2012
Interim Report

CHINA TYCOON BEVERAGE HOLDINGS LIMITED
中 國 大 亨 飲 品 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

Stock Code : 209

* For identification purpose only

Contents

Abbreviations

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

"Board"	the Board of Directors of the Company
"Company"	China Tycoon Beverage 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, excluding Hong Kong and Macau
"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 "HK cents"	Hong Kong dollars and cents
"RMB"	Renminbi
"%"	per cent.

BOARD OF DIRECTORS

Non-executive Director

Mr. Sue Ka Lok *(Chairman)*

Executive Directors

Mr. Lo Ming Chi, Charles
(Deputy Chairman and Chief Executive Officer)
Ms. Danita On *(Chief Operating Officer)*
Ms. Chan Yuk Yee
Ms. Wang Jingyu

Independent Non-executive Directors

Mr. Kwok Ming Fai
Mr. Wong Kwok Tai
Ms. Leung Pik Har, Christine

AUDIT COMMITTEE

Mr. Wong Kwok Tai *(Chairman)*
Mr. Kwok Ming Fai
Ms. Leung Pik Har, Christine

REMUNERATION COMMITTEE

Mr. Kwok Ming Fai *(Chairman)*
Mr. Wong Kwok Tai
Ms. Leung Pik Har, Christine
Mr. Lo Ming Chi, Charles

NOMINATION COMMITTEE

Ms. Leung Pik Har, Christine *(Chairman)*
Mr. Kwok Ming Fai
Mr. Wong Kwok Tai
Mr. Lo Ming Chi, Charles

COMPANY SECRETARY

Ms. Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 209)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1510, 15th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong
(moved to this new address with effect from 5 May 2014)

PRINCIPAL BANKERS

Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Guangdong Development Bank Zhongshan Branch
Industrial Bank Co., Ltd. Meijiang Branch

AUDITOR

Crowe Horwath (HK) CPA 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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

http://www.chinatycoon.com.hk
http://www.tricor.com.hk/webservice/000209

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended 30 June 2012, the Group reported revenue of HK$139,001,000, representing a 33% decline from the previous period (30 June 2011: HK$206,940,000), and gross profit of HK$5,068,000, also showing a decrease of 88% compared with the prior period (30 June 2011: HK$44,033,000). The Group's loss for the period amounted to HK$36,750,000 (30 June 2011: HK$20,202,000 (restated)), increased by 82% that was mainly due to the unsatisfactory performance of the beverage division.

Toys Division

The revenue and segment loss of the Group's toys division for the review period was HK$134,604,000 (30 June 2011: HK$133,210,000) and HK$16,737,000 (30 June 2011: HK$15,807,000) respectively which both remained at a similar level as the previous period. Based on orders on hand, it was expected that the division's results would improve in the second half of 2012 as its peak season was usually in the third quarter of a year. Coupled with the fact that the price of resin, a major raw material consumed by the division, was forecasted to be stable, it was expected that the division would be able to better control its production costs and enhance its profitability for the remainder of the financial year. At the period end, the division employed about 4,350 workers and staff (31 December 2011: 3,840).

Beverage Division

The financial performance of the beverage division continued to be unsatisfactory during the review period. The division reported revenue of HK$4,397,000, significantly reduced by 94% compared to the prior period (30 June 2011: HK$73,730,000), and incurred a segment loss of HK$16,539,000 in contrast to the segment profit of HK$1,408,000 (restated) in the previous period. The facts that there were intense competitions from other beverage manufacturers, the classic hawthorn fruit tea series remained to be the division's only key sales driver, and substantial selling and distribution expenses were required to support sales activities had all continued to adversely affect the division and led to its disappointing results. In addition, owing to the unexpected departure of senior management members of the division, the management's plan in trimming down the division's sales force and concurrently improved its operating efficiency and maintained its sales level was not successfully accomplished. The revenue earned by the division was going downtrend and inevitably caused the management to continue downsizing the division to cut costs. As of 30 June 2012, the division had 5 sales offices, about 90 distributors and 95 staff compared to 7 sales offices, about 250 distributors and 450 staff as of 31 December 2011.

Securities Investments

The financial performance of the Group's securities investment division, which commenced operation in the second half of 2011, had improved by reporting a segment profit of HK$2,560,000 compared to the segment loss of HK$28,404,000 reported for the year ended 31 December 2011. The profit recorded by the division comprised mainly unrealised gain of HK$13,110,000 derived from holdings of listed equity securities measured at fair values at the period end, after being offset by the realised loss on investment of HK$10,549,000. During the review period, the Hong Kong stock market was still clouded with uncertainties mainly resulting from the continuation of the European sovereign debt crisis, the slow recovery of the United States economy, and the slowdown of GDP growth of the Mainland economy. Investor confidence and market sentiments were weak for most time of the review period and by different extent placed downward pressure on prices of listed securities invested by the Group. At the period end, the Group's securities portfolio comprised listed equity securities in mining and resources company, industrial materials company, hotel and entertainment company and financial services company. The Group's securities portfolio was valued at fair value of HK$151,026,000 (31 December 2011: HK$139,727,000) as at 30 June 2012.

