
	\$'000	\$'000
Profit/(loss) for the period	12,574	(19,973)
Other comprehensive income/(loss) for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	3,014	(2,504)
Total comprehensive income/(loss) for the period	15,588	(22,477)
Attributable to:		
Equity shareholders of the Company	15,532	(22,808)
Non-controlling interests	56	331
Total comprehensive income/(loss) for the period	15,588	(22,477)

The notes on pages 8 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2013 — unaudited

(Expressed in Hong Kong dollars)

	<i>Notes</i>	At 30th September, 2013		At 31st March, 2013	
		\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS					
Investment property	<i>10</i>	29,333		—	
Fixed assets					
— Property, plant and equipment	<i>11</i>	321,442		323,410	
— Prepaid leasehold land held for own use under operating leases		18,029		18,230	
			368,804		341,640
Goodwill			930		930
Intangible assets			1,260		1,260
Deposits for purchase of machineries			5,589		9,891
Other assets			2,275		2,230
Deferred tax assets			2,516		2,149
			381,374		358,100
CURRENT ASSETS					
Trading securities	<i>12</i>	42,690		30,131	
Inventories	<i>13</i>	85,192		74,944	
Trade and other receivables	<i>14</i>	190,986		163,228	
Current tax recoverable		253		268	
Cash held on behalf of brokerage clients	<i>15</i>	51,995		24,358	
Cash and cash equivalents		94,313		87,094	
			465,429		380,023
CURRENT LIABILITIES					
Bank loans	<i>16</i>	101,873		70,692	
Trade and other payables	<i>17</i>	197,230		127,092	
Bills payable		24,463		32,517	
Current tax liabilities		3,831		3,848	
			327,397		234,149
NET CURRENT ASSETS			138,032		145,874
TOTAL ASSETS LESS CURRENT LIABILITIES			519,406		503,974

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30th September, 2013 — unaudited (Continued)**(Expressed in Hong Kong dollars)*

	<i>Notes</i>	At 30th September, 2013		At 31st March, 2013	
		\$'000	\$'000	\$'000	\$'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities			1,366		1,522
<hr/>					
NET ASSETS			518,040		502,452
<hr/>					
CAPITAL AND RESERVES					
Share capital	<i>18</i>		26,653		26,653
Reserves			476,558		461,026
<hr/>					
Total equity attributable to equity shareholders of the Company			503,211		487,679
Non-controlling interests			14,829		14,773
<hr/>					
TOTAL EQUITY			518,040		502,452
<hr/>					

The notes on pages 8 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th September, 2013 — unaudited
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Statutory surplus reserve	Exchange reserve	Other reserves	Retained profits			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1st April, 2012	26,653	131,911	26,691	70,545	4,890	231,561	492,251	507	492,758
Changes in equity for the six months ended 30th September, 2012:									
(Loss)/Profit for the period	—	—	—	—	—	(20,304)	(20,304)	331	(19,973)
Other comprehensive loss for the period	—	—	—	(2,504)	—	—	(2,504)	—	(2,504)
Total comprehensive (loss)/income for the period	—	—	—	(2,504)	—	(20,304)	(22,808)	331	(22,477)
Arising on business combinations	—	—	—	—	—	—	—	14,536	14,536
Change of non-controlling interests	—	—	—	—	—	(46)	(46)	46	—
Transactions with owners	—	—	—	—	—	(46)	(46)	14,582	14,536
Balance at 30th September, 2012 and 1st October, 2012	26,653	131,911	26,691	68,041	4,890	211,211	469,397	15,420	484,817
Changes in equity for the six months ended 31st March, 2013:									
Profit/(Loss) for the period	—	—	—	—	—	11,352	11,352	(647)	10,705
Other comprehensive income for the period	—	—	—	6,930	—	—	6,930	—	6,930
Total comprehensive income/(loss) for the period	—	—	—	6,930	—	11,352	18,282	(647)	17,635
Transfer to statutory surplus reserve	—	—	1,056	—	—	(1,056)	—	—	—
Balance at 31st March, 2013	26,653	131,911	27,747	74,971	4,890	221,507	487,679	14,773	502,452
Balance at 1st April, 2013	26,653	131,911	27,747	74,971	4,890	221,507	487,679	14,773	502,452
Changes in equity for the six months ended 30th September, 2013:									
Profit for the period	—	—	—	—	—	12,518	12,518	56	12,574
Other comprehensive income for the period	—	—	—	3,014	—	—	3,014	—	3,014
Total comprehensive income for the period	—	—	—	3,014	—	12,518	15,532	56	15,588
Balance at 30th September, 2013	26,653	131,911	27,747	77,985	4,890	234,025	503,211	14,829	518,040

