



Interim Report  
**2013**



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

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

# CONTENTS

Corporate Information	3
Management Discussion and Outlook	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Interim Financial Statements	13
Other Information	33



## Abbreviations

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

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

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

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

#### Independent Non-executive Directors

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### COMPANY SECRETARY

Ms. Chan Yuk Yee

### TRADING OF SHARES

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

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

### PRINCIPAL BANKERS

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

### LEGAL ADVISERS

Reed Smith Richards Butler  
Troutman Sanders

### AUDITOR

HLB Hodgson Impey Cheng Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM11  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### WEBSITE

[www.plycapital.com.hk](http://www.plycapital.com.hk)

## Management Discussion and Outlook

### BUSINESS REVIEW

#### Continuing Operations

For the six months ended 30 September 2013, the Group reported revenue of HK\$418,336,000, significantly increased by 31% from the previous period (30 September 2012: HK\$319,637,000), and gross profit of HK\$22,171,000, also showing a sharp rise of 72% compared to the prior period (30 September 2012: HK\$12,878,000). The increase in the Group's revenue was mainly attributed to the increased volume of metal minerals traded by the supply and procurement division, whereas the surge of the Group's gross profit was the combined effect of the improved profit margin contributed by the supply and procurement division and the increased income generated by the financing and securities investment division.

During the period under review, the Group's supply and procurement division continued to focus on the sourcing, transporting and supplying of metal minerals, recyclable metal materials as well as timber logs. When compared with the previous period, the division recorded a 30% increase in revenue to HK\$404,661,000 (30 September 2012: HK\$312,101,000) and a 71% rise in segment profit to HK\$9,266,000 (30 September 2012: HK\$5,417,000). The increases in the division's revenue and profit were principally attributed to the increased volume of metal minerals transacted, which was a result of the management's successful efforts in expanding the division's supplier and customer base and enhancing its market position as well as price negotiation power.

The financing division continued to provide a stable income source to the Group for the period under review. When compared with the previous period, the interest income and segment profit generated by the financing division were up substantially by 52% to HK\$7,530,000 (30 September 2012: HK\$4,957,000) and 49% to HK\$7,339,000 (30 September 2012: HK\$4,924,000). Such material increases were mainly due to the comparatively higher average amount of loans advanced to customers over the previous period. The loan portfolio held by the Group amounted to HK\$72,033,000 (31 March 2013: HK\$72,233,000) at the period end.

## Management Discussion and Outlook

### **BUSINESS REVIEW (continued)**

#### **Continuing Operations (continued)**

The Group's securities investment division recorded revenue of HK\$6,145,000 (30 September 2012: HK\$2,579,000) representing dividend from equity securities investments, and interest income from convertible bonds and interest bearing notes. As a whole, the division reported a loss of HK\$14,347,000, significantly reduced by 89% compared to the previous period (30 September 2012: HK\$136,331,000). The loss incurred by the division comprised mainly unrealised loss of HK\$37,504,000 (30 September 2012: HK\$123,115,000) from holdings of listed equity securities, convertible bonds and interest bearing notes measured at fair values at the period end; the net realised gain of HK\$17,012,000 (30 September 2012: net realised loss of HK\$15,795,000) derived from divesting part of its listed equity securities portfolio; and dividend, interest from convertible bonds and interest bearing notes totaling HK\$6,145,000 (30 September 2012: HK\$2,579,000). During the review period, the investment sentiments in Hong Kong stock market were more positive mainly because of the market perception that the recovery of the United States economy is sustainable and as a result, the performance of the division had improved with its loss incurred being substantially reduced from the previous period. At the period end, the Group's securities portfolio comprised mainly listed equity securities in conglomerate company, infrastructure company, construction company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, apparels and accessories company, automobile retailing company, financial services company, movies and entertainment company and investments company, together with the convertible bonds and interest bearing notes on hand, the Group's securities portfolio was at fair value of HK\$929,506,000 (31 March 2013: HK\$891,366,000).