BUSINESS REVIEW (Continued)

As a whole, the Group reported a loss attributable to owners of the Company of HK$33,822,000 (30 June 2011: HK$21,257,000 (restated)) and loss per share of HK2.01 cents (30 June 2011: HK1.28 cents (restated)). The Group reported total comprehensive loss, net of tax, of HK$37,491,000 (30 June 2011: HK$7,992,000 (restated)) which included an exchange loss on translation of financial statements of overseas subsidiaries of HK$741,000 (30 June 2011: gain of HK$12,210,000 (restated)). The total comprehensive loss for the period, net of tax, attributable to owners of the Company amounted to HK$34,504,000 (30 June 2011: HK$9,383,000 (restated)).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2012, the Group had current assets of HK$561,499,000 (31 December 2011: HK$506,923,000) comprising cash and cash equivalents of HK$162,158,000 (31 December 2011: HK$69,113,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$324,240,000 (31 December 2011: HK$248,468,000), remained at a healthy ratio of 1.73 (31 December 2011: 2.04). The Group's bank loans as at 30 June 2012 were mainly denominated in Hong Kong dollars, United States dollars and Renminbi in the proportion of 92%, 3% and 5% (31 December 2011: 65%, 35% and nil) respectively. All bank loans totalling HK$92,892,000 (31 December 2011: HK$96,033,000) would be matured within one year, out of which 95% bore fixed interest rate (31 December 2011: 65%) and the remaining 5% bore floating interest rate (31 December 2011: 35%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

During the period, the equity attributable to owners of the Company decreased by 8% to HK$405,310,000 (31 December 2011: HK$439,814,000) mainly resulted from the loss incurred by the Group during the review period. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included interest-bearing bank borrowings and overdrafts, trade payables and other payables less pledged bank deposits and cash and cash equivalents. The Group's policy was to maintain its gearing ratio below 75% to ensure a healthy financial position. The gearing ratio of the Group as at 30 June 2012 was about 28% (31 December 2011: 25%).

Despite the loss incurred by the Group, the financial position of the Group remained solid with sufficient cash and undrawn committed credit facilities to support the Group's ongoing business operations.

FINANCIAL REVIEW (Continued)

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group were mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintained a prudent position in its foreign currency risk management. To a large extent, foreign exchange risks were minimised by matching the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures.

When considered appropriate, the Group would enter into various financial derivative instruments in order to mitigate foreign exchange rate exposure. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant.

Charge on Assets

At 30 June 2012, the Group's certain leasehold buildings and prepaid land premium in the Mainland China with aggregate carrying amount of HK$105,603,000 (31 December 2011: HK$105,755,000), bank deposits, inventories and trade receivables of HK$1,416,000, HK$5,170,000 and HK$5,754,000 respectively (31 December 2011: HK$32,847,000, HK$4,321,000 and nil) were pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

At 30 June 2012, the Group had no significant contingent liability (31 December 2011: nil).

Capital Commitments

At 30 June 2012, the Group had no significant capital commitment (31 December 2011: HK$1,416,000).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2012, the Group had a total of about 4,470 (31 December 2011: 4,310) employees, including directors, in Hong Kong and the Mainland China. During the review period, the headcount of the toys division had increased by about 510 workers whereas the beverage division had cut about 355 staff owing to scale down of its operation. Remuneration packages for employees and directors were structured by reference to market terms, individual performance and experience. Benefits plans maintained by the Group included provident fund scheme, pension scheme, medical insurance, share option scheme and discretionary bonuses. The Group also provided subsidies to staff for external training.

PROSPECTS

For the six months ended 30 June 2012, the results of the securities investment division had improved amid the unsatisfactory performance of the beverage division. The management would make every effort to improve the results of the toys and beverage divisions through conducting review and analysis on different aspects of the divisions' operations including procurement and inventory control, production and logistics, sales and marketing, product research and development, and human resources management. The management was aiming to, through the above measures, improve the operating efficiency and financial performance of the toys and beverage divisions in the near term.

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited) (restated)
Revenue	7	**139,001**	206,940
Cost of sales		**(133,933)**	(162,907)
Gross profit		**5,068**	44,033
Other revenue and other net income	7	**2,788**	7,688
Selling and distribution costs		**(8,915)**	(24,796)
Administrative expenses		**(34,883)**	(38,290)
Net gain on trading securities at fair value through profit or loss	8	**2,561**	–
Other operating expenses		**(458)**	(2,568)
Loss from operations		**(33,839)**	(13,933)
Finance costs	9	**(2,485)**	(1,387)
Loss before taxation	8	**(36,324)**	(15,320)
Income tax	10	**(426)**	(4,882)
Loss for the period		**(36,750)**	(20,202)
Attributable to:			
Owners of the Company		**(33,822)**	(21,257)
Non-controlling interests		**(2,928)**	1,055
		(36,750)	(20,202)
Loss per share			
Basic	11	**(HK2.01 cents)**	(HK1.28 cents)
Diluted	11	**(HK2.01 cents)**	(HK1.28 cents)

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss for the period	**(36,750)**	(20,202)
Other comprehensive (loss)/income for the period		
Exchange differences on translation of financial statements of overseas subsidiaries	**(741)**	12,210
Other comprehensive (loss)/income for the period, net of tax	**(741)**	12,210
Total comprehensive loss for the period, net of tax	**(37,491)**	(7,992)
Attributable to:		
Owners of the Company	**(34,504)**	(9,383)
Non-controlling interests	**(2,987)**	1,391
	(37,491)	(7,992)

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	As at 30 June 2012 HK$'000 (unaudited)	As at 31 December 2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*13*	**138,423**	142,750
Deposits for acquisition of property, plant and equipment		**13,494**	25,904
Prepaid land premiums		**4,928**	5,003
Intangible assets		**2,676**	2,750
Goodwill		**834**	834
Interests in associates	*14*	**–**	–
		160,355	177,241
Current assets			
Trading securities		**151,026**	139,727
Inventories	*15*	**155,075**	104,744
Prepaid land premiums		**152**	152
Trade receivables	*16*	**43,838**	92,167
Prepayments, deposits and other receivables		**47,834**	57,268
Loan receivable		**–**	10,062
Derivative financial instruments		**–**	843
Pledged bank deposits	*17*	**1,416**	32,847
Cash and cash equivalents	*17*	**162,158**	69,113
		561,499	506,923
Current liabilities			
Trade payables	*18*	**67,751**	52,840
Other payables	*19*	**158,423**	93,611
Bank overdrafts	*17*	**25**	–
Derivative financial instruments		**770**	1,318
Interest-bearing bank borrowings		**92,892**	96,033
Tax payable		**4,379**	4,666
		324,240	248,468
Net current assets		**237,259**	258,455
Total assets less current liabilities		**397,614**	435,696
Non-current liabilities			
Deferred tax liabilities		**3,237**	3,828
		3,237	3,828
Net assets		**394,377**	431,868

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	**As at 30 June 2012 *HK$'000* (unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Equity			
Equity attributable to owners of the Company			
Share capital	*20*	**168,641**	168,641
Reserves		**236,669**	271,173
		405,310	439,814
Non-controlling interests		**(10,933)**	(7,946)
Total equity		**394,377**	431,868

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Issued share capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund* HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011 (As previously reported)	153,641	542,803	42,959	8,168	37,361	(4,116)	780,816	27,832	808,648
Restatement of prior year's figures *(note 4)*	–	–	–	–	(3,144)	(160,975)	(164,119)	(11,548)	(175,667)
As restated	153,641	542,803	42,959	8,168	34,217	(165,091)	616,697	16,284	632,981
Change in equity for 2011:									
Loss for the period	–	–	–	–	–	(21,257)	(21,257)	1,055	(20,202)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	11,874	–	11,874	336	12,210
Total comprehensive income/(loss) for the period	–	–	–	–	11,874	(21,257)	(9,383)	1,391	(7,992)
Issue of shares *(note 20)*	15,000	142,500	–	–	–	–	157,500	–	157,500
Share issue expenses	–	(800)	–	–	–	–	(800)	–	(800)
Revaluation reserve realised	–	–	(4,459)	–	–	4,459	–	–	–
At 30 June 2011	168,641	684,503	38,500	8,168	46,091	(181,889)	764,014	17,675	781,689
At 1 January 2012	**168,641**	**684,503**	**44,832**	**10,333**	**53,154**	**(521,649)**	**439,814**	**(7,946)**	**431,868**
Change in equity for 2012:									
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(33,822)**	**(33,822)**	**(2,928)**	**(36,750)**
Exchange differences on translation of financial statements of overseas subsidiaries	**-**	**-**	**-**	**-**	**(682)**	**-**	**(682)**	**(59)**	**(741)**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(682)**	**(33,822)**	**(34,504)**	**(2,987)**	**(37,491)**
Appropriation to statutory reserve fund	**-**	**-**	**-**	**114**	**-**	**(114)**	**-**	**-**	**-**
Revaluation reserve realised	**-**	**-**	**(659)**	**-**	**-**	**659**	**-**	**-**	**-**
At 30 June 2012	**168,641**	**684,503**	**44,173**	**10,447**	**52,472**	**(554,926)**	**405,310**	**(10,933)**	**394,377**

* Pursuant to the relevant laws and regulations applicable to wholly foreign-owned enterprises in the PRC, the Company's subsidiaries in the PRC are required to appropriate an amount of not less than 10% of its profit after tax to the statutory reserve fund, which may be distributed to shareholders in the form of a bonus issue.

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

		Six months ended 30 June	
	Notes	**2012** ***HK$'000*** **(unaudited)**	2011 *HK$'000* (unaudited)
Net cash generated from/(used in) operating activities		**54,904**	(142,127)
Net cash generated from/(used in) investing activities		**10,299**	(14,973)
Net cash generated from financing activities		**28,290**	192,337
Net increase in cash and cash equivalents		**93,493**	35,237
Cash and cash equivalents at 1 January		**69,113**	234,781
Effect of foreign exchange rates changes		**(473)**	957
Cash and cash equivalents at 30 June		**162,133**	270,975
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	*17*	**162,133**	270,975

The notes on pages 13 to 37 form part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Suite 1004, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong (moved to the new address at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong with effect from 5 May 2014). The Company's shares are listed on the Main Board of the Stock Exchange.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are manufacturing and trading of hard and stuffed toys, manufacturing and sales of beverage products and securities investments. The Group's operations are based in Hong Kong and the PRC.

