



Interim Report

2015

**Realord**

**偉祿集團控股有限公司**  
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1196

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Lin Xiaohui (*Chairman*)

Su Jiaohua (*Chief Executive Officer*)

Lin Xiaodong

#### *Independent Non-executive Directors*

Yu Leung Fai

Fang Jixin

Li Jue

### COMPANY SECRETARY

Tsang Chin Pang

### LEGAL ADVISERS

Locke Lord

Michael Li & Co.

### INDEPENDENT AUDITOR

Ernst & Young

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2403-2410

24/F, Jardine House

1 Connaught Place

Central, Hong Kong

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking

Corporation Limited

China Merchants Bank

### AUDIT COMMITTEE

Yu Leung Fai (*Chairman*)

Fang Jixin

Li Jue

### REMUNERATION COMMITTEE

Li Jue (*Chairman*)

Lin Xiaohui

Yu Leung Fai

### NOMINATION COMMITTEE

Lin Xiaohui (*Chairman*)

Yu Leung Fai

Fang Jixin

### STOCK CODE

1196

### COMPANY WEBSITE

<http://www.realord.com.hk>

**CONDENSED CONSOLIDATED INCOME STATEMENT**

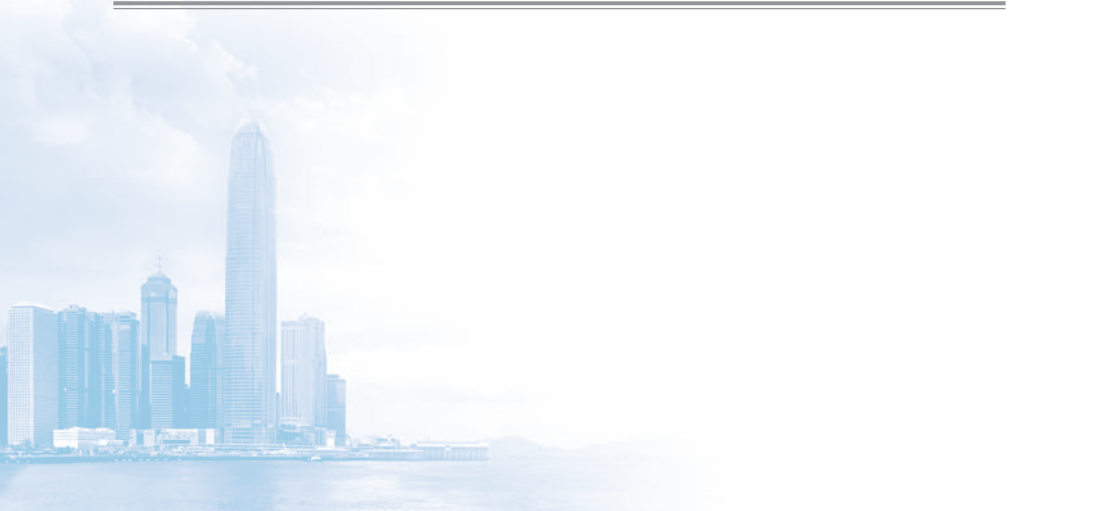
for the six months ended 30 June 2015

|   |              | <b>For the six months ended</b> |                 |
|---|--------------|---------------------------------|-----------------|
|   |              | <b>30 June</b>                  | 30 September    |
|   |              | <b>2015</b>                     | 2014            |
|   |              | <b>(Unaudited)</b>              | (Unaudited)     |
|   | <i>Notes</i> | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| <b>Continuing operations</b>                                      |              |                                 |                 |
| <b>Revenue</b>  | 3            | <b>74,362</b>                   | 51,050          |
| Cost of sales   |              | <b>(45,423)</b>                 | (17,118)        |
| <b>Gross profit</b>   |              | <b>28,939</b>                   | 33,932          |
| Other income  | 5            | <b>13,409</b>                   | 2,592           |
| Selling and distribution expenses                                 |              | <b>(1,617)</b>                  | (1,237)         |
| Administrative expenses   |              | <b>(44,601)</b>                 | (36,726)        |
| Other operating expenses  |              | <b>(4,492)</b>                  | (273)           |
| Finance costs   | 6            | <b>(939)</b>                    | (101)           |
| <b>Loss before income tax</b>                                     | 7            | <b>(9,301)</b>                  | (1,813)         |
| Income tax expense  | 9            | <b>(572)</b>                    | (1,070)         |
| <b>Loss for the period from continuing operations</b>             |              | <b>(9,873)</b>                  | (2,883)         |
| <b>Discontinued operations</b>                                    |              |                                 |                 |
| <b>Loss for the period from discontinued operations</b>           | 8            | –                               | (3,743)         |