The notes on pages 8 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30th September, 2013 — unaudited**(Expressed in Hong Kong dollars)*

	Six months ended	
	30th September,	
	2013	2012
	\$'000	\$'000
Cash generated from/(used in) operations	22,900	(5,141)
Tax paid	(2,226)	(1,935)
Net cash generated from/(used in) operating activities	20,674	(7,076)
Net cash (used in)/generated from investing activities	(43,600)	3,380
Net cash generated from/(used in) financing activities	29,687	(4,712)
Net increase/(decrease) in cash and cash equivalents	6,761	(8,408)
Cash and cash equivalents at 1st April	87,094	88,737
Effect of foreign exchange rates changes	458	(315)
Cash and cash equivalents at 30th September	94,313	80,014
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	60,934	48,730
Deposits with bank	33,379	31,284
Cash and cash equivalents in the statement of financial position and the statement of cash flows	94,313	80,014

The notes on pages 8 to 16 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise stated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “*Interim financial reporting*”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorized for issue on 27th November, 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

This interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the independent auditor, Grant Thornton Hong Kong Limited (“GT”), 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. GT’s independent review report to the Board of Directors is included on page 17.

The financial information relating to the financial year ended 31st March, 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2013 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in the independent auditor’s report dated 26th June, 2013.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These developments have had no material impact on the Group’s financial statements. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009–2011 Cycle*
- Amendments to HKFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31st March, 2014 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore, the policies that will be applied in the Group’s financial statements for the year ending 31st March, 2014 cannot be determined with certainty at the date of issuance of the interim financial report.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Printing: Printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan, Shanghai and Hunan
- Provision of brokerage services: Provision of securities brokerage and margin financing services
- Provision of financing services: Provision of finance
- Securities investments: Investment activities in equity securities
- Property investment: Property rental services

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

(a) Reportable segment turnover, profit or loss, assets and liabilities

For the six months ended	Printing		Provision of brokerage services		Provision of financing services		Securities investments		Property investment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
30th September,	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment turnover	379,931	382,280	5,846	495	360	—	—	—	103	—	386,240	382,775
Reportable segment profit/(loss)	2,056	1,904	1,529	436	251	(20)	8,804	(22,293)	(66)	—	12,574	(19,973)

	Printing		Provision of brokerage services		Provision of financing services		Securities investments		Property investment		Total	
	At	At	At	At	At	At	At	At	At	At	At	At
	30th	31st	30th	31st	30th	31st	30th	31st	30th	31st	30th	31st
	September,	March,	September,	March,	September,	March,	September,	March,	September,	March,	September,	March,
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	717,870	675,433	103,099	90,476	2,225	2,173	52,296	30,140	29,426	—	904,916	798,222
Reportable segment liabilities	245,255	208,317	54,224	41,567	1,976	2,086	55,892	43,764	29,492	—	386,839	295,734

3. SEGMENT REPORTING (CONTINUED)

(b) *Reconciliations of reportable segment assets and liabilities:*

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Assets		
Reportable segment assets	904,916	798,222
Elimination of inter-segment receivables	(93,123)	(95,099)
	811,793	703,123
Unallocated corporate assets	35,010	35,000
	846,803	738,123
Liabilities		
Reportable segment liabilities	386,839	295,734
Elimination of inter-segment payables	(93,123)	(95,099)
	293,716	200,635
Unallocated corporate liabilities	35,047	35,036
	328,763	235,671

4. TURNOVER

The principal activities of the Group are (1) printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of brokerage of securities services; (3) provision of finance; (4) securities investments; and (5) property investment. Turnover represents the invoiced value of goods sold, commission and brokerage income, interest income from margin financing from the provision of brokerage securities services, interest income from the provision of finance and rental income from property investment, net of sales tax, returns and discounts. The Group's significant category of turnover recognized during the period is as follows:

	Six months ended 30th September,	
	2013 \$'000	2012 \$'000
Sales of printing products	379,931	382,280
Commission and brokerage income	2,935	8
Interest income from margin financing	2,911	487
Interest income from provision of finance	360	—
Rental income from property investment	103	—
	386,240	382,775