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard No. 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Listing Rules.

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

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2011, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2011.

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 comprise the Group and the Group's interests in associates.

The measurement basis used in the preparation of these financial statements is the historical cost basis except for leasehold buildings, derivative financial instruments and equity instruments at fair value through profit or loss, which have been measured at fair values. These financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all amounts are rounded to the nearest thousand except where otherwise indicated.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are first effective for the current accounting period.

Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets; and
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the new and revised HKFRSs has had no material effect on the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

4. RESTATEMENT OF PRIOR YEAR'S FIGURES

During the course of preparing the Group's financial statements for the six months ended 30 June 2012, it has come to the attention of the directors of the Company that the prior year financial statements of the Group required restatement.

The following tables disclose the adjustments that have been made in order to reconcile the adjustments stated in notes 4(a) and 4(b) to each of the line items in the condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of cashflows as previously reported for the six months ended 30 June 2011.

4. RESTATEMENT OF PRIOR YEAR'S FIGURES (Continued)

Condensed consolidated income statement

For the six months ended 30 June 2011

	Six months ended 30 June 2011		
	As previously reported *HK$'000*	**Adjustment** *HK$'000*	**Restated** *HK$'000*
Revenue	206,940	–	206,940
Cost of sales	(162,907)	–	(162,907)
Gross profit	44,033	–	44,033
Other revenue and other net income	7,688	–	7,688
Selling and distribution costs	(24,796)	–	(24,796)
Administrative expenses	(38,290)	–	(38,290)
Other operating expenses	(5,856)	3,288	(2,568)
Loss from operations	(17,221)	3,288	(13,933)
Finance costs	(1,387)	–	(1,387)
Loss before taxation	(18,608)	3,288	(15,320)
Income tax	(4,686)	(196)	(4,882)
Loss for the period	(23,294)	3,092	(20,202)
Attributable to:			
Owners of the Company	(23,905)	2,648	(21,257)
Non-controlling interests	611	444	1,055
Loss for the period	(23,294)	3,092	(20,202)
Loss per share			
Basic	(HK1.44 cents)	HK0.16 cent	(HK1.28 cents)
Diluted	(HK1.44 cents)	HK0.16 cent	(HK1.28 cents)

4. RESTATEMENT OF PRIOR YEAR'S FIGURES (Continued)

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2011

	Six months ended 30 June 2011		
	As previously reported *HK$'000*	Adjustment *HK$'000*	Restated *HK$'000*
Loss for the period	(23,294)	3,092	(20,202)
Other comprehensive income for the period			
Exchange differences on translation of financial statements of overseas subsidiaries	19,807	(7,597)	12,210
Other comprehensive income for the period, net of tax	19,807	(7,597)	12,210
Total comprehensive loss for the period, net of tax	(3,487)	(4,505)	(7,992)
Attributable to:			
Owners of the Company	(5,784)	(3,599)	(9,383)
Non-controlling interests	2,297	(906)	1,391
	(3,487)	(4,505)	(7,992)

4. RESTATEMENT OF PRIOR YEAR'S FIGURES (Continued)

Condensed consolidated statement of cash flows

For the six months ended 30 June 2011

	Six months ended 30 June 2011		
	As previously reported *HK$'000*	**Adjustment** *HK$'000*	**Restated** *HK$'000*
Net cash used in operating activities	(142,127)	–	(142,127)
Net cash used in investing activities	(14,973)	–	(14,973)
Net cash generated from financing activities	192,337	–	192,337
Net increase in cash and cash equivalents	35,237	–	35,237
Cash and cash equivalents at 1 January 2011	234,781	–	234,781
Effect of foreign exchange rate changes	957	–	957
Cash and cash equivalents at 30 June 2011	270,975	–	270,975
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	270,975	–	270,975

4. RESTATEMENT OF PRIOR YEAR'S FIGURES (Continued)

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2011

	Six months ended 30 June 2011		
	As previously reported *HK$'000*	**Adjustment** *HK$'000*	**Restated** *HK$'000*
Issued capital	168,641	–	168,641
Share premium	684,503	–	684,503
Asset revaluation reserve	38,500	–	38,500
Statutory reserve fund	8,168	–	8,168
Exchange fluctuation reserve	55,482	(9,391)	46,091
Accumulated losses	(23,562)	(158,327)	(181,889)
Equity attributable to owners of the Company	931,732	(167,718)	764,014
Non-controlling interests	30,129	(12,454)	17,675
Total equity	961,861	(180,172)	781,689

4. RESTATEMENT OF PRIOR YEAR'S FIGURES (Continued)

(a) Restatements in relation to the goodwill and intangible assets as at acquisition date

During the year ended 31 December 2010, the Group acquired 82.3% of the share capital of Tycoon Beverage Group Co. Ltd. on 8 September 2010. The Group recognised the identifiable assets acquired and the liabilities assumed at fair value using the profit forecast prepared as at 30 June 2010 (the "June forecast") in the annual report 2010.

When preparing the financial statements for the year ended 31 December 2011, the management updated and revised the profit forecast and re-assessed the fair value as at acquisition date (i.e. 8 September 2010) (the "September forecast") in accordance with HKFRS 3 (revised). The Company takes into account the actual performance of the subsidiaries for the period from 30 June 2010 to 8 September 2010 to update and revise the September forecast. As a result, management revised the profit forecast and re-assessed the fair value of assets and liabilities of Tycoon Beverage Group Co. Ltd. and its subsidiaries as at the acquisition date and 30 June 2011. Intangible assets were adjusted to approximately HK$93,163,000, goodwill to approximately HK$162,482,000, and deferred tax liabilities to approximately HK$25,778,000 as at 30 June 2011. The actual performance of the subsidiaries was different from the original forecast. In consideration of the actual performance of the subsidiaries, the Group recognised the excess of the carrying amounts of the cash generating unit ("CGU") (including goodwill) over the recoverable amount of the CGU, which was arrived at based on value in use calculations as mentioned in note 22 of the annual report 2011, as impairment loss on goodwill amounting to approximately HK$162,179,000 for the year ended 31 December 2010.

(b) Adjustment in relation to the amortisation of intangible assets for the six months ended 30 June 2011

As a result of the restatements described in (a) above, due to the adjustment made to the intangible assets, the Group has also adjusted the related amount of the amortisation of the intangible assets amounting to approximately HK$3,288,000, and the related amount of profit shared by non-controlling interests amounting to approximately HK$444,000 for the six months ended 30 June 2011.

5. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) of the Company for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividend received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and trading of hard and stuffed toys.

3. Manufacturing and sales of beverage products: this segment derives its revenue from manufacturing and sales of beverage products.

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated interim financial statements has been prepared in a manner consistent with the information used by the Board for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets and loan receivable.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

5. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

	Securities investments Six months ended 30 June		Manufacturing and trading of hard and stuffed toys Six months ended 30 June		Manufacturing and sales of beverage products Six months ended 30 June		Total Six months ended 30 June	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
Reportable segment revenue								
Revenue from external customers	**-**	-	**134,604**	133,210	**4,397**	73,730	**139,001**	206,940
Reportable segment profit/ (loss) before taxation	**2,560**	-	**(16,737)**	(15,807)	**(16,539)**	1,408	**(30,716)**	(14,399)
Other segment information:								
Depreciation	**-**	-	**(4,585)**	(4,890)	**(611)**	(3,059)	**(5,196)**	(7,949)
Amortisation of prepaid land premiums	**-**	-	**(76)**	(76)	**-**	-	**(76)**	(76)
Amortisation of intangible assets	**-**	-	**-**	-	**(62)**	(2,503)	**(62)**	(2,503)
Loss on disposal of property, plant and equipment, net	**-**	-	**(72)**	(64)	**-**	-	**(72)**	(64)
Gain on disposal of non-current assets held for sale	**-**	-	**-**	631	**-**	-	**-**	631
Write down of inventories, net	**-**	-	**(904)**	(3,973)	**-**	-	**(904)**	(3,973)
Impairment loss of trade receivables	**-**	-	**-**	-	**(88)**	-	**(88)**	-
Net gain on trading securities at fair value through profit or loss	**2,561**	-	**-**	-	**-**	-	**2,561**	-
Bank interest income	**-**	-	**32**	181	**29**	-	**61**	181
Interest income from customers	**-**	-	**-**	111	**-**	-	**-**	111
Interest expense	**-**	-	**(2,485)**	(1,387)	**-**	-	**(2,485)**	(1,387)
Additions to non-current segment assets	**-**	-	**2,364**	2,651	**162**	4,031	**2,526**	6,682

5. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	As at 30 June 2012 HK$'000 (unaudited)	As at 31 December 2011 HK$'000 (audited)	**As at 30 June 2012 HK$'000 (unaudited)**	As at 31 December 2011 HK$'000 (audited)	**As at 30 June 2012 HK$'000 (unaudited)**	As at 31 December 2011 HK$'000 (audited)	**As at 30 June 2012 HK$'000 (unaudited)**	As at 31 December 2011 HK$'000 (audited)
Reportable segment assets	**151,354**	139,727	**333,035**	316,102	**131,574**	185,338	**615,963**	641,167
Reportable segment liabilities	**-**	-	**(207,485)**	(177,032)	**(38,202)**	(72,060)	**(245,687)**	(249,092)

Note: There were no inter-segment sales in both periods.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited) (restated)
(i) Loss before taxation		
Reportable segment loss	**(30,716)**	(14,399)
Unallocated interest income	**315**	1,244
Unallocated corporate expenses	**(5,923)**	(2,165)
Consolidated loss before taxation	**(36,324)**	(15,320)

5. SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities (Continued)

	As at 30 June 2012 HK$'000 (unaudited)	As at 31 December 2011 HK$'000 (audited)
(ii) Assets		
Reportable segment assets	**615,963**	641,167
Loan receivable	**–**	10,062
Unallocated corporate assets	**105,891**	32,935
Consolidated total assets	**721,854**	684,164

	As at 30 June 2012 HK$'000 (unaudited)	As at 31 December 2011 HK$'000 (audited)
(iii) Liabilities		
Reportable segment liabilities	**245,687**	249,092
Unallocated corporate liabilities	**81,790**	3,204
Consolidated total liabilities	**327,477**	252,296

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Six months ended 30 June	
	2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Beverage products	**4,397**	73,730
Hard and stuffed toys	**134,604**	133,210
	139,001	206,940

5. SEGMENT REPORTING (Continued)

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets as specified below. The geographical location of customers refers to the location at which the services were provided or the goods were delivered. The Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets, goodwill and interests in associates. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangible assets specified are allocated. In the case of interests in associates, it is based on the location of operations of such associates.

	Revenue from external customers Six months ended 30 June		**Non-current assets**	
			As at 30 June	As at 31 December
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong (place of domicile)	**5,681**	8,347	**9,060**	11,600
The PRC	**4,397**	73,730	**137,801**	139,737
United States and Canada	**112,050**	103,977	**–**	–
Japan	**16,873**	20,886	**–**	–
	139,001	206,940	**146,861**	151,337

(e) Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group is as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The largest customer – revenue from manufacturing and trading of hard and stuffed toys	**87,251**	84,976
Second largest customer – revenue from manufacturing and trading of hard and stuffed toys	**20,718**	27,767

6. SEASONALITY OF OPERATION

The Group's business in manufacturing and trading of hard and stuffed toys is subject to seasonal fluctuation during a year. Generally, higher sales are experienced during the third quarter of a year in order to meet the Christmas orders before the end of each year.

The manufacturing and sales of beverage products and securities investments business have no specific seasonality factor.

7. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other revenue and other net income is as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**139,001**	206,940
Other revenue and other net income		
Other revenue		
Bank interest income	**61**	181
Interest income from customers	**–**	111
Interest income from loan receivable	**315**	1,244
Total interest income on financial assets not at fair value through profit or loss	**376**	1,536
Other net income		
Fair value (loss)/gain on derivative financial instruments – transactions not qualifying as hedges	**(930)**	2,207
Loss on disposal of property, plant and equipment, net	**(72)**	–
Net foreign exchange gain	**679**	–
Recovery from bad debt written off	**1,614**	–
Mould income	**546**	346
Sublet rental income	**200**	–
Sundry income	**375**	3,599
	2,788	7,688

8. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
(a) Other items		
Cost of inventories	**132,518**	162,907
Depreciation of property, plant and equipment *	**5,240**	8,050
Amortisation of intangible assets **	**62**	2,503
Amortisation of prepaid land premiums	**76**	76
Impairment loss of trade receivables**	**88**	–
Loss on disposal of property, plant and equipment	**72**	64

* Depreciation of approximately HK$2,228,000 (30 June 2011: HK$4,384,000) is also included in "Cost of sales" on the face of the condensed consolidated income statement.

** These items are included in "Other operating expenses" on the face of the condensed consolidated income statement.

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(b) Net gain on trading securities at fair value through profit or loss:		
Realised loss on trading securities at fair value through profit or loss	**10,549**	–
Unrealised gain on trading securities at fair value through profit or loss	**(13,110)**	–
	(2,561)	–

9. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**2,485**	1,387
Total interest expenses on financial liabilities not at fair value through profit or loss	**2,485**	1,387

10. INCOME TAX EXPENSE IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

Income tax in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Current – Hong Kong	**32**	13
Current – The PRC	**409**	5,299
Deferred tax credit	**(15)**	(430)
Income tax expense	**426**	4,882

Hong Kong Profits Tax has been provided at the rate of 16.5% (30 June 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Enterprise Income Tax in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (30 June 2011: 25%), unless preferential rates are applicable in the locations where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

11. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company of approximately HK$33,822,000 (30 June 2011: HK$21,257,000 (restated)) and the weighted average number of 1,686,408,729 (30 June 2011: 1,654,917,016) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2012 and 2011 as the Group had no potentially dilutive ordinary shares in issue during those periods.

12. DIVIDENDS

No dividends were declared during the six months ended 30 June 2012 (30 June 2011: nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred additional costs for plant and machinery, furniture, fixtures and office equipment, and motor vehicles totalling approximately HK$2,526,000 (30 June 2011: HK$3,963,000). The Group disposed of plant and equipment of approximately HK$473,000 during the period (30 June 2011: HK$131,000).

14. INTERESTS IN ASSOCIATES

	As at 30 June 2012 *HK$'000* (unaudited)	As at 31 December 2011 *HK$'000* (audited)
Share of net assets	**–**	–
Goodwill on acquisition	**4,964**	4,964
	4,964	4,964
Less: Impairment loss	**(4,964)**	(4,964)
	–	–

The above asscoiates are not audited by Crowe Horwath (HK) CPA Limited ("Crowe Horwath") or other member firm of the Crowe Horwath global network.