| <b>Loss for the period</b>  |              | <b>(9,873)</b>                  | (6,626)         |
| <b>Loss attributable to:</b>                                      |              |                                 |                 |
| <b>Equity holders of the Company</b>                              |              |                                 |                 |
| Loss for the period from continuing operations                    |              | <b>(10,085)</b>                 | (2,831)         |
| Loss for the period from discontinued operations                  |              | –                               | (3,743)         |
| Loss for the period attributable to equity holders of the Company |              | <b>(10,085)</b>                 | (6,574)         |
| <b>Non-controlling interest</b>                                   |              |                                 |                 |
| Profit/(loss) for the period from continuing operations           |              | <b>212</b>                      | (52)            |
| <b>Loss for the period</b>  |              | <b>(9,873)</b>                  | (6,626)         |
| <b>Loss per share for the period</b>                              |              |                                 |                 |
| – Basic and diluted   | 11           | <b>(HK1.03 cents)</b>           | (HK0.98 cents)  |
| <b>Loss per share from continuing operations</b>                  |              |                                 |                 |
| – Basic and diluted   | 11           | <b>(HK1.03 cents)</b>           | (HK0.42 cents)  |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the six months ended 30 June 2015

|   | <b>For the six months ended<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
|---|---|---|
| <b>Loss for the period</b>  | <b>(9,873)</b>  | (6,626)   |
| <b>Other comprehensive income</b>   |   |   |
| Items that may be reclassified subsequently to profit or loss:                          |   |   |
| Exchange difference released upon disposal of subsidiaries                              | –   | 68  |
| Exchange gain on translation of financial statements<br>of foreign operations           | <b>92</b>   | 855   |
| Items that will not be reclassified to profit or loss:                                  |   |   |
| Revaluation surplus on leasehold land and buildings                                     | –   | 1,022   |
| Deferred tax charge arising from revaluation surplus<br>on leasehold land and buildings | –   | (224)   |
| Other comprehensive income for the period, net of tax                                   | <b>92</b>   | 1,721   |
| <b>Total comprehensive loss for the period</b>  | <b>(9,781)</b>  | (4,905)   |
| <b>Total comprehensive income/(loss) attributable to:</b>                               |   |   |
| Equity holders of the Company   | <b>(9,993)</b>  | (4,853)   |
| Non-controlling interest  | <b>212</b>  | (52)  |
|   | <b>(9,781)</b>  | (4,905)   |



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2015

|   | Notes | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|-------|---|---|
| <b>ASSETS AND LIABILITIES</b>                                   |       |   |   |
| <b>Non-current assets</b>                                       |       |   |   |
| Property, plant and equipment                                   |       | 18,955  | 9,820   |
| Investment properties   | 12    | 360,730   | 135,730   |
| Intangible asset  | 13    | 4,400   | –   |
| Goodwill  | 25    | 2,100   | –   |
| Other deposits  | 14    | 275   | –   |
| Available-for-sale financial assets                             |       | 7,344   | 7,344   |
| Deferred tax assets   |       | –   | 137   |
|   |       | <b>393,804</b>                                      | <b>153,031</b>  |
| <b>Current assets</b>   |       |   |   |
| Inventories   |       | 442   | 3,602   |
| Accounts receivable   | 15    | 53,550  | 31,934  |
| Prepayments, deposits and other receivables                     |       | 22,137  | 14,216  |
| Financial assets at fair value through profit or loss           | 16    | 22,326  | –   |
| Bank balances-trust and segregated accounts                     |       | 9,808   | –   |
| Cash and cash equivalents                                       | 17    | 483,847   | 281,488   |
| Tax recoverable   |       | 728   | 594   |
|   |       | <b>592,838</b>                                      | <b>331,834</b>  |
| <b>Current liabilities</b>                                      |       |   |   |
| Accounts payable  | 18    | 21,175  | 5,192   |
| Accrued liabilities and other payables                          |       | 17,848  | 14,153  |
| Interest-bearing borrowings                                     | 20    | 100,000   | 100,000   |
| Tax payable   |       | 553   | 1,117   |
|   |       | <b>139,576</b>                                      | <b>120,462</b>  |
| <b>Net current assets</b>                                       |       | <b>453,262</b>                                      | <b>211,372</b>  |
| <b>Total assets less current liabilities</b>                    |       | <b>847,066</b>                                      | <b>364,403</b>  |
| <b>Non-current liabilities</b>                                  |       |   |   |
| Deferred tax liabilities  |       | 32,769  | 32,939  |
| <b>Net assets</b>   |       | <b>814,297</b>                                      | <b>331,464</b>  |
| <b>EQUITY</b>   |       |   |   |
| <b>Equity attributable to the equity holders of the Company</b> |       |   |   |
| Share capital   | 19    | 115,419   | 79,419  |
| Reserves  |       | 698,878   | 239,589   |
|   |       | <b>814,297</b>                                      | <b>319,008</b>  |
| Non-controlling interest  |       | –   | 12,456  |
| <b>Total equity</b>   |       | <b>814,297</b>                                      | <b>331,464</b>  |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the six months ended 30 June 2015

|   | For the six months ended                   |   |
|---|--|---|
|   | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| Net cash inflows/(outflows) from:   |  |   |
| Operating activities  | <b>(44,392)</b>                            | 77,665  |
| Investing activities  |  |   |
| – Acquisition of non-controlling interest   | <b>(12,668)</b>                            | –   |
| – Acquisition of subsidiaries   | <b>(235,616)</b>                           | –   |
| – Disposal of subsidiaries  | –  | 156,652   |
| – Other investing activities  | <b>(9,257)</b>                             | (3,176)   |
|   | <b>(257,541)</b>                           | 153,476   |
| Financing activities  |  |   |
| – Proceeds from share subscription  | <b>504,000</b>                             | –   |
| – Special dividend paid   | –  | (317,677)                                       |
| – Other financing activities  | –  | 11,582  |
|   | <b>504,000</b>                             | (306,095)                                       |
| Increase/(Decrease) in cash and cash equivalents  | <b>202,067</b>                             | (74,954)  |
| Cash and cash equivalents at beginning of period  | <b>175,988</b>                             | 134,550   |
| Effect of foreign exchange rate changes   | <b>92</b>                                  | 855   |
| <b>Cash and cash equivalents at end of period</b>                                       | <b>378,147</b>                             | 60,451  |
| <b>Analysis of balances of cash and cash equivalents</b>                                |  |   |
| Cash in hand and at banks and securities brokerage firms                                | <b>483,847</b>                             | 48,451  |
| Time deposits   | –  | 12,000  |
| Cash and cash equivalents per condensed consolidated statement<br>of financial position | <b>483,847</b>                             | 60,451  |
| Less: Pledged bank deposit  | <b>(105,700)</b>                           | –   |
| <b>Cash and cash equivalents per condensed consolidated statement<br/>of cash flows</b> | <b>378,147</b>                             | 60,451  |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2015

|  | Equity attributable to equity holders of the Company |                                   |                                 |                                       |                             |                                  |                              |                              |                   |                                      |                          |
|--|--|-----------------------------------|---------------------------------|---------------------------------------|-----------------------------|----------------------------------|------------------------------|------------------------------|-------------------|--------------------------------------|--------------------------|
|  | Share capital<br>HK\$'000                            | Share premium account<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Asset revaluation reserve<br>HK\$'000 | Capital reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling Interest<br>HK\$'000 | Total equity<br>HK\$'000 |
| At 1 April 2014  | 63,535   | 107,590                           | 34,080                          | 89,043                                | 9,900                       | -                                | 211                          | 181,435                      | 485,794           | -                                    | 485,794                  |
| Special 2014 dividend paid   | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | (317,677)                    | (317,677)         | -                                    | (317,677)                |
| Transactions with owners   | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | (317,677)                    | (317,677)         | -                                    | (317,677)                |
| Loss for the period  | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | (6,574)                      | (6,574)           | (52)                                 | (6,626)                  |
| Other comprehensive income:  |  |                                   |                                 |                                       |                             |                                  |                              |                              |                   |                                      |                          |
| Exchange difference released upon disposal of subsidiaries                           | -  | -                                 | -                               | -                                     | -                           | -                                | 68                           | -                            | 68                | -                                    | 68                       |
| Exchange gain on translation of financial statements of foreign operations           | -  | -                                 | -                               | -                                     | -                           | -                                | 855                          | -                            | 855               | -                                    | 855                      |
| Revaluation surplus on leasehold land and buildings                                  | -  | -                                 | -                               | 1,022                                 | -                           | -                                | -                            | -                            | 1,022             | -                                    | 1,022                    |
| Deferred tax charge arising from revaluation surplus on leasehold land and buildings | -  | -                                 | -                               | (224)                                 | -                           | -                                | -                            | -                            | (224)             | -                                    | (224)                    |
| Total comprehensive loss for the period  | -  | -                                 | -                               | 798                                   | -                           | -                                | 923                          | (6,574)                      | (4,853)           | (52)                                 | (4,905)                  |
| Capital contribution from a non-controlling shareholder                              | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | -                            | -                 | 12,000                               | 12,000                   |
| Reduction of share premium and contributed surplus                                   | -  | (107,590)                         | (34,080)                        | -                                     | -                           | -                                | -                            | 141,670                      | -                 | -                                    | -                        |
| Reserves transferred upon disposal of subsidiaries                                   | -  | -                                 | -                               | (61,567)                              | (9,900)                     | -                                | -                            | 71,467                       | -                 | -                                    | -                        |
| At 30 September 2014 (Unaudited)   | 63,535   | -                                 | -                               | 28,274                                | -                           | -                                | 1,134                        | 70,321                       | 163,264           | 11,948                               | 175,212                  |
| At 1 January 2015  | 79,419   | 141,473                           | -                               | 28,274                                | -                           | -                                | 219                          | 69,623                       | 319,008           | 12,456                               | 331,464                  |
| Share subscription (note 19)   | 36,000   | 468,000                           | -                               | -                                     | -                           | -                                | -                            | -                            | 504,000           | -                                    | 504,000                  |
| Transactions with owners   | 36,000   | 468,000                           | -                               | -                                     | -                           | -                                | -                            | -                            | 504,000           | -                                    | 504,000                  |
| Loss for the period  | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | (10,085)                     | (10,085)          | 212                                  | (9,873)                  |
| Other comprehensive income:  |  |                                   |                                 |                                       |                             |                                  |                              |                              |                   |                                      |                          |
| Exchange gain on translation of financial statements of foreign operations           | -  | -                                 | -                               | -                                     | -                           | -                                | 92                           | -                            | 92                | -                                    | 92                       |
| Total comprehensive loss for the period  | -  | -                                 | -                               | -                                     | -                           | -                                | 92                           | (10,085)                     | (9,993)           | 212                                  | (9,781)                  |
| Acquisition of non-controlling interest  | -  | -                                 | -                               | -                                     | -                           | -                                | -                            | -                            | -                 | (12,668)                             | (12,668)                 |
| Equity-settled share option expenses   | -  | -                                 | -                               | -                                     | -                           | 1,282                            | -                            | -                            | 1,282             | -                                    | 1,282                    |
| At 30 June 2015 (Unaudited)  | 115,419  | 609,473                           | -                               | 28,274                                | -                           | 1,282                            | 311                          | 59,538                       | 814,297           | -                                    | 814,297                  |



## NOTES TO THE INTERIM FINANCIAL INFORMATION

*for the six months ended 30 June 2015*

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

Realord Group Holdings Limited (the "Company") has changed its financial year-end date from 31 March to 31 December with effect from 2014. The financial statements for current period cover a six-month period from 1 January 2015 to 30 June 2015, while the comparative amounts for the financial statements and the related notes cover a six-month period from 1 April 2014 to 30 September 2014, and therefore they are not entirely comparable.

The unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together referred to as the "Group") has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the nine months ended 31 December 2014, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, as disclosed in note 2 to this interim financial information.

#### Accounting policy for Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial model, further details of which are given in note 21 to the interim financial information.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

**1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)****Accounting policy for Share-based payments (Continued)**

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per shares.

This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the nine months ended 31 December 2014.

The unaudited condensed interim financial information for the six months ended 30 June 2015 was approved by the board of directors on 24 August 2015.



## 2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

### Adoption of new or amended HKFRSs effective on or after 1 January 2015

In the current period, the Group has applied, for the first time, the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 January 2015.

|                       |   |
|-----------------------|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2010-2012 Cycle |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2011-2013 Cycle |

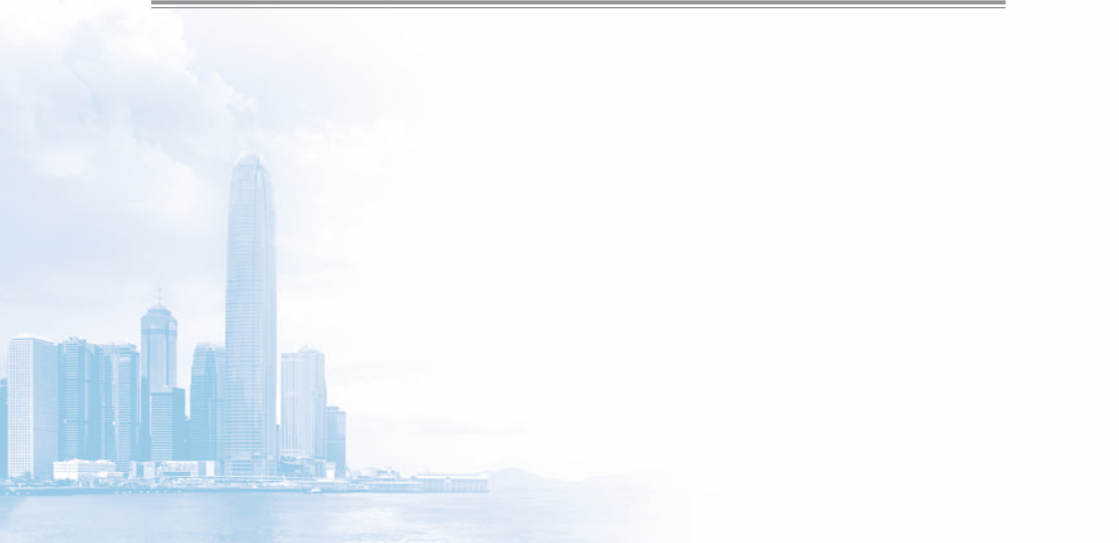
The adoption of the new or amended HKFRS had no material impact on the Group's financial statements.

The Group has not early adopted the new or amended HKFRS that have been issued but not yet effective.

## 3. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered arising from the principal activities of the Group during the period after eliminations of all significant intra-group transactions.

|                              | For the six months ended                   |   |
|------------------------------|--|---|
|                              | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| <b>Continuing operations</b> |  |   |
| Sales of goods               | <b>36,856</b>                              | 9,985   |
| Rendering of services        | <b>37,506</b>                              | 41,065  |
|                              | <b>74,362</b>                              | 51,050  |



#### 4. SEGMENT INFORMATION

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major business lines. The Group has identified the following reportable segments from its continuing operations:

- (a) provision of financial printing, digital printing and other related services ("Commercial Printing Segment");
- (b) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products ("Hangtag Segment");
- (c) distribution and sales of motor vehicle parts ("Motor Vehicle Parts Segment");
- (d) provision of securities brokerage services and margin financing ("Securities Brokerage Segment"); and
- (e) trading of electronic products and computer components ("Trading Segment").

Each of these operating segments is managed separately as each of the business lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The executive directors assess segment reporting as those used in its HKFRSs financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to finance costs, income tax and corporate income and expenses).

Segment assets include all assets with the exception of corporate assets, including investment properties, financial assets at fair value through profit or loss, cash and bank balances, tax recoverable, and deferred tax assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. Segment liabilities comprise accounts payable, accrued liabilities and other payables.

As described in more detail in note 8, the Group discontinued two reportable and operating segments regarding the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books (the "Packaging Segment") and the food and beverage segment (the "Food and Beverage Segment") during the six months ended 30 September 2014. Accordingly, the segment information below does not include any amounts for the discontinued operations, details of which are set out in note 8.

#### 4. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable operating segments from continuing operations as provided to the Group's executive directors is set out below:

|  | Commercial<br>Printing Segment |                   |                          |                   | Hangtag Segment          |                   | Motor Vehicles<br>Parts Segment |                   | Securities Brokerage<br>Segment |                   | Trading Segment          |                   | Eliminations             |                   | Consolidated             |                   |
|--|--------------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|
|  | For the six months ended       |                   | For the six months ended |                   | For the six months ended |                   | For the six months ended        |                   | For the six months ended        |                   | For the six months ended |                   | For the six months ended |                   | For the six months ended |                   |
|  | 30 June 2015                   | 30 September 2014 | 30 June 2015             | 30 September 2014 | 30 June 2015             | 30 September 2014 | 30 June 2015                    | 30 September 2014 | 30 June 2015                    | 30 September 2014 | 30 June 2015             | 30 September 2014 | 30 June 2015             | 30 September 2014 | 30 June 2015             | 30 September 2014 |
|  | (Unaudited)                    | (Unaudited)       | (Unaudited)              | (Unaudited)       | (Unaudited)              | (Unaudited)       | (Unaudited)                     | (Unaudited)       | (Unaudited)                     | (Unaudited)       | (Unaudited)              | (Unaudited)       | (Unaudited)              | (Unaudited)       | (Unaudited)              | (Unaudited)       |
| HK\$'000   | HK\$'000                       | HK\$'000          | HK\$'000                 | HK\$'000          | HK\$'000                 | HK\$'000          | HK\$'000                        | HK\$'000          | HK\$'000                        | HK\$'000          | HK\$'000                 | HK\$'000          | HK\$'000                 | HK\$'000          | HK\$'000                 |                   |
| Reportable segment revenue:  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          |                   |                          |                   |
| Sales to external customers  | 37,103                         | 41,065            | 4,682                    | 9,985             | 22,421                   | -                 | 403                             | -                 | 9,753                           | -                 | -                        | -                 | -                        | 74,362            | 51,050                   |                   |
| Intersegment sales   | 266                            | 375               | -                        | 820               | -                        | -                 | 66                              | -                 | -                               | -                 | (332)                    | (1,195)           | -                        | -                 | -                        |                   |
| <b>Total</b>   | <b>37,369</b>                  | <b>41,440</b>     | <b>4,682</b>             | <b>10,805</b>     | <b>22,421</b>            | <b>-</b>          | <b>469</b>                      | <b>-</b>          | <b>9,753</b>                    | <b>-</b>          | <b>(332)</b>             | <b>(1,195)</b>    | <b>-</b>                 | <b>74,362</b>     | <b>51,050</b>            |                   |
| Reportable segment results   | 2,416                          | 4,631             | (2,295)                  | 894               | 920                      | -                 | (679)                           | -                 | (317)                           | -                 | -                        | -                 | -                        | 45                | 5,525                    |                   |
| Unallocated income/(expenses):   |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          |                   |                          |                   |
| Interest income  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | 2,206             | 106                      |                   |
| Rental income  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | 2,973             | 2,289                    |                   |
| Fair value gain on financial assets<br>at fair value through profit or loss  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | 7,603             | -                        |                   |
| Loss on disposal of financial assets<br>at fair value through profit or loss |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (4,492)           | -                        |                   |
| Unallocated expenses   |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (16,697)          | (9,632)                  |                   |
| Loss from operations   |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (8,362)           | (1,712)                  |                   |
| Finance costs  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (939)             | (101)                    |                   |
| Loss before income tax   |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (9,301)           | (1,813)                  |                   |
| Income tax expense   |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (572)             | (1,070)                  |                   |
| Loss for the period  |                                |                   |                          |                   |                          |                   |                                 |                   |                                 |                   |                          |                   |                          | (9,873)           | (2,883)                  |                   |

## 4. SEGMENT INFORMATION (Continued)

|  | Commercial       |             |                 |             | Motor Vehicles |             | Securities Brokerage |             | Trading Segment |             | Total     |             |
|--|------------------|-------------|-----------------|-------------|----------------|-------------|----------------------|-------------|-----------------|-------------|-----------|-------------|
|  | Printing Segment |             | Hangtag Segment |             | Parts Segment  |             | Segment              |             |                 |             |           |             |
|  | 30 June          | 31 December | 30 June         | 31 December | 30 June        | 31 December | 30 June              | 31 December | 30 June         | 31 December | 30 June   | 31 December |
|  | 2015             | 2014        | 2015            | 2014        | 2015           | 2014        | 2015                 | 2014        | 2015            | 2014        | 2015      | 2014        |
| (Unaudited)  | (Audited)        | (Unaudited) | (Audited)       | (Unaudited) | (Audited)      | (Unaudited) | (Audited)            | (Unaudited) | (Audited)       | (Unaudited) | (Audited) |             |
| HK\$'000   | HK\$'000         | HK\$'000    | HK\$'000        | HK\$'000    | HK\$'000       | HK\$'000    | HK\$'000             | HK\$'000    | HK\$'000        | HK\$'000    | HK\$'000  |             |
| Reportable segment assets                                | 20,289           | 17,193      | 4,361           | 4,146       | 40,378         | 25,933      | 27,632               | -           | 127             | -           | 92,787    | 47,272      |
| Unallocated assets:                                      |                  |             |                 |             |                |             |                      |             |                 |             |           |             |
| Investment properties                                    |                  |             |                 |             |                |             |                      |             |                 |             | 360,730   | 135,730     |
| Available-for-sale financial assets                      |                  |             |                 |             |                |             |                      |             |                 |             | 7,344     | 7,344       |
| Financial assets at fair value<br>through profit or loss |                  |             |                 |             |                |             |                      |             |                 |             | 22,326    | -           |
| Cash and cash equivalents                                |                  |             |                 |             |                |             |                      |             |                 |             | 483,847   | 281,488     |
| Deferred tax assets                                      |                  |             |                 |             |                |             |                      |             |                 |             | -         | 137         |
| Tax recoverable  |                  |             |                 |             |                |             |                      |             |                 |             | 728       | 594         |
| Unallocated corporate assets                             |                  |             |                 |             |                |             |                      |             |                 |             | 18,880    | 12,300      |
| Total consolidated assets                                |                  |             |                 |             |                |             |                      |             |                 |             | 986,642   | 484,865     |
| Reportable segment liabilities                           | 13,917           | 12,040      | 3,134           | 2,401       | 2              | 41          | 15,618               | -           | -               | -           | 32,671    | 14,482      |
| Unallocated liabilities:                                 |                  |             |                 |             |                |             |                      |             |                 |             |           |             |
| Interest-bearing borrowings                              |                  |             |                 |             |                |             |                      |             |                 |             | 100,000   | 100,000     |
| Deferred tax liabilities                                 |                  |             |                 |             |                |             |                      |             |                 |             | 32,769    | 32,939      |
| Tax payable  |                  |             |                 |             |                |             |                      |             |                 |             | 553       | 1,117       |
| Unallocated corporate liabilities                        |                  |             |                 |             |                |             |                      |             |                 |             | 6,352     | 4,863       |
| Total consolidated liabilities                           |                  |             |                 |             |                |             |                      |             |                 |             | 172,345   | 153,401     |

## 5. OTHER INCOME

|  | For the six months ended                   |   |
|--|--|---|
|  | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| <b>Continuing operations</b>   |  |   |
| Interest income  | 2,206                                      | 106   |
| Rental income  | 2,973                                      | 2,289   |
| Fair value gain on financial assets at fair value through profit or loss | