

# INTERIM REPORT 2013/14



**GOOD FELLOW RESOURCES HOLDINGS LIMITED**  
**金威資源控股有限公司\***

(Incorporated in Bermuda with limited liability)  
Stock code:00109

\* for identification purposes only

**UNAUDITED CONSOLIDATED INTERIM RESULTS**

The board (The "Board") of Directors (the "Directors") of Good Fellow Resources Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31st December, 2013 (the "Period") together with the comparative figures. The consolidated interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		For the six months ended 31st December,	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Notes		
Turnover	2	15,803	9,267
Cost of sales		–	(82)
Gross profit		15,803	9,185
Other revenue	3	3,383	6,456
Other net gains and losses	3	4,175	12,041
Administrative expenses		(8,280)	(8,666)
Finance costs		–	(32)
Profit before taxation	4	15,081	18,984
Taxation	5	(2,125)	(1,907)
Profit for the period attributable to owners of the Company		12,956	17,077
Other comprehensive income that are or may be reclassified to profit or loss			
Fair value change on available-for-sale investments		–	2,148
Total comprehensive income for the period attributable to owners of the Company		12,956	19,225
Earnings per share attributable to owners of the Company		HK Cents	HK Cents
– Basic and diluted	6	0.90	1.18

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the six months ended 31st December, 2013 (unaudited)**

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Special Reserve HK\$'000	Other Reserve HK\$'000	Translation Reserve HK\$'000	Share-based compensation Reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st July, 2013	144,221	24,916	170,789	847	39,387	(5)	16,992	(22,916)	374,231
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	12,956	12,956
At 31st December, 2013	<u>144,221</u>	<u>24,916</u>	<u>170,789</u>	<u>847</u>	<u>39,387</u>	<u>(5)</u>	<u>16,992</u>	<u>(9,960)</u>	<u>387,187</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2012 (unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Special reserve HK\$'000	Other reserves HK\$'000	Translation reserve HK\$'000	Share-based compensation reserve HK\$'000	Convertible notes reserve HK\$'000	Available- for-sale investment revaluation reserve HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
At 1st July, 2012	144,221	24,916	170,789	847	39,387	(5)	16,992	6,876	-	(134,031)	269,992
Transactions with owners											
- Early redemption of convertible notes, net of tax	-	-	-	-	-	-	-	(6,876)	-	-	(6,876)
Profit for the period	-	-	-	-	-	-	-	-	-	17,077	17,077
Other comprehensive income for the period											
- Fair value change on available-for-sale investment	-	-	-	-	-	-	-	-	2,148	-	2,148
At 31st December, 2012	144,221	24,916	170,789	847	39,387	(5)	16,992	-	2,148	(116,954)	282,341

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	837	923
Loans receivable	8	300,000	100,000
		<hr/>	<hr/>
		300,837	100,923
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	10,308	4,532
Investments held for trading	10	28,682	31,902
Bank balances and cash		83,005	271,099
		<hr/>	<hr/>
		121,995	307,533
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Other payables		2,224	2,929
Provision for taxation		33,421	31,296
		<hr/>	<hr/>
		35,645	34,225
		<hr/>	<hr/>

		At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
<b>NET CURRENT ASSETS</b>		86,350	273,308
<b>NET ASSETS</b>		387,187	374,231
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	12	144,221	144,221
Reserves		242,966	230,010
<b>TOTAL EQUITY</b>		387,187	374,231

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended  
31st December,

	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash (used in)/from operating activities	(189,867)	14,503
Net cash from investing activities	1,773	149,994
Net cash used in financing activities	–	(30,005)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(188,094)	134,492
Cash and cash equivalents at beginning of the period	271,099	34,883
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by bank balances and cash	83,005	169,375
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The preparation of the Interim Financial Report in conformity with HKAS 34 requires the 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.

The Interim Financial Report has been prepared under the historical cost convention as modified by the revaluation of investments held-for-trading and certain financial instruments, which are carried at fair values, and in accordance with accounting principles generally accepted in Hong Kong, and accounting standards issued by the HKICPA.