5. OTHER NET GAIN/(LOSS)

	Six months ended 30th September,	
	2013	2012
	\$'000	\$'000
Net unrealized gain/(loss) on trading securities	8,677	(22,169)
Net realized gain on trading securities	336	—
Net gain on forward exchange contracts	—	309
Gain/(loss) on disposal of property, plant and equipment	65	(1,783)
Net exchange (loss)/gain	(1,764)	461
	7,314	(23,182)

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30th September,	
	2013	2012
	\$'000	\$'000
<i>(a) Finance costs:</i>		
Interest on bank loans	1,494	1,227
<i>(b) Other items:</i>		
Cost of inventories sold	309,681	308,362
Depreciation — owned assets	19,459	19,156
Amortization of land lease premium	367	363
(Gain)/loss on disposal of property, plant and equipment	(65)	1,783
Net unrealized (gain)/loss on trading securities	(8,677)	22,169
Net realized gain on trading securities	(336)	—

7. INCOME TAX

	Six months ended 30th September,	
	2013	2012
	\$'000	\$'000
<i>Current tax</i>		
Provision for Hong Kong Profits Tax	96	863
Provision for income tax outside Hong Kong	2,086	2,709
	2,182	3,572
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(506)	(830)
	1,676	2,742

7. INCOME TAX (CONTINUED)

The provision for Hong Kong Profits Tax for the period was calculated at 16.5% (six months ended 30th September, 2012: 16.5%) of the estimated assessable profits for the period.

Income tax for subsidiaries outside Hong Kong is calculated at the appropriate current rates for taxation ruling in the relevant countries.

8. DIVIDENDS

No interim dividend will be paid for the six months ended 30th September, 2013 (six months ended 30th September, 2012: \$Nil). Final dividends, if any, will be proposed at the year end.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company for the period of \$12,518,000 (six months ended 30th September, 2012: loss of \$20,304,000) and on the weighted average number of ordinary shares of 2,665,290,000 (six months ended 30th September, 2012: 2,665,290,000) during the period.

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares during the six months ended 30th September, 2013 and 2012, and diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

10. INVESTMENT PROPERTY

The changes in the carrying amount of investment property can be summarized as follows:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Carrying amount at the beginning of the period/year	—	—
Additions	29,333	—
Carrying amount at the end of the period/year	29,333	—

The investment property is situated in Hong Kong and its carrying amount is analyzed as follows:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Medium-term leases	29,333	—

The Group's investment property for earning rental income purpose is measured using the fair value model and are classified and accounted for as investment property.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2013, the Group acquired items of property, plant and equipment with cost totaling \$15,773,000 (six months ended 30th September, 2012: \$17,421,000).

12. TRADING SECURITIES

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Listed equity securities at fair value		
— in Hong Kong	42,690	30,131

The carrying value of trading securities measured at fair value at the end of the reporting period were determined by their quoted prices in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13, *Fair value measurement*.

13. INVENTORIES

During the six months ended 30th September, 2013, \$2,459,000 (six months ended 30th September, 2012: \$1,421,000) has been recognized as a reduction in the amount of inventories as an expense in profit or loss during the period, being the amount of a write-down of inventories to estimated net realizable value.

14. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Current	170,703	144,063
Less than one month past due	7,501	3,171
One to three months past due	968	4,584
More than three months past due	215	2,134
	179,387	153,952

Trade debtors are due 30 to 90 days from the date of billing. Margin receivables due from margin clients are current. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

15. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts and bear interest at prevailing interest rate. The Group has recognized the corresponding amount in trade payables to respective clients.

16. BANK LOANS

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

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Current liabilities		
Bank loans	40,036	17,665
Term loans from banks subject to demand repayment	61,837	53,027
	101,873	70,692

At 30th September, 2013, bank loans were repayable as follows:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Within one year or on demand	40,036	17,665
Current portion of term loans due for repayment within one year	14,735	19,351
	54,771	37,016
Term loans due for repayment after one year		
After one year but within two years	5,435	4,237
After two years but within five years	14,247	7,042
After five years	27,420	22,397
	47,102	33,676
	101,873	70,692

At 30th September, 2013, bank loans were analyzed as follows:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Bank loans		
— secured	47,070	44,694
— unsecured	54,803	25,998
	101,873	70,692

Certain banking facilities and loans granted to the Group are secured by the Group's fixed assets and an investment property with an aggregate carrying value of \$74,569,000 and \$29,333,000 (31st March, 2013: \$75,348,000 and \$Nil) respectively at 30th September, 2013.

16. BANK LOANS (CONTINUED)

At 30th September, 2013, the above secured banking facilities amounted to \$57,070,000 (31st March, 2013: \$54,693,000). The facilities were utilized to the extent of \$47,070,000 at 30th September, 2013 (31st March, 2013: \$44,694,000).