#### **Discontinued Operation**

In September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000. The transaction was approved by shareholders in the Company's special general meeting in October 2012 and the disposal was completed in November 2012. Accordingly, the results of the pharmaceutical division were accounted for as discontinued operation in the prior period.

#### **Overall Results**

For the period ended 30 September 2013, the Group recorded loss attributable to owners of the Company of HK\$12,158,000 (30 September 2012: HK\$138,796,000) and basic loss per share of HK0.41 cent (30 September 2012: HK4.68 cents) from continuing and discontinued operations. The Group's supply and procurement division as well as the financing division both reported profitable segment results for the period, although partly offset by the loss incurred by the securities investment division. Nevertheless, the overall loss incurred by the Group was substantially reduced by 91% when compared to the prior period.

## Management Discussion and Outlook

### FINANCIAL REVIEW

#### Liquidity, Financial Resources and Capital Structure

At 30 September 2013, the Group had current assets of HK\$1,265,140,000 (31 March 2013: HK\$1,286,389,000) and liquid assets comprising cash and short-term securities investment of HK\$1,001,561,000 (31 March 2013: HK\$1,079,363,000) (excluding pledged bank deposits for trade facilities granted by banks). The Group's current ratio, calculated based on current assets of HK\$1,265,140,000 (31 March 2013: HK\$1,286,389,000) over current liabilities of HK\$61,164,000 (31 March 2013: HK\$80,998,000), was at a strong ratio of about 20.68 at the period end (31 March 2013: 15.88).

The Group's finance cost for the period represented the effective interest on notes payable. During the period ended 30 September 2013, the Company had issued a new note in the principal amount of HK\$10,000,000 to an investor, at the period end, the Company had issued interest bearing notes in the aggregate principal amount of HK\$110,000,000.

At the period end, equity attributable to owners of the Company amounting to HK\$1,118,480,000 (31 March 2013: HK\$1,130,637,000) and is equivalent to an attributable amount of approximately HK\$0.38 (31 March 2013: HK\$0.38) per share of the Company. The decrease in the equity attributable to owners of the Company was mainly a result of the loss incurred by the Group during the period.

As at 30 September 2013, the Group's indebtedness comprised notes payable and bank advances for discounted bills totaling HK\$150,505,000 (31 March 2013: HK\$147,615,000). The bank advances for discounted bills were denominated in United States dollars, due within one year, and bore interests at floating rates. The notes payable were denominated in Hong Kong dollars, due on the seventh anniversary from the respective issue dates of the notes, and bore interests at 5% fixed rate. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 12% (31 March 2013: 12%).

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

## Management Discussion and Outlook

### FINANCIAL REVIEW (continued)

#### Foreign Currency Management

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

#### Pledge of Assets

At 30 September 2013, bank deposits of HK\$101,363,000 (31 March 2013: HK\$24,981,000) were pledged to banks to secure for trade credit facilities granted to the Group.

#### Contingent Liability

At 30 September 2013, the Group had no significant contingent liability (31 March 2013: nil).

#### Capital Commitment

At 30 September 2013, the Group had no significant capital commitment (31 March 2013: nil).

### HUMAN RESOURCES AND REMUNERATION POLICY

At 30 September 2013, the Group's continuing operations had about 35 (30 September 2012: about 30) employees including directors. For the review period, total staff costs of the continuing operations, including directors' remuneration, was HK\$7,485,000 (30 September 2012: HK\$4,978,000). Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

### PROSPECTS

The sentiments of the business environments in which the Group is operating have improved during the current period mainly because of the market perception that the economic recovery of the United States is sustainable. Against this backdrop, the management will continue to manage the Group's businesses and to evaluate new business opportunities in a prudent and cautious manner with the view to ensure a stable prospect to shareholders.



## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Continuing operations</b>			
Revenue	4	418,336	319,637
Cost of sales		(396,165)	(306,759)
Gross profit		22,171	12,878
Net losses on investments at fair value through profit or loss	6	(20,492)	(138,910)
Other income and gains		2,313	2,808
Selling and distribution costs		(386)	(739)
Administrative expenses		(12,793)	(11,069)
Finance cost	5	(2,843)	–
Loss before taxation	6	(12,030)	(135,032)
Taxation	7	(128)	(150)
Loss for the period from continuing operations		(12,158)	(135,182)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	–	(3,857)
<b>Loss for the period</b>		<b>(12,158)</b>	<b>(139,039)</b>
<b>Other comprehensive expense</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		–	(12)
Other comprehensive expense for the period, net of tax		–	(12)
<b>Total comprehensive expense for the period</b>		<b>(12,158)</b>	<b>(139,051)</b>

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

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(12,158)	(138,796)
Non-controlling interests		–	(243)
		<b>(12,158)</b>	<b>(139,039)</b>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(12,158)	(138,807)
Non-controlling interests		–	(244)
		<b>(12,158)</b>	<b>(139,051)</b>
<b>Loss per share attributable to owners of the Company</b>			
From continuing and discontinued operations	9		
Basic and diluted (HK cent(s) per share)		<b>(0.41)</b>	(4.68)
From continuing operations			
Basic and diluted (HK cent(s) per share)		<b>(0.41)</b>	(4.56)

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

## Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	As at 30 September 2013 HK\$'000 (Unaudited)	As at 31 March 2013 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	2,670	3,152
Available-for-sale investment		18,000	18,000
Total non-current assets		20,670	21,152
<b>Current assets</b>			
Bills receivable	12	47,411	58,635
Prepayments, deposits and other receivables		42,166	50,571
Loans receivable		72,033	72,233
Tax recoverable		606	606
Investments at fair value through profit or loss	13	929,506	891,366
Pledged bank deposits		101,363	24,981
Cash and bank balances		72,055	187,997
Total current assets		1,265,140	1,286,389
<b>Current liabilities</b>			
Bills payable	14	3,911	6,469
Other payables and accruals		11,815	21,782
Tax payable		341	229
Bank advances for discounted bills	12	45,097	52,518
Total current liabilities		61,164	80,998
<b>Net current assets</b>		<b>1,203,976</b>	1,205,391
<b>Total assets less current liabilities</b>		<b>1,224,646</b>	1,226,543
<b>Non-current liabilities</b>			
Notes payable	15	105,408	95,097
Deferred tax liabilities		758	809
Total non-current liabilities		106,166	95,906
<b>Net assets</b>		<b>1,118,480</b>	1,130,637
<b>Capital and reserves</b>			
Share capital	16	296,564	296,563
Reserves		821,916	834,074
<b>Total equity</b>		<b>1,118,480</b>	1,130,637

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

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to owners of the Company							Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Translation reserve	Share option reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2012	296,549	1,523,162	3,085	8,081	2,692	(124)	(633,703)	1,199,742	(1,793)	1,197,949
Loss for the period	-	-	-	-	-	-	(138,796)	(138,796)	(243)	(139,039)
Other comprehensive expense for the period	-	-	-	(11)	-	-	-	(11)	(1)	(12)
Total comprehensive expense for the period	-	-	-	(11)	-	-	(138,796)	(137,807)	(244)	(139,051)
Transaction costs attributable to issue of shares	-	(3)	-	-	-	-	-	(3)	-	(3)
Exercise of warrants	4	-	-	-	-	-	-	4	-	4
Lapse of share options	-	-	-	-	(2,692)	-	2,692	-	-	-
At 30 September 2012	296,553	1,523,159	3,085	8,070	-	(124)	(769,807)	1,060,936	(2,037)	1,058,899
At 1 April 2013	296,563	1,522,928	3,085	-	-	-	(691,939)	1,130,637	-	1,130,637
Loss for the period and total comprehensive expense for the period	-	-	-	-	-	-	(12,158)	(12,158)	-	(12,158)
Exercise of warrants	1	-	-	-	-	-	-	1	-	1
<b>At 30 September 2013</b>	<b>296,564</b>	<b>1,522,928</b>	<b>3,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(704,097)</b>	<b>1,118,480</b>	<b>-</b>	<b>1,118,480</b>

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

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	<b>Six months ended 30 September</b>	
	<b>2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>(42,212)</b>	(85,759)
<b>Net cash used in investing activities</b>	<b>(76,310)</b>	(5,327)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,580</b>	(35,596)
<b>Net decrease in cash and cash equivalents</b>	<b>(115,942)</b>	(126,682)
Cash and cash equivalents at the beginning of the period	<b>187,997</b>	314,614
Effect of foreign exchange rate changes, net	–	13
<b>Cash and cash equivalents at the end of the period</b>	<b>72,055</b>	187,945
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>72,055</b>	187,945

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Listing Rules. The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair values. The condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2013 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2013.

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The application of the above new and revised HKFRSs has had no material effect on the results and financial positions of the Group prepared and presented for the current or prior accounting periods except as stated below.

#### *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 of the Group.

#### *HKFRS13 "Fair value measurement"*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

HKFRS 7 & HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (As revised in 2011) (Amendment)	Investment Entities <sup>1</sup>
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

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



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 3. SEGMENT INFORMATION

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

- the supply and procurement segment represents supply and procurement activities in metal minerals, recyclable metal materials and timber logs;
- the provision of finance segment represents provision of short-term loan financing activities; and
- the securities investment segment represents investment activities in equity securities, convertible bonds and interest bearing notes.

During the year ended 31 March 2013, the Group disposed of its pharmaceutical business which was engaged in the production and sale of Chinese medicine. The pharmaceutical business was classified as discontinued operation as described in note 8.

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

	Six months ended 30 September 2013 (Unaudited)			Consolidated HK\$'000
	Supply and procurement HK\$'000	Continuing operations Provision of finance HK\$'000	Securities investment HK\$'000	
<b>Segment revenue</b>				
Sales to and income from external parties	<u>404,661</u>	<u>7,530</u>	<u>6,145</u>	<u>418,336</u>
<b>Segment results</b>	<u>9,266</u>	<u>7,339</u>	<u>(14,347)</u>	<u>2,258</u>
Unallocated other income and gains				477
Unallocated expenses				(11,922)
Finance cost				<u>(2,843)</u>
Loss before taxation				(12,030)
Taxation				<u>(128)</u>
Loss for the period				<u>(12,158)</u>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 3. SEGMENT INFORMATION (continued)

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

### 4. REVENUE

#### Continuing operations

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

### 5. FINANCE COST

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Interest on:		
Notes payable (note 15)	2,843	-

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
<b>The Group's loss before taxation is arrived at after charging:</b>		
Staff costs (including directors' remuneration):		
Wages and salaries	7,149	4,759
Pension scheme contributions	336	219
Total staff costs	<u>7,485</u>	<u>4,978</u>
Cost of inventories sold	391,216	303,625
Depreciation of property, plant and equipment	<u>518</u>	<u>406</u>
<b>and after crediting:</b>		
Bank interest income	108	728
Rental income	390	98
Compensation received	1,509	1,872
Other income	260	110
Exchange gain	<u>46</u>	<u>-</u>
<b>Net losses on investments at fair value through profit or loss:</b>		
Proceeds on sales of listed equity securities investment	(134,360)	(65,019)
Less: cost of sales	<u>117,348</u>	<u>80,814</u>
Net realised (gain)/loss on investment in listed equity securities	<u>(17,012)</u>	<u>15,795</u>
Unrealised loss on investments at fair value through profit or loss ("FVTPL")		
– Held for trading	27,647	117,261
– Designated as at FVTPL	<u>9,857</u>	<u>5,854</u>
	<u>37,504</u>	<u>123,115</u>
Net losses on investments at fair value through profit or loss	<u>20,492</u>	<u>138,910</u>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 7. TAXATION

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Current – Hong Kong		
Charge for the period	179	150
Deferred tax		
Credit for the period	(51)	–
	<b>128</b>	150

Hong Kong Profits Tax for the six months ended 30 September 2013 and 2012 were calculated at 16.5% of the estimated assessable profit for the period.

