2013

Interim Report

TYCOON

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

BUSINESS REVIEW

For the six months ended 30 June 2013, the Group reported revenue of HK$120,787,000, representing a 13% decline from the previous period (30 June 2012: HK$139,001,000), whereas the Group's gross profit was HK$14,010,000, rose by 176% from the prior period (30 June 2012: HK$5,068,000). The significant increase of the Group's gross profit was primarily attributed to the improved financial performance and profitability of the Group's toys division. Despite the increase of the Group's gross profit, the Group recorded loss for the period amounting to HK$46,627,000 (30 June 2012: HK$36,750,000), increased by 27% that was mainly due to the unsatisfactory performance of the Group's securities investments division.

Toys Division

The revenue generated by the Group's toys division for the review period was HK$115,044,000, decreased by 15% comparing to the previous period (30 June 2012: HK$134,604,000), whereas segment loss was significantly reduced by 61% to HK$6,511,000 (30 June 2012: HK$16,737,000). Despite the fact that the division was able to capture some new business opportunities from existing and new customers last year owing to exits of some toys manufacturers in the Pearl River Delta Region, orders from two major customers based in the United States dropped considerably during the current period which mainly led to the decline of the division's revenue. Nevertheless, the division was able to better control its manufacturing costs during the review period through improved production efficiency that substantially enhanced its profitability. The division's management would continue to conduct review and analysis on the operational aspects of the toys operation with the view to improve production efficiency, and hence to save manufacturing costs as well as to enhance profitability of the division. At the period end, the division employed about 3,500 workers and staff (31 December 2012: 3,430)

Beverage Division

For the review period, the division reported revenue of HK$5,743,000, increased by 31% compared to the prior period (30 June 2012: HK$4,397,000), and segment loss of HK$6,221,000 (30 June 2012: HK$16,539,000), significantly reduced by 62% from the previous period. During the last quarter of 2012, the management had decided to switch the division's business focus to beverage markets in the third and fourth tier cities from the ones in the first and second tier cities based on the expectations that competitions among beverage products were less severe, selling and distribution costs were lower and profit margins were higher in the third and fourth tier cities' beverage markets. The results so far were encouraging as revenue of the division had increased and segment loss was reduced when comparing to the previous period. As of 30 June 2013, the division had 15 sales offices, about 76 distributors and 70 staff compared to 9 sales offices, about 60 distributors and 80 staff as of 31 December 2012.

BUSINESS REVIEW (Continued)

Securities Investments

The Group's securities investments division recorded segment loss of HK$28,291,000 for the review period (30 June 2012: segment profit of HK$2,560,000) that was mainly resulted from the unrealised loss of HK$28,477,000 from holdings of listed equity securities measured at fair values at the period end. As of 30 June 2013, the Group's securities portfolio comprised listed equity securities in mining and resources company, hotel and entertainment company, industrial materials company and financial services company and was valued at fair value of HK$123,041,000 (31 December 2012: HK$151,067,000). It was mainly due to the drop in value of the Group's investments in listed shares of two mining and resources companies, which were considered under-performed financially from market expectations, that resulted in the segment loss incurred by the division during the review period.

As a whole, the Group reported a loss attributable to owners of the Company of HK$45,480,000 (30 June 2012: HK$33,822,000) and loss per share of HK2.70 cents (30 June 2012: HK2.01 cents). The Group reported total other comprehensive loss for the period, net of tax, of HK$41,708,000 (30 June 2012: HK$37,491,000) which included an exchange gain on translation of financial statements of overseas subsidiaries of HK$4,919,000 (30 June 2012: loss of HK$741,000). The Group's total comprehensive loss for the period, net of tax, attributable to owners of the Company amounted to HK$40,900,000 (30 June 2012: HK$34,504,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2013, the Group had current assets of HK$419,964,000 (31 December 2012: HK$432,668,000) comprising cash and cash equivalents of HK$98,377,000 (31 December 2012: HK$130,246,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$235,012,000 (31 December 2012: HK$208,107,000), remained at a healthy ratio of 1.79 (31 December 2012: 2.08). The Group's bank loans as at 30 June 2013 were mainly denominated in Hong Kong dollars and United States dollars in the proportion of 98% and 2% (31 December 2012: 87% and 13%) respectively. All bank loans totalling HK$115,965,000 (31 December 2012: HK$88,760,000) would be matured within one year, out of which 98% bore fixed interest rate (31 December 2012: 87%) and the remaining 2% bore floating interest rate (31 December 2012: 13%).

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.