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to the Group's statement of financial position and profitability ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 30th September, 2013 and 31st March, 2013, none of the bank covenants relating to the drawn down facilities has been breached.

17. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Current and less than one month past due	128,019	69,853
One to three months past due	13,840	4,050
More than three months past due	1,316	1,058
	<hr/> 143,175	<hr/> 74,961

18. SHARE CAPITAL

	Ordinary shares '000	Amount \$'000
Authorized shares of \$0.01 each:		
At 31st March, 2013 and 30th September, 2013	40,000,000	400,000
Issued and fully paid shares of \$0.01 each:		
At 31st March, 2013 and 30th September, 2013	2,665,290	26,653

19. COMMITMENTS

Capital commitments outstanding at 30th September, 2013, not provided for in the interim financial report:

	At 30th September, 2013 \$'000	At 31st March, 2013 \$'000
Contracted for	3,865	4,435

20. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors is as follows:

	Six months ended 30th September,	
	2013	2012
	\$'000	\$'000
Short-term employee benefits	3,658	3,184
Post-employment benefits	111	98
	<hr/>	
	3,769	3,282

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at 30th September, 2013 and 31st March, 2013.

22. COMPARATIVE FIGURES

Certain comparative figures have been adjusted in order to conform to the current period's presentation.

**INDEPENDENT REVIEW REPORT TO THE BOARD OF
DIRECTORS OF NEW ISLAND DEVELOPMENT HOLDINGS LIMITED**
(FORMERLY KNOWN AS NEW ISLAND PRINTING HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 16 which comprises the condensed consolidated statement of financial position of New Island Development Holdings Limited (formerly known as New Island Printing Holdings Limited) as at 30th September, 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 the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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 report as at 30th September, 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

27th November, 2013

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

BUSINESS REVIEW AND OUTLOOK

The Group reported turnover of approximately HK\$386.2 million for the six months ended 30th September, 2013 (“Review Period”), which mainly comprised of turnover from sales of printing products of approximately HK\$379.9 million, provision of brokerage of securities services of approximately HK\$5.8 million, provision of finance of approximately HK\$0.4 million and rental income of approximately HK\$0.1 million. Such turnover slightly increased by approximately 0.9% compared to approximately HK\$382.8 million for the six months ended 30th September, 2012 (“Corresponding Period”).

Gross profit margin has slightly risen to approximately 19.8% during the Review Period from approximately 19.4% during the Corresponding Period. Despite raw materials and labour costs have been rising in the People’s Republic of China (“PRC”), gross profit slightly increased by approximately 2.9% to approximately HK\$76.6 million for the Review Period which mainly contributed to our prudent cost control, improved efficiency by automation and the shifting production site to a lower production cost.

Selling and distribution costs decreased by approximately 13.4% from HK\$26.5 million in the Corresponding Period to approximately HK\$22.9 million during the Review Period, standing at approximately 5.9% of turnover, as compared with approximately 6.9% of turnover in the Corresponding Period, it is mainly due to different terms of sales in export. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, administrative expenses have increased by approximately 13.5% to approximately HK\$47.1 million during the Review Period. It is due to the increase in directors’ remuneration, miscellaneous tax expenses in the PRC and additional administrative cost of the subsidiaries acquired in Corresponding Period.

The Group’s finance costs increased by approximately 21.8% from HK\$1.2 million for Corresponding Period to HK\$1.5 million for the Review Period. The increase was mainly due to an additional mortgage loan of the investment property and a machine loan during the year under review.

The substantial increase in fair values of listed trading securities due to the substantial increase in the market prices of certain listed securities held by the Group, the Group recorded a substantial unrealized gain of approximately HK\$8.7 million during the Review Period, which has been accounted in other net gain/(loss).

As a result of the combined effects of the foregoing, profit before taxation for the Review Period of HK\$14.3 million as compared with a loss before taxation of approximately HK\$17.2 million for the Corresponding Period. Tax expense outside Hong Kong decrease while there is a tax loss brought down to set off certain profits for the Review Period in Hong Kong. Consequently the tax expenses decreased by 38.9% to approximately HK\$1.7 million during the Review Period. Profit attributable to equity shareholders was approximately HK\$12.5 million for the Review Period.