14. INTERESTS IN ASSOCIATES (Continued)

The Group has discontinued the recognition of its share of losses of its associates since year 2009 because the share of losses of these associates exceeded the Group's interests in these associates. Impairment loss was recognised at 30 June 2012 for the interests in associates amounting to HK$4,964,000 (31 December 2011: HK$4,964,000) because the associates were in financial difficulties.

The Group's trade receivable from an associate is disclosed in note 16 to the financial statements.

Management accounts for the Group's associates are not available as those associates were dissolved. Jasman Asia Limited, Jasman Inc. and Jasman USA Inc. were dissolved on 27 October 2012, 12 March 2010 and 16 June 2010 respectively.

15. INVENTORIES

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Raw materials	**50,327**	32,831
Work in progress	**59,062**	35,357
Finished goods	**45,686**	36,556
	155,075	104,744

The bank borrowings of a subsidiary were secured by inventories amounting to approximately HK$5,170,000 (31 December 2011: HK$4,321,000).

16. TRADE RECEIVABLES

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Trade receivables	**45,938**	94,190
Less: allowance for impairment loss	**(2,100)**	(2,023)
	43,838	92,167

Notes:

(i) All of the trade receivables are expected to be recovered within one year.

(ii) At the end of the reporting period, the carrying amount of the trade receivables that had been factored but had not been derecognised amounted to HK$5,754,000 (31 December 2011: nil) and the carrying amount of the associated liability was HK$4,891,000 (31 December 2011: nil).

16. TRADE RECEIVABLES (Continued)

(a) Ageing analysis

The following is an analysis of the trade receivables by age, presented based on the invoice date and net of allowance:

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
0 to 30 days	**23,501**	42,309
31 to 90 days	**11,119**	11,131
Over 90 days	**9,218**	38,727
	43,838	92,167

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

Included in the Group's trade receivables was an amount due from an associate of approximately HK$14,381,000 (before deducting the impairment loss of approximately HK$14,381,000) (31 December 2011: HK$14,381,000 before deducting the impairment loss of approximately HK$14,381,000), which was repayable on similar credit terms to those offered to the major customers of the Group. As the associate was dissolved in year 2012, the amount due from an associate was written-off during the year ended 31 December 2011.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written-off against trade receivables directly.

16. TRADE RECEIVABLES (Continued)

(b) Impairment of trade receivables (Continued)

The movement in allowance for impairment of trade receivables is as follows:

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
At the beginning of the period/year	**2,023**	14,381
Written-off	**–**	(14,381)
Impairment loss recognised	**88**	1,982
Exchange realignment	**(11)**	41
At the end of the period/year	**2,100**	2,023

At the end of the reporting period, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. The impairment on receivables are recognised based on the credit history of its customers, indication of financial difficulties, default in payments, and current market conditions. As at 30 June 2012, trade receivables of the Group amounting to approximately HK$2,100,000 (31 December 2011: HK$2,023,000) were individually determined to be impaired and impairment loss of the full amount had been recognised. These individually impaired receivables related to customers that were default in payments.

As at 30 June 2012, no impairment loss for trade receivables were related to the associates of the Group. As at 31 December 2011, an impairment loss of the full amount had been recognised for a trade receivable of approximately HK$14,381,000 relating to an associate of the Group that was dissolved in year 2012. The associate was dissolved on 27 October 2012 and the amount was written-off during the year ended 31 December 2011.

17. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Cash and cash equivalents include		
Cash and bank balances	**162,158**	69,113
Cash and cash equivalents in the consolidated statement of financial position	**162,158**	69,113
Bank overdrafts	**(25)**	–
Cash and cash equivalents in the consolidated statement of cash flows	**162,133**	69,113
Pledged bank deposits	**1,416**	32,847

18. TRADE PAYABLES

The ageing analysis of the trade payables as at the end of the reporting period is as follows:

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
0 to 30 days	**25,768**	21,472
31 to 90 days	**21,929**	20,962
Over 90 days	**20,054**	10,406
	67,751	52,840

The trade payables are expected to be settled within one year.

19. OTHER PAYABLES

Included in other payables was an amount of approximately HK$23,227,000 (equivalent to RMB18,935,000) (31 December 2011: HK$47,656,000 (equivalent to RMB38,635,000)) payable for the acquisition of property, plant and equipment for the beverage business.

20. SHARE CAPITAL

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Authorised:		
7,000,000,000 ordinary shares of HK$0.10 each	**700,000**	700,000
Ordinary shares, issued and fully paid:		
1,686,408,729 (31 December 2011: 1,686,408,729) ordinary shares of HK$0.10 (31 December 2011: HK$0.10) each	**168,641**	168,641

A summary of the movement during the period in the Company's issued share capital is as follows:

	Number of shares in issue	**Issued share capital** ***HK$'000***
At 1 January 2011	1,536,408,729	153,641
Issue of shares *(note)*	150,000,000	15,000
At 31 December 2011 (audited), 1 January 2012 and 30 June 2012 (unaudited)	**1,686,408,729**	**168,641**

Note:

During the year ended 31 December 2011, the movement in share capital was as follows:

On 8 February 2011, 150,000,000 shares of the Company were placed by the placing agent to not less than six independent placees at the placing price of HK$1.05 per share resulting in raising proceeds before expenses of HK$157,500,000. The net proceeds of this placing of approximately HK$156,700,000 (equivalent to a net price of approximately HK$1.04 per share) were used for general working capital of the Group and/or opportunistic investments if suitable opportunities arose in the future.