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

### 8. DISCONTINUED OPERATION

On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK\$100,000,000. The disposal was approved by shareholders of the Company on 22 October 2012 and completed on 2 November 2012. Details of the disposal were disclosed in note 39 to the consolidated financial statements of the Company for the year ended 31 March 2013.

The loss from the discontinued operation which has been included in the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows is set out below:

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 8. DISCONTINUED OPERATION (continued)

	Six months ended 30 September 2012 HK\$'000 (Unaudited)
<b>Loss for the period from discontinued operation</b>	
Revenue	16,702
Cost of sales	(10,444)
Gross profit	6,258
Other income and gains	66
Selling and distribution costs	(279)
Administrative expenses	(8,326)
Finance cost	(1,665)
Loss before taxation	(3,946)
Taxation	89
Loss for the period from discontinued operation	(3,857)
<b>Loss for the period attributable to:</b>	
Owners of the Company	(3,614)
Non-controlling interests	(243)
	(3,857)
<b>Loss for the period from discontinued operation includes the followings:</b>	
Staff costs (including directors' remuneration):	
Wages and salaries	866
Pension scheme contributions	258
Total staff costs	1,124
Cost of inventories sold	9,314
Depreciation of property, plant and equipment	2,738
Amortisation of prepaid lease payments	396
Bank interest income	(66)
<b>Cash flows from discontinued operation</b>	
Net cash used in operating activities	(8,661)
Net cash used in investing activities	(244)
Net cash used in financing activities	(4,423)
Net cash outflows	(13,328)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

#### From continuing and discontinued operations

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

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of basic loss per share	<b>(12,158)</b>	(138,796)

	Six months ended 30 September	
	2013 '000 (Unaudited)	2012 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,965,636</b>	2,965,491

#### From continuing operations

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

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of basic loss per share	<b>(12,158)</b>	(135,182)

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

#### From continuing operations (continued)

	Six months ended 30 September	
	2013 '000 (Unaudited)	2012 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,965,636</b>	2,965,491

#### From discontinued operation

For the six months ended 30 September 2012, basic loss per share from the discontinued operation was HK0.12 cent per share, calculated based on the loss attributable to owners of the Company from the discontinued operation of HK\$3,614,000 and the weighted average number of ordinary shares of 2,965,491,000.

#### Diluted loss per share

Basic and diluted loss per share from the above operations for the six months ended 30 September 2013 and 2012 were the same because exercise of warrants (six months ended 30 September 2012: exercise of share options and warrants) would decrease the loss per share for both periods, therefore, anti-dilutive.

### 10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

### 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group incurred costs for equipment of approximately HK\$36,000.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 12. BILLS RECEIVABLE

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Bills receivable	<b>47,411</b>	58,635

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

An aged analysis of bills receivable at the end of the reporting period, based on invoice date, and net of impairment, is as follows:

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Within 30 days	<b>11,961</b>	32,560
31 to 60 days	<b>1,261</b>	22,017
61 to 90 days	<b>33,375</b>	2,827
91 to 180 days	<b>556</b>	973
Over 180 days	<b>258</b>	258
Total	<b>47,411</b>	58,635

A subsidiary of the Group discounted bills receivable amounting to approximately HK\$45,097,000 (31 March 2013: HK\$52,518,000) to banks in exchange for cash as at 30 September 2013.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

**12. BILLS RECEIVABLE (continued)**

The aged analysis of the bills receivable that are not considered to be impaired is as follows:

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Neither past due nor impaired	<b>11,961</b>	32,560
Less than 1 month past due	<b>1,261</b>	22,017
1 to 3 months past due	<b>33,931</b>	3,800
More than 3 months past due	<b>258</b>	258
Total	<b>47,411</b>	58,635

Bills receivable that were neither past due nor impaired related to customers for whom there were no recent history of default.

Bills receivable that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL comprised of:

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Held for trading:		
– Equity securities listed in Hong Kong ( <i>note (a)</i> )	<b>844,412</b>	811,985
Designated as at FVTPL:		
– Convertible bonds ( <i>note (b)</i> )	<b>72,080</b>	74,183
– Interest bearing notes ( <i>note (b)</i> )	<b>13,014</b>	5,198
	<b>85,094</b>	79,381
	<b>929,506</b>	891,366

*Notes:*

- (a) The listed equity securities investments as at 30 September 2013 and 31 March 2013 were classified as held for trading. The fair values of the listed equity securities investments were determined based on the quoted market closing prices available on the Stock Exchange.
- (b) The fair values of the convertible bonds were estimated by an independent qualified professional valuer which comprised the sum of fair values of the debt elements and the conversion options embedded to the convertible bonds less the fair values of the redemption options as held by the issuers of the convertible bonds. As at 30 September 2013 and 31 March 2013, the fair values of the debt elements were equal to the present values of their expected future cash flows discounted at the required yield, which were determined with reference to the credit rating of the issuers of the convertible bonds and the remaining time to maturity. The fair values of the conversion options embedded to the convertible bonds were estimated by the Binomial Option Pricing Model, which incorporated assumptions not entirely supported by observable market prices or rates.

The fair values of the interest bearing notes as at 30 September 2013 and 31 March 2013 were estimated by an independent qualified professional valuer which equal to the present values of their expected future cash flows discounted at the required yield, which were determined with reference to the credit rating of the issuers of the interest bearing notes and the remaining time to maturity.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 14. BILLS PAYABLE

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Bills payable	<b>3,911</b>	6,469

The bills payable are non-interest bearing and are normally settled on 60 days term. As at 30 September 2013, the Group had bills payable of approximately HK\$3,911,000 (31 March 2013: HK\$6,469,000), which were ranged from within 30 days to over 180 days.

The following is an analysis of bills payable at the end of the reporting period, based on invoice date, is as follows:

	<b>As at 30 September 2013 HK\$'000 (Unaudited)</b>	As at 31 March 2013 HK\$'000 (Audited)
Within 30 days	<b>232</b>	1,195
31 to 60 days	<b>1,390</b>	532
61 to 90 days	<b>448</b>	2,808
91 to 180 days	<b>868</b>	961
Over 180 days	<b>973</b>	973
Total	<b>3,911</b>	6,469

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 15. NOTES PAYABLE

On 8 November 2012, the Company entered into a placing agreement with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each to independent third parties (the "Placing"). Details of the Placing were set out in the Company's announcement dated 8 November 2012. The Placing was completed and the Company had issued placing notes in the aggregate principal amount of HK\$100,000,000 which carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes.

On 13 September 2013, the Company further issued a note of HK\$10,000,000 to an investor. The note carries interest at 5% per annum and is to be redeemed on the seventh anniversary from its issue date.

As at 30 September 2013, the aggregate principal amount of the notes payable was HK\$110,000,000 (31 March 2013: HK\$100,000,000).

The movement of the notes payable for the six months ended 30 September 2013 is set out below:

	<b>As at 30 September 2013 HK\$'000</b>
At the beginning of the period	<b>95,097</b>
Issue of the notes payable	<b>10,000</b>
Interest charged at effective interest rate from 5% to 5.91% per annum ( <i>note 5</i> )	<b>2,843</b>
Interest payable	<b>(2,532)</b>
At the end of the period	<b>105,408</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000 (Unaudited)
Authorised:		
At 1 April 2013 and 30 September 2013 ordinary shares of HK\$0.1 each	10,000,000	1,000,000
Issued and fully paid:		
At 1 April 2013		
ordinary shares of HK\$0.1 each	2,965,634	296,563
Exercise of warrants ( <i>note</i> )	12	1
At 30 September 2013	2,965,646	296,564

## Note:

During the six months ended 30 September 2013, 12,000 shares were issued as a result of exercise of 12,000 units of warrants by a warrant holder. The net proceed from the exercise of the warrants was approximately HK\$1,000. As at 30 September 2013, the Company had approximately 493,878,000 units of warrants outstanding, which represented approximately 16.65% of the Company's shares in issue as at that date.

## 17. OPERATING LEASE ARRANGEMENTS

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

As at 30 September 2013 and 31 March 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2013 HK\$'000 (Unaudited)	As at 31 March 2013 HK\$'000 (Audited)
Within one year	2,834	3,095
In the second to fifth years, inclusive	107	1,323
	2,941	4,418

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) Financial assets measured at fair value

The following table provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable for the six months ended 30 September 2013:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

#### As at 30 September 2013 (Unaudited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Held for trading investments	844,412	–	–	844,412
Investments designated as at FVTPL	–	–	85,094	85,094
<b>Total</b>	<b>844,412</b>	<b>–</b>	<b>85,094</b>	<b>929,506</b>

#### As at 31 March 2013 (Audited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Held for trading investments	811,985	–	–	811,985
Investments designated as at FVTPL	–	–	79,381	79,381
<b>Total</b>	<b>811,985</b>	<b>–</b>	<b>79,381</b>	<b>891,366</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

## (a) Financial assets measured at fair value (continued)

The fair values of held for trading investments were based on quoted market prices. The fair values of the investments designated as at FVTPL were estimated by an independent qualified professional valuer.

During the six months ended 30 September 2013, there were no transfers between Level 1 and Level 2. Transfers between Level 1 and Level 3 are addressed in the Level 3 reconciliation below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The movement during the period/year in the balance of Level 3 fair value measurements is as follows:

	As at 30 September 2013 HK\$'000 (Unaudited)	As at 31 March 2013 HK\$'000 (Audited)
At the beginning of the period/year	79,381	76,625
Purchases	24,250	8,700
Transfers from Level 3 to Level 1 (note)	(7,293)	–
Unrealised loss recognised in profit or loss during the period/year	(11,244)	(5,944)
At the end of the period/year	<b>85,094</b>	79,381
Net loss for the period/year included in profit or loss for investments designated as at fair value through profit or loss (note 6)	<b>(9,857)</b>	(5,944)
Unrealised loss for the period/year included in profit or loss for assets held at the end of the reporting period	<b>(11,244)</b>	(5,944)

Note: During the six months ended 30 September 2013, the Group transferred an investment designated as FVTPL from Level 3 into Level 1 due to the exercise of the conversion right embedded in the convertible bonds and resulted in a gain on conversion of HK\$1,387,000 (30 September 2012: nil) recognised in profit or loss.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

### 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (a) Financial assets measured at fair value (continued)

The above net loss included in the condensed consolidated statement of profit or loss and other comprehensive income for the current period related to investments in financial assets at FVTPL (note 13) held at the end of the period.

The Group has engaged an independent qualified professional valuer to perform valuations for the investments in financial assets at FVTPL. The valuer reports directly to the chief operating decision maker. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the chief operating decision maker. Discussion of the valuation process and results with the chief operating decision maker is held twice a year, to coincide with the reporting dates.

#### (b) Fair values of financial liabilities carried at other than fair value

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

### 19. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following related party transactions for the six months period ended 30 September 2013 and 2012:

#### (i) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short term employee benefits	3,572	2,194
Post-employment benefits	173	96
Total compensation paid to key management personnel	3,745	2,290



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2013

**19. MATERIAL RELATED PARTY TRANSACTIONS (continued)****(ii) Rental income**

	<b>Six months ended 30 September</b>	
	<b>2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Rental income received from a related company in which two Directors of the Company have significant influence	<b>390</b>	<b>98</b>

**(iii) Rental expenses**

	<b>Six months ended 30 September</b>	
	<b>2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Rental expenses paid to a related company in which two Directors of the Company have significant influence	<b>96</b>	<b>–</b>

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There was no significant event happened after the end of the reporting period.

**21. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements are approved and authorised for issue by the Board on 28 November 2013.

## Other Information

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

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

As at 30 September 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

#### Long positions in the shares of the Company:

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

#### Long positions in the warrants of the Company:

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

#### Notes:

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

## Other Information

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

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

### **SHARE OPTION SCHEME**

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 24 September 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2013 and no share options were outstanding as at 1 April 2013 and 30 September 2013.

Further details of the Share Option Scheme were set out in the Company's 2013 Annual Report.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and the "Share Option Scheme" above, at no time during the six months ended 30 September 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2013, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

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

Name of shareholder	Capacity and nature of interest	Number of shares held	Number of underlying shares	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen	Interest of controlled corporation	863,460,316 (Note 1)	163,943,386 (Notes 1 & 2)	–	–
	Beneficial Owner	6,000,000	1,000,000 (Note 3)	1,034,403,702	34.88%
Excelsior Kingdom	Interest of controlled corporation	863,460,316 (Note 1)	163,943,386 (Notes 1 & 2)	1,027,403,702	34.64%
Global Wealthy	Beneficial Owner	863,460,316 (Note 1)	163,943,386 (Notes 1 & 2)	1,027,403,702	34.64%
HEC Capital Limited ("HEC Capital")	Interest of controlled corporation	149,710,400 (Note 4)	41,618,400 (Notes 4 & 5)	191,328,800	6.45%

## Other Information

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

*Notes:*

1. These interests were held by Global Wealthy, which was a wholly-owned subsidiary of Excelsior Kingdom which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen and Excelsior Kingdom were deemed to be interested in 863,460,316 shares and 163,943,386 underlying shares of the Company under the SFO.
2. These represented the interests of Global Wealthy in 163,943,386 units of Warrants which carry the rights to subscribe for 163,943,386 shares of the Company at the Exercise Price during the Subscription Period.
3. These represented the interests of Mr. Suen in 1,000,000 units of Warrants which carry the rights to subscribe for 1,000,000 shares of the Company at the Exercise Price during the Subscription Period.
4. These interests were held by Murtsa Capital Management Limited ("Murtsa Capital"), which was a wholly-owned subsidiary of HEC Development Limited which in turn was wholly owned by HEC Capital. Accordingly, HEC Capital was deemed to be interested in 149,710,400 shares and 41,618,400 underlying shares of the Company under the SFO.
5. These represented the interests of Murtsa Capital in 41,618,400 units of Warrants which carry the rights to subscribe for 41,618,400 shares of the Company at the Exercise Price during the Subscription Period.

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

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2013 as required pursuant to section 336 of the SFO.

## Other Information

### **CORPORATE GOVERNANCE**

The Company has adopted the principles and complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013 except for the following deviations with reasons as explained:

#### **Code Provision A.4.1**

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

#### **Deviation**

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

#### **Code Provision E.1.2**

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

#### **Deviation**

The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 13 September 2013 as he had other important business engagement. However, Mr. Sue Ka Lok, an executive director and the Chief Executive Officer of the Company, had chaired the meeting in accordance with bye-law 63 of the Company's Bye-laws.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2013.

## Other Information

### UPDATE ON DIRECTORS' INFORMATION

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

During the six months ended 30 September 2013, Mr. Sue Ka Lok and Ms. Lee Chun Yeung, Catherine received a discretionary bonus in the amount of HK\$800,000 and HK\$950,000 respectively, which were approved by the Remuneration Committee of the Company.

### AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2013 have not been audited, but have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

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

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

On behalf of the Board

**Suen Cho Hung, Paul**

*Chairman*

Hong Kong, 28 November 2013