As the economy of USA and European remain uncertain, oversea demand for our products remains volatile. It is expected that the business environment for coming year will be difficult and tough. In regarding to tackle the anticipated challenges and remain competitive, the Group will endeavor to explore business opportunities in increasing turnover with existing valuable clients and widen customers with exploring more new clients. It is expected that the Group will invest more resources in our strength in food and cosmetics industry. On the other hand the Group will implement tight cost control and management strategies which include reducing operating cost to lower cost region. However , the consistent increase in costs of labour and raw materials will limit the effect of cost control measures.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group expended approximately HK\$29.3 million on investment property and HK\$15.8 million on property, plant and equipment. These investments and the daily operating activities of the Group were funded by retained earnings and bank borrowings and by the cash flows generated from the Group's operations.

As at 30th September, 2013, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totalling approximately HK\$126.3 million (31st March, 2013: HK\$103.2 million), comprising bank loans of HK\$101.9 million (31st March, 2013: HK\$70.7 million) and bills payable of HK\$24.4 million (31st March, 2013: HK\$32.5 million). Of these borrowings, approximately HK\$47.1 million (31st March, 2013: HK\$44.7 million) were secured by property, plant and equipment and an investment property with an aggregate carrying value in the Group's statement of financial position as at 30th September, 2013 of approximately HK\$74.6 million and HK\$29.3 million respectively (31st March, 2013: HK\$75.3 million and HK\$Nil). The net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 30th September, 2013 was approximately 6.2% (31st March, 2013: 3.2%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

STAFF

As at 30th September, 2013, the Group had a total staff of 2,894 (31st March, 2013: 2,875) of which 2,841 (31st March, 2013: 2,824) were employed in the PRC for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

INTERIM DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30th September, 2013 (six months ended 30th September, 2012: HK\$Nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30th September, 2013, except for the deviation of code provisions of the CG Code as expressly below.

CORPORATE GOVERNANCE (CONTINUED)

Code Provision E.1.2

The Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 16th August, 2013 (the “2013 AGM”) as he had other important business engagement. However, Mr. Lo Ming Chi, Charles an Executive Director and the Chief Executive Officer of the Company had chaired the meeting in accordance with Article 63 of the Company’s Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-Executive Directors and reports directly to the Board. The audit committee meets regularly with the Group’s senior management and the Company’s external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company.

The audit committee has reviewed the interim results of the Group for the six months ended 30th September, 2013.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2013, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30th September, 2013
Mr. Suen Cho Hung, Paul (“Mr. Suen”)	Interests of controlled corporation	Long position	1,668,967,000	62.62%

Note:

These shares are held by Plus Wealthy Limited which is a wholly-owned subsidiary of Bingo Wealth Holdings Limited which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen is deemed to be interested in all the shares held by Plus Wealthy Limited by virtue of the SFO.

Save as disclosed above, as at 30th September, 2013, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of information on directors of the Company is as follows:

The remuneration packages of Mr. Lo Ming Chi, Charles, an Executive Director and the Chief Executive Officer of the Company has been revised by the Remuneration Committee with effect from 1st April, 2013 in consideration of his responsibility and market rates. The monthly remuneration of Mr. Lo Ming Chi, Charles has been revised to HK\$103,000.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 28th September, 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-Executive Directors including Independent Non-Executive Directors or any employees (whether full-time or part-time) of each member of the Group (the "Participants") and for such other purpose as the Board may approve from time to time. Details of the Scheme are set out in the 2013 annual report of the Company. The Scheme shall remain valid and effective until 27th September, 2017.

No share option has been granted by the Company since the adoption of the Scheme.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30th September, 2013, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30th September, 2013
Plus Wealthy Limited ("Plus Wealthy")	Beneficial owner	Long position	1,668,967,000	62.62%
Bingo Wealth Holdings Limited ("Bingo Wealth")	Interests of controlled corporation	Long position	1,668,967,000 ^(note)	62.62%
Mr. Suen	Interests of controlled corporation	Long position	1,668,967,000 ^(note)	62.62%

Note:

These shares are held by Plus Wealthy which is a wholly-owned subsidiary of Bingo Wealth which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen and Bingo Wealth are deemed to be interested in all the shares held by Plus Wealthy Limited by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30th September, 2013.

ARRANGEMENT TO PURCHASE SHARES

Apart from the Scheme as disclosed above, at no time during the six months ended 30th September, 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th September, 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

COMPOSITION OF BOARD

As at the date of this report, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Chief Executive Officer) and Ms. Chan Yuk Yee as Executive Directors and Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David as Independent Non-Executive Directors.

By Order of the Board
LO Ming Chi, Charles
Chief Executive Officer

Hong Kong, 27th November, 2013