21. SHARE OPTION SCHEME

The Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the Scheme included any full-time employee or executive of the Company or any of its subsidiaries, including any executive or non-executive directors, any discretionary object of a grantee which was a discretionary trust, and any shareholder of any member of the Group or any holder of any securities issued by any member of the Group. The Scheme was adopted and approved by the shareholders of the Company on 5 February 2002 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date.

No share options had been granted under the Scheme since its adoption and the Scheme was expired on 4 February 2012.

22. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liability (31 December 2011: nil).

23. OPERATING LEASE COMMITMENTS

The Group is a lessee in respect of a number of properties held under operating leases. Leases for these properties are negotiated for terms of one to ten years with an early termination option. None of the leases includes contingent rentals.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Within one year	**9,224**	6,849
In the second to fifth years, inclusive	**6,859**	1,170
	16,083	8,019

24. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments outstanding but not provided for in the consolidated financial statements:

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Contracted but not provided for:		
Property, plant and equipment	**–**	1,416

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The key management personnel of the Group are the directors of the Company. Details of their remuneration are as follow:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**1,128**	2,121
Pension scheme contributions	**72**	49
	1,200	2,170

(b) The Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Rental expense *(note(i))*	**252**	727
Sublet rental income *(note(ii))*	**200**	240

Notes:

(i) The rental expenses was paid to a company controlled by a person who is holding a 17.7% shareholding in a subsidiary of the Company. During the six months ended 30 June 2011, included in the rental expenses of approximately HK$238,000 (equivalent to RMB200,000) represented the under-provision for rental expenses for the year ended 31 December 2010.

(ii) The sublet rental income was received from a company, which was controlled by the ultimate controlling shareholder of the Company, for leasing part of an office premises from the Group.

In the opinion of the Company's directors, the above transactions were conducted on terms mutually agreed by the Group and the related parties.

26. COMPARATIVE FIGURES

As a result of the restatement and change in classification of prior year's figure, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amount in respect of items disclosed. Further details of the restatements are disclosed in note 4 to the condensed consolidated interim financial statements.

27. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements are approved and authorised for issue by the Board on 31 March 2014.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (30 June 2011: nil).

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

As at 30 June 2012, none of the directors or the chief executive of the Company had any interest 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 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.

SHARE OPTION SCHEME

The Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the Scheme included any full-time employee or executive of the Company or any of its subsidiaries, including any executive or non-executive directors, any discretionary object of a grantee which was a discretionary trust, and any shareholder of any member of the Group or any holder of any securities issued by any member of the Group. The Scheme was adopted and approved by the shareholders of the Company on 5 February 2002 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date.

No share options had been granted under the Scheme since its adoption and the Scheme was expired on 4 February 2012.

Further details of the Scheme were set out in the Company's 2011 Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the six months ended 30 June 2012 was the Company or any of its subsidiaries a party to any arrangement 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2012, 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 of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	615,791,472 *(Note 1)*	36.51%
Smart Legend Holdings Limited ("Smart Legend")	Interest of controlled corporation	615,791,472 *(Note 1)*	36.51%
Right Perfect Limited ("Right Perfect")	Beneficial owner	615,791,472 *(Note 1)*	36.51%
Edmond de Rothschild Asset Management	Investment manager	134,000,000 *(Note 2)*	7.95%
HEC Capital Limited ("HEC Capital")	Interest of controlled corporation	89,084,000 *(Note 3)*	5.28%

Notes:

1. These shares were held by Right Perfect, which was a wholly-owned subsidiary of Smart Legend which in turn was wholly owned by Mr. Suen. Mr. Suen was the sole director of Right Perfect and Smart Legend. Accordingly, Mr. Suen and Smart Legend were deemed to be interested in 615,791,472 shares of the Company under the SFO.

2. These shares were held by Edmond de Rothschild Asset Management Hong Kong Limited which was wholly owned by Edmond de Rothschild Asset Management. Accordingly, Edmond de Rothschild Asset Management was deemed to be interested in 134,000,000 shares of the Company under the SFO.

3. These shares were held by Murtsa Capital Management Limited, which was a wholly-owned subsidiary of Hennabun Development Limited which in turn was wholly owned by HEC Capital. Accordingly, HEC Capital was deemed to be interested in 89,084,000 shares of the Company under the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2012 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

During the six months ended 30 June 2012, the Company had complied with all the applicable provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code. Specific enquiries have been made with the Directors and they have confirmed their compliance with the Own Code and the Model Code during the six months ended 30 June 2012.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2012 have not been audited, but have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

On behalf of the Board

Lo Ming Chi, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong, 31 March 2014