The accounting policies used in preparation of the condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30th June, 2013.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1st July, 2013. The adoption of these new and revised HKFRS did not result in significant changes to the Group’s accounting policies, presentation of the Group’s unaudited condensed consolidated financial statements and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of the new and revised HKFRS but is not yet in a position to reasonably estimate whether the new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.



**2. TURNOVER AND SEGMENT INFORMATION**

Turnover represents the aggregate of the net amounts received and receivable from third parties, less returns and allowance and is analysed as follows:

	For the six months ended 31st December,	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Loan interest income	15,658	9,000
Dividend income from investments	145	183
Trading of apparel	–	84
	<u>15,803</u>	<u>9,267</u>

**Reportable segments**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments (2012: two). The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Investment and financial services – trading of securities and investment holding and provision of financial services; and
- Distribution and trading – trading of goods.

Segment information about these reportable segments is presented below:

**For the six months ended 31st December, 2013 (unaudited)**

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Consolidated HK\$'000
Turnover – external	15,803	–	15,803
Segment results	17,257	–	17,257
Unallocated corporate income			3,383
Unallocated corporate gain			1,162
Unallocated corporate expenses (including share-based payments)			(6,721)
Profit before taxation			15,081
Taxation			(2,125)
Profit for the period			12,956

**For the six months ended 31st December, 2012 (unaudited)**

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Consolidated HK\$'000
Turnover – external	9,183	84	9,267
Segment results	18,155	2	18,157
Unallocated corporate income			1,718
Unallocated corporate gain			6,471
Unallocated corporate expenses			(7,330)
Finance costs			(32)
Profit before taxation			18,984
Taxation			(1,907)
Profit for the period			17,077

**Geographical information**

The Group determines the geographical location of non-current assets other than financial instruments, and revenue by the location of the assets and customers/payees respectively. The Group's operations are principally located in Hong Kong in which all of its revenue was derived and non-current assets other than financial instruments are located.

**Information about major customers**

The Group has revenue from nil (2012: one) external customer of the Group's distribution and trading segment and investment and two (2012: one) customers for the external financial service segment amounting to nil (2012: HK\$84,000) and 15,658,000 (2012: HK\$9,000,000) respectively for the period. Turnover from the largest customer included therein amounted to approximately 57%.

## 3. OTHER REVENUE, OTHER NET GAINS AND LOSSES

	For the six months ended 31st December,	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Other revenue		
Rental income from sub-lease of office premises	1,754	1,716
Bank interest income	1,629	2
Imputed interest income on convertible notes	–	4,738
	<u>3,383</u>	<u>6,456</u>
Other net gains and (losses)		
Net changes in fair value of investments held for trading	1,880	4,834
Net realized gains on sales of investments*	1,133	2,005
	<u>3,013</u>	<u>6,839</u>
Net exchange gains	1,162	–
Fair value change on convertible notes – derivative components	–	(1,269)
Gain on early redemption of convertible notes	–	6,471
	<u>4,175</u>	<u>12,041</u>
Other revenue and other net gains and (losses)	<u>7,558</u>	<u>18,497</u>

\* Net realised gains derived from sale of investments held for trading with proceeds of HK\$6,233,000 (2012: HK\$7,450,000) net of transaction costs.

**4. PROFIT BEFORE TAXATION**

	For the six months ended	
	31st December, 2013 (Unaudited) HK\$'000	31st December, 2012 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Staff costs	3,428	3,420
Depreciation of property, plant and equipment	88	162
Consultancy fees	603	603
Legal and professional fees	734	499

**5. TAXATION**

The amount of tax recognised in the consolidated statement of comprehensive income represents:

	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current tax		
– Hong Kong Profits Tax	2,125	1,130
Deferred tax		
– Current period	–	777
Income tax expense	2,125	1,907

Provision for Hong Kong Profits Tax has been made at 16.5% (2012: 16.5%) of the Group's estimated assessable profits for the period.

**6. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit for the period of approximately HK\$12,956,000 (2012: HK\$17,077,000) and on the weighted average number of 1,442,214,000 (2012: 1,442,214,000) ordinary shares in issue during the period.

The Company's share options granted had an anti-dilutive effect to the earning per share calculation for the current period.

**7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent HK\$2,000 (2012: HK\$8,000) on additions to property, plant and equipment.

**8. LOANS RECEIVABLE**

	At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
Loans receivable	300,000	100,000

On 23rd December, 2011, Golden Wayford Limited ("GWL"), a wholly owned subsidiary of the Group, entered into a loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$100,000,000 at fixed interest rate of 18% per annum effective on 1st February, 2012.

The repayment of the loan principal will be at maturity and interest is repayable quarterly. The loan is secured by certain share mortgage, debenture, individual and corporate guarantees and individual letters of undertakings as detailed in the circular dated 10th January, 2012.

On 21st August, 2013, GWL entered into a loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$200,000,000 at fixed interest rate of 15% per annum effective on 10th October, 2013.

The repayment of the loan principal will be at maturity and interest is repayable half-yearly. The loan is secured by certain share mortgages and individual and corporate guarantees as detailed in the circular dated 10th September, 2013.

At initial recognition, the Group determined the fair value of the loans receivable equivalent to its principal amount and it is classified as non-current assets.

**9. TRADE AND OTHER RECEIVABLES**

	At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
Trade receivables	9,526	3,041
Deposits and prepayments	782	781
Other receivables	–	710
	<u>10,308</u>	<u>4,532</u>

**10. INVESTMENTS HELD-FOR-TRADING**

The amount at 31st December, 2013 and 30th June, 2013 represented investments in equity securities listed in Hong Kong, stated at market value.

**11. EQUITY SETTLED SHARE-BASED TRANSACTION**

In 2008, the Company adopted a share option scheme that entitles key management personnel and employees to subscribe for shares in the Company. The terms and conditions of the share option scheme are disclosed in note 30 to the financial statements for the year ended 30th June, 2013 (the “Share Option Scheme”).

A summary of option movements for the six months ended 31st December, 2013 is presented below:

	Six months ended 31st December, 2013 (Unaudited)		Year ended 30th June, 2013 (Audited)	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at beginning and the end of period/year	1.14	25,080,000	1.14	25,080,000
Exercisable at end of period/year	1.14	25,080,000	1.14	25,080,000

No share option has been granted nor exercised during the six months ended 31st December, 2013 (2012: nil).

**12. SHARE CAPITAL**

	At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
Authorized:		
30,000,000,000 ordinary shares of HK\$0.1 each	3,000,000	3,000,000
Issued and fully paid:		
1,442,214,000 ordinary shares of HK\$0.1 each	144,221	144,221

**13. COMMITMENTS****Commitments under operating leases**

As at 31st December, 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	At 31st December, 2013 (Unaudited) HK\$'000	At 30th June, 2013 (Audited) HK\$'000
Within one year	315	2,205

**14. APPROVAL OF THE INTERIM REPORT**

These interim financial statements were approved and authorized for issue by the Board on 24th February, 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 31st December, 2013, the turnover of the Group increased by approximately HK\$6,536,000 to approximately HK\$15,803,000 (2012: approximately HK\$9,267,000), representing an increase of approximately 70.53% from the corresponding period of last year. Increase in turnover was primarily caused by increase in turnover related to business activities in investment and financial services receiving interest income of approximately HK\$15,658,000 (2012: HK\$9,000,000) as new loan of HK\$200,000,000 started to accrue income during the Period.

The Group recorded a profit attributable to owners of the Group of approximately HK\$12,956,000 for the Period under review compared to a profit of approximately HK\$17,077,000 of the corresponding period of last year. The decrease in profit was mainly due to the combined impact of (i) loss impact of the decrease in other net gains and losses of the Group for the Period by approximately HK\$7,866,000 to HK\$4,175,000 (2012: profit of approximately HK\$12,041,000) mainly due to the decrease in realised and unrealised gains for investments held for trading at period end by approximately HK\$3,826,000 to approximately HK\$3,013,000, and the Period's recognition of fair value loss on convertible notes and gain on early redemption of convertible notes were both nil whilst the corresponding period of last year was approximately loss of HK\$1,269,000 and gain of HK\$6,471,000, respectively; (ii) increase in gross profit in the Period by approximately HK\$6,618,000 to approximately HK\$15,803,000 (2012: HK\$9,185,000) as loan interest income of HK\$15,658,000 (2012: HK\$9,000,000) was recorded for the Period; and (iii) loss impact as reflected in other revenue decrease by approximately HK\$3,073,000 to approximately HK\$3,383,000 for the Period (2012: approximately HK\$6,456,000) attributable mainly to imputed interest on convertible notes of approximately HK\$4,738,000 was recognised in the corresponding period of last year whilst there was nil for the Period and increase in bank interest income by approximately HK\$1,627,000 to HK\$1,629,000 (2012: HK\$2,000). Overall there was a decrease in net profit of approximately HK\$4,121,000 to HK\$12,956,000 (2012: profit of approximately HK\$17,077,000) for the Group for the Period.

## BUSINESS REVIEW

With timetable of de-leveraging of the United States as an uncertainty spanning through the Period under review, the Group had remained cautious during the Period on its investment and financial services segment and had transacted only low volume of buy and sell trades of securities, the Group continued to stay put with its strategy to maintain its investment portfolios and diversified its investment portfolios with shareholders' capital return and volatility risks both considered in the Group's holdings of portfolios of the investment and financial services segment. The Group's sales orders for its distribution and trading segment has not brought turnover to this segment during the Period as compared to approximately HK\$84,000 sales for the corresponding period of last year. Loan financing of HK\$100,000,000 approved on 30th January, 2012 and further loan financing of HK\$200,000,000 approved on 26th September, 2013, increased our interest income and has contributed to the Group's turnover and gross profit for the Period under review. The Group has a Money Lenders Licence and can offer loan financing allowed by the Money Lenders Ordinance of Hong Kong. Loan financing had been the core drive for the Group's turnover and our main business during the Period and we had continued our effort on loan reviews to hope to bring more income for the loan financing activity.

## FUTURE PROSPECTS

With possible deleveraging of United States and slow down in economic growth rate of China economy, the Group's measure continue to be exploring and further diversifying its income sources and asset base by continuing assessment of investment projects; after the loan financing of further HK\$200,000,000 during the Period, the Group has approximately HK\$121,995,000 of current assets at end of the Period and should opportunity arise investments could be made by realizing the current assets. The loan financing activities have contributed constant interest income and provide more internal resources for further development of the Group.

### Liquidity and Financial Resources

The Group maintains its strong financial position with cash and cash equivalents of approximately HK\$83,005,000 (30th June, 2013: HK\$271,099,000).

As at 31st December, 2013 the Group had a net current assets of approximately HK\$86,350,000 (30th June, 2013: HK\$273,308,000). The shareholders' equity was approximately HK\$387,187,000 (30th June, 2013: HK\$374,231,000) and there was no borrowing. The Group's gearing ratio, calculated using the total borrowings (including convertible notes liabilities) as a percentage of total shareholders' funds as basis, was nil (30th June, 2013: nil).

### **Contingent Liabilities**

As at 31st December, 2013, the Group did not have any significant contingent liabilities.

### **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2013 (2012: nil).

### **FOREIGN EXCHANGE EXPOSURE**

The Group's monetary assets and liabilities were primarily denominated in Hong Kong dollars and thus the Group would not have significant exposures to material fluctuations in exchange rates. As at 31st December, 2013, the Group had no material exposures under foreign exchange contracts, interest, currency swaps or other financial derivatives.

### **DISCLOSURE OF INTERESTS**

#### **(i) Directors**

At 31st December, 2013 the interests or short positions of each Director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

*Ordinary shares of the Company*

Directors	Capacity	Number of issued ordinary shares held	Number of share options held	Total	Approximate percentage of issued share capital of the Company
Mr. Ng Leung Ho (Note)	Interest of controlled corporation	406,741,882	-	406,741,882	28.20%
Mr. Lo Wan Sing, Vincent	Beneficial owner	40,600,000	1,400,000	42,000,000	2.91%
Mr. Law Wai Fai	Beneficial owner	-	1,200,000	1,200,000	0.08%
Mr. Chau On Ta Yuen	Beneficial owner	300,000	900,000	1,200,000	0.08%

## Note:

Included corporate interests attributed to Mr. Ng Leung Ho of 406,741,882 shares held by Rich Capital Global Enterprises Limited, which is directly wholly owned by Mr. Ng Leung Ho.

Save as disclosed above, none of the Directors and the chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

**(ii) Substantial Shareholder**

At 31st December, 2013, so far as is known to the Directors, shareholders (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of issued ordinary shares/underlying shares held	Approximate percentage of the issued share capital of the Company
Rich Capital Global Enterprises Limited (Note)	Beneficial owner	406,741,882	28.20%

Note: The entire issued capital of Rich Capital Global Enterprises Limited is directly wholly owned by Mr. Ng Leung Ho.

Save as disclosed herein, no other person was directly or indirectly beneficially interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as at 31st December, 2013.

None of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31st December, 2013, the Group employed approximately 10 employees. The Remuneration Committee and the Directors of the Group reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

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

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEME**

Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 29th January, 2008, the Company adopted the share option scheme.

Up to 31st December, 2013 there were 48,400,000 share options granted. 15,520,000 option had been exercised during the prior period. 7,800,000 option has been cancelled or lapsed during the prior period. Details of which were as follows:

**Number of shares under option**

Director	Beginning of period	Granted during the period	Exercised during the period	End of period	Subscription price per share	Date of grant of share options	Vesting and exercisable period
Mr. Law Wai Fai	600,000	-	-	600,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
	600,000	-	-	600,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
Sub-total	1,200,000	-	-	1,200,000			
Mr. Lo Wan Sing, Vincent	-	-	-	-			
	1,400,000	-	-	1,400,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
Mr. Chau On Ta Yuen	600,000	-	-	600,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
	300,000	-	-	300,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
Sub-total	900,000	-	-	900,000			
Employees' Non-Directors	8,400,000	-	-	8,400,000	1.11	31st January, 2008	31st January, 2008 to 30th January, 2018,
Non-Director	5,900,000	-	-	5,900,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
Non-Director	-	-	-	-			
Non-Director	5,600,000	-	-	5,600,000	1.27	6th February, 2008	6th February, 2008 to 5th February, 2008
Employees' Non-Directors	1,680,000	-	-	1,680,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
	2,580,000	-	-	2,580,000			
Total	25,080,000	-	-	25,080,000			

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st December, 2013.

## **AUDIT COMMITTEE**

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises the three independent non-executive Directors of the Company, Mr. Law Wai Fai, Mr. Chau On Ta Yuen and Ms. Xu Lei. The primary duties of the Audit Committee are to review the Company's annual and interim results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters, including review of the unaudited interim financial statements of the Group for the Period.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied throughout the six months ended 31st December, 2013 with the Code on Corporate Governance Practices (the "Code") as set out by the Stock Exchange in Appendix 14 to the Listing Rules during the six months ended 31st December, 2013.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 ("Model Code") to Listing Rules during the Period under review. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the period ended 31st December, 2013.



## APPRECIATION

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

List of all Directors of the Company as of the date of this report:

*Executive Directors:*

Mr. Ng Leung Ho (*Chairman*)  
Mr. Lo Wan Sing, Vincent (*Vice-Chairman  
and Managing Director*)

*Independent Non-Executive Directors:*

Mr. Chau On Ta Yuen  
Mr. Law Wai Fai  
Ms. Xu Lei

On behalf of the Board

**Ng Leung Ho**  
*Chairman*

Hong Kong, 24th February, 2014