FINANCIAL REVIEW (Continued)

Liquidity, Financial Resources and Capital Structure (Continued)

During the review period, the equity attributable to owners of the Company decreased by 11% to HK$339,126,000 (31 December 2012: HK$380,026,000) mainly as a result of the loss incurred by the Group. 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 2013 was about 29% (31 December 2012: 16%).

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.

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 2013, the Group's certain leasehold buildings and prepaid land premium in Mainland China with aggregate carrying amount of HK$103,727,000 (31 December 2012: HK$103,803,000), bank deposits, inventories and trade receivables of HK$2,997,000, HK$8,278,000 and HK$2,429,000 respectively (31 December 2012: HK$2,996,000, HK$6,625,000 and HK$13,247,000) were pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

At 30 June 2013, the Group had no significant contingent liability (31 December 2012: nil).

Capital Commitments

At 30 June 2013, the Group had no significant capital commitment (31 December 2012: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of approximately 3,590 (31 December 2012: 3,530) employees, including directors, in Hong Kong and Mainland China. 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 and discretionary bonuses. The Group also provided subsidies to staff for external training.

PROSPECTS

For the six months ended 30 June 2013, the results of the toys and beverage division had improved amid the unsatisfactory performance of the securities investments division. The management would continue to put effort to improve the results of the toys and beverage divisions through conducting review and analysis on operational aspects of the divisions including procurement and inventory control, production and logistics, sales and marketing, product research and development, and human resources management. Through the above measures, the management is aiming to improve the divisions' operating efficiency and profitability and hence their financial performance in the near term.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Revenue	6	**120,787**	139,001
Cost of sales		**(106,777)**	(133,933)
Gross profit		**14,010**	5,068
Other revenue and other net income	6	**5,280**	2,788
Selling and distribution costs		**(5,623)**	(8,915)
Administrative expenses		**(29,043)**	(34,883)
Net (loss)/gain on trading securities at fair value through profit or loss	7	**(28,277)**	2,561
Other operating expenses		**(512)**	(458)
Loss from operations		**(44,165)**	(33,839)
Finance costs	8	**(2,266)**	(2,485)
Loss before taxation	7	**(46,431)**	(36,324)
Income tax	9	**(196)**	(426)
Loss for the period		**(46,627)**	(36,750)
Attributable to:			
Owners of the Company		**(45,480)**	(33,822)
Non-controlling interests		**(1,147)**	(2,928)
Loss for the period		**(46,627)**	(36,750)
Loss per share			
Basic	10	**(HK2.70 cents)**	(HK2.01 cents)
Diluted	10	**(HK2.70 cents)**	(HK2.01 cents)

The notes on pages 14 to 35 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(46,627)**	(36,750)
Other comprehensive income/(loss) for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**4,919**	(741)
Other comprehensive income/(loss) for the period, net of tax	**4,919**	(741)
Total comprehensive loss for the period, net of tax	**(41,708)**	(37,491)
Attributable to:		
Owners of the Company	**(40,900)**	(34,504)
Non-controlling interests	**(808)**	(2,987)
	(41,708)	(37,491)

The notes on pages 14 to 35 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**138,498**	140,180
Prepaid land premiums		**4,775**	4,851
Intangible assets		**2,297**	2,626
Goodwill		**834**	834
Interests in associates	13	**–**	–
		146,404	148,491
Current assets			
Trading securities		**123,041**	151,067
Inventories	14	**149,874**	100,938
Prepaid land premiums		**152**	152
Trade receivables	15	**23,687**	30,644
Prepayments, deposits and other receivables		**12,039**	16,625
Loan receivable		**7,500**	–
Derivative financial instruments		**2,297**	–
Pledged bank deposits	16	**2,997**	2,996
Cash and cash equivalents	16	**98,377**	130,246
		419,964	432,668
Current liabilities			
Trade payables	17	**45,585**	43,493
Other payables	18	**69,037**	70,824
Bank overdrafts	16	**89**	–
Interest-bearing bank borrowings		**115,965**	88,760
Tax payable		**4,336**	5,030
		235,012	208,107
Net current assets		**184,952**	224,561
Total assets less current liabilities		**331,356**	373,052
Non-current liabilities			
Deferred tax liabilities		**7,016**	7,004
		7,016	7,004
Net assets		**324,340**	366,048

The notes on pages 14 to 35 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
Equity			
Equity attributable to owners of the Company			
Share capital	19	**168,641**	168,641
Reserves		**170,485**	211,385
		339,126	380,026
Non-controlling interests		**(14,786)**	(13,978)
Total equity		**324,340**	366,048

The notes on pages 14 to 35 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	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 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
At 1 January 2013	**168,641**	**684,503**	**41,143**	**10,686**	**53,821**	**(578,768)**	**380,026**	**(13,978)**	**366,048**
Change in equity for 2013:									
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(45,480)**	**(45,480)**	**(1,147)**	**(46,627)**
Exchange differences on translation of financial statements of overseas subsidiaries	**-**	**-**	**-**	**-**	**4,580**	**-**	**4,580**	**339**	**4,919**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**4,580**	**(45,480)**	**(40,900)**	**(808)**	**(41,708)**
Appropriation to statutory reserve fund	**-**	**-**	**-**	**56**	**-**	**(56)**	**-**	**-**	**-**
Revaluation reserve realised	**-**	**-**	**(677)**	**-**	**-**	**677**	**-**	**-**	**-**
At 30 June 2013	**168,641**	**684,503**	**40,466**	**10,742**	**58,401**	**(623,627)**	**339,126**	**(14,786)**	**324,340**

* 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 14 to 35 form part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Net cash (used in)/generated from operating activities		**(46,149)**	54,904
Net cash (used in)/generated from investing activities		**(6,640)**	10,299
Net cash generated from financing activities		**19,704**	28,290
Net (decrease)/increase in cash and cash equivalents		**(33,085)**	93,493
Cash and cash equivalents at 1 January		**130,246**	69,113
Effect of foreign exchange rates changes		**1,127**	(473)
Cash and cash equivalents at 30 June		**98,288**	162,133
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	*16*	**98,288**	162,133

The notes on pages 14 to 35 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 2013 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 2012, 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 2012.

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 HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	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
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) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The adoption of the amendments has had no material impact on the disclosure in these condensed consolidated interim financial statements.

Except as described below, the application of other new and revised standards and interpretations in the current accounting period has had no material impact on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening consolidated statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening consolidated statement of financial position. The amendments also remove the requirement to present related notes to the opening consolidated statement of financial position when such statement is presented. The adoption of the amendments does not have any material impact on these condensed consolidated interim financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "consolidated statement of profit or loss" and "consolidated statement of profit or loss and other comprehensive income" as introduced by the amendments in these condensed consolidated interim financial statements.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special Purpose Entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 11 Joint Arrangements

HKFRS 11, which replaces HKAS 31 *Interests in Joint Ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice. The adoption of HKFRS 11 does not have any material impact on these condensed consolidated interim financial statements.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. The adoption of the HKFRS 12 does not have any material impact on the disclosure in these condensed consolidated interim financial statements.

HKFRS 13 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.

HKAS 19 Employee Benefits (as revised in 2011)

HKAS 19 (as revised in 2011) introduces a number of amendments to the accounting for defined benefit plans. Among them, HKAS 19 (as revised in 2011) eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 (as revised in 2011) also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of HKAS 19 (as revised in 2011) does not have any material impact on these condensed consolidated interim financial statements.

4. 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 resources 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 dividends 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.

4. 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Reportable segment revenue								
Revenue from external customers	**–**	–	**115,044**	134,604	**5,743**	4,397	**120,787**	139,001
Reportable segment (loss)/profit before taxation	**(28,291)**	2,560	**(6,511)**	(16,737)	**(6,221)**	(16,539)	**(41,023)**	(30,716)
Other segment information:								
Depreciation	**–**	–	**(5,015)**	(4,585)	**(1,080)**	(611)	**(6,095)**	(5,196)
Amortisation of prepaid land premiums	**–**	–	**(76)**	(76)	**–**	–	**(76)**	(76)
Amortisation of intangible assets	**–**	–	**–**	–	**(62)**	(62)	**(62)**	(62)
Loss on disposal of property, plant and equipment, net	**–**	–	**(92)**	(72)	**–**	–	**(92)**	(72)
Write down of inventories, net	**–**	–	**(5,885)**	(904)	**–**	–	**(5,885)**	(904)
Impairment loss of trade receivables	**–**	–	**–**	–	**–**	(88)	**–**	(88)
Net (loss)/gain on trading securities at fair value through profit or loss	**(28,277)**	2,561	**–**	–	**–**	–	**(28,277)**	2,561
Bank interest income	**–**	–	**52**	32	**10**	29	**62**	61
Interest expense	**–**	–	**(2,265)**	(2,485)	**(1)**	–	**(2,266)**	(2,485)
Additions to non-current segment assets	**–**	–	**3,557**	2,364	**193**	162	**3,750**	2,526

4. 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 2013 HK$'000 (unaudited)	As at 31 December 2012 *HK$'000* (audited)	**As at 30 June 2013 HK$'000 (unaudited)**	As at 31 December 2012 *HK$'000* (audited)	**As at 30 June 2013 HK$'000 (unaudited)**	As at 31 December 2012 *HK$'000* (audited)	**As at 30 June 2013 HK$'000 (unaudited)**	As at 31 December 2012 *HK$'000* (audited)
Reportable segment assets	**124,301**	153,007	**318,675**	293,560	**111,994**	114,970	**554,970**	561,537
Reportable segment liabilities	**-**	–	**(204,361)**	(175,519)	**(35,757)**	(34,785)	**(240,118)**	(210,304)

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	
	2013 HK$'000 (unaudited)	2012 *HK$'000* (unaudited)
(i) Loss before taxation		
Reportable segment loss	**(41,023)**	(30,716)
Unallocated interest income	**560**	315
Unallocated corporate expenses	**(5,968)**	(5,923)
Consolidated loss before taxation	**(46,431)**	(36,324)

4. SEGMENT REPORTING (Continued)

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

	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
(ii) Assets		
Reportable segment assets	**554,970**	561,537
Loan receivable	**7,500**	–
Unallocated corporate assets	**3,898**	19,622
Consolidated total assets	**566,368**	581,159

	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
(iii) Liabilities		
Reportable segment liabilities	**240,118**	210,304
Unallocated corporate liabilities	**1,910**	4,807
Consolidated total liabilities	**242,028**	215,111

4. SEGMENT REPORTING (Continued)

(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	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Beverage products	**5,743**	4,397
Hard and stuffed toys	**115,044**	134,604
	120,787	139,001

(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 include property, plant and equipment, prepaid land premiums, intangible assets and goodwill. The geographical location of customers refers to the location at which the services were provided or the goods were delivered. 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.

4. SEGMENT REPORTING (Continued)

(d) Geographical information (Continued)

	Revenue from external customers Six months ended 30 June		Non-current assets	
			As at 30 June	As at 31 December
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong (place of domicile)	**3,775**	5,681	**4,964**	8,881
The PRC	**5,743**	4,397	**141,440**	139,610
United States and Canada	**93,766**	112,050	**–**	–
Japan and Europe	**17,503**	16,873	**–**	–
	120,787	139,001	**146,404**	148,491

(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	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The largest customer – revenue from manufacturing and trading of hard and stuffed toys	**81,911**	87,251
Second largest customer – revenue from manufacturing and trading of hard and stuffed toys	**–**	20,718

5. 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.

6. 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	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**120,787**	139,001
Other revenue and other net income		
Other revenue		
Bank interest income	**64**	61
Interest income from loan receivable	**558**	315
Total interest income on financial assets not at fair value through profit or loss	**622**	376
Other net income		
Fair value gain/(loss) on derivative financial instruments – transactions not qualifying as hedges	**2,297**	(930)
Loss on disposal of property, plant and equipment, net	**–**	(72)
Net foreign exchange gain	**969**	679
Recovery from bad debt written off	**–**	1,614
Mould income	**103**	546
Sublet rental income	**399**	200
Sundry income	**890**	375
	5,280	2,788

7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
a) Other items		
Cost of inventories	**105,218**	132,518
Depreciation of property, plant and equipment*	**6,241**	5,240
Amortisation of intangible assets **	**62**	62
Amortisation of prepaid land premiums	**76**	76
Loss on disposal of property, plant and equipment, net **	**416**	72
Impairment loss of trade receivables **	**–**	88
b) Net loss/(gain) on trading securities at fair value through profit or loss		
Realised (gain)/loss on trading securities at fair value through profit or loss	**(200)**	10,549
Unrealised loss/(gain) on trading securities at fair value through profit or loss	**28,477**	(13,110)
	28,277	(2,561)

* Depreciation of approximately HK$2,191,000 (30 June 2012: HK$2,228,000) is also included in "Cost of sales" on the face of the condensed consolidation statement of profit or loss.

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

8. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**2,266**	2,485
Total interest expenses on financial liabilities not at fair value through profit or loss	**2,266**	2,485

9. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current – Hong Kong	**–**	32
Current – The PRC	**188**	409
Deferred tax charge/(credit)	**8**	(15)
Income tax expense	**196**	426

Hong Kong Profits Tax has been provided at the rate of 16.5% (30 June 2012: 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 2012: 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.

10. LOSS PER SHARE

Basic 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$45,480,000 (30 June 2012: HK$33,822,000) and the weighted average number of 1,686,408,729 (30 June 2012: 1,686,408,729) ordinary shares in issue during the period.

Diluted loss per share

Diluted loss per share equals to basic loss per share as there was no potential dilutive ordinary shares outstanding for both periods presented.

11. DIVIDENDS

No dividends were declared during the six months ended 30 June 2013 (30 June 2012: nil).

12. 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$3,750,000 (30 June 2012: HK$2,526,000). The Group disposed of plant and equipment of approximately HK$1,007,000 during the period (30 June 2012: HK$473,000).

13. INTERESTS IN ASSOCIATES

	As at 30 June 2013 *HK$'000* (unaudited)	As at 31 December 2012 *HK$'000* (audited)
Share of net assets	**–**	–
Goodwill on acquisition	**–**	4,964
Written-off	**–**	(4,964)
	–	–
Less: Impairment loss	**–**	(4,964)
Written-off	**–**	4,964
	–	–

13. INTERESTS IN ASSOCIATES (Continued)

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

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. As the associate were dissolved, the interests in associates were written-off during the year ended 31 December 2012.

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.

14. INVENTORIES

	As at 30 June 2013 *HK$'000* (unaudited)	As at 31 December 2012 *HK$'000* (audited)
Raw materials	**55,064**	34,302
Work in progress	**50,643**	33,579
Finished goods	**44,167**	33,057
	149,874	100,938

The bank borrowings of a subsidiary were secured by inventories amounting to approximately HK$8,278,000 (31 December 2012: HK$6,625,000).

15. TRADE RECEIVABLES

	As at 30 June 2013	As at 31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**27,577**	34,467
Less: allowance for impairment loss	**(3,890)**	(3,823)
	23,687	30,644

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$2,429,000 (31 December 2012: HK$13,247,000) and the carrying amount of the associated liability was HK$2,065,000 (31 December 2012: HK$11,260,000).

(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 2013	As at 31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**18,851**	13,177
31 to 90 days	**3,388**	16,969
Over 90 days	**1,448**	498
	23,687	30,644

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.

15. TRADE RECEIVABLES (Continued)

(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.

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

	As at 30 June 2013 ***HK$'000*** **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
At the beginning of the period/year	**3,823**	2,023
Impairment loss recognised	**–**	1,792
Exchange realignment	**67**	8
At the end of the period/year	**3,890**	3,823

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 2013, trade receivables of the Group amounting to approximately HK$3,890,000 (31 December 2012: HK$3,823,000) 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.

16. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 June 2013 ***HK$'000*** **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
Cash and cash equivalents include:		
Cash and bank balances	**98,377**	130,246
Cash and cash equivalents in the consolidated statement of financial position	**98,377**	130,246
Bank overdrafts	**(89)**	–
Cash and cash equivalents in the consolidated statement of cash flows	**98,288**	130,246
Pledged bank deposits	**2,997**	2,996

17. TRADE PAYABLES

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

	As at 30 June 2013 ***HK$'000*** **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
0 to 30 days	**27,595**	18,345
31 to 90 days	**15,709**	18,508
Over 90 days	**2,281**	6,640
	45,585	43,493

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

18. OTHER PAYABLES

Included in other payables was an amount of approximately HK$23,393,000 (equivalent to RMB18,635,000) (31 December 2012: HK$22,983,000 (equivalent to RMB18,635,000) payable for the acquisition of property, plant and equipment for the beverage business.

19. SHARE CAPITAL

	As at 30 June 2013	As at 31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(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 2012: 1,686,408,729) ordinary shares of HK$0.10 (31 December 2012: HK$0.10) each	**168,641**	168,641

There was no movement in the Company's issued share capital during the period.

	Number of shares in issue	**Issued share capital**
		HK$'000
At 1 January 2012	1,686,408,729	168,641
At 31 December 2012 (audited), 1 January 2013 and 30 June 2013 (unaudited)	**1,686,408,729**	**168,641**

20. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liability (31 December 2012: nil).

21. 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 2013 *HK$'000* **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
Within one year	**6,723**	6,881
In the second to fifth years, inclusive	**2,807**	3,860
	9,530	10,741

22. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had no material capital commitment (31 December 2012: nil).

23. 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 follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**881**	1,128
Pension scheme contributions	**33**	72
	914	1,200

23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Rental expense *(note(i))*	**255**	252
Sublet rental income *(note(ii))*	**351**	200

Notes:

(i) The rental expense was paid to a company controlled by a person who is holding a 17.7% shareholding in a subsidiary of the Company.

(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.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements are approved and authorised for issue by the Board on 30 April 2014.

INTERIM DIVIDEND

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

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

As at 30 June 2013, 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 Group does not have any share option scheme during the six months ended 30 June 2013.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2013 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 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 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 2013 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

During the six months ended 30 June 2013, the Company had complied with all the applicable provisions of the Corporate Governance Code 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 2013.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2013 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 2013, 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, 30 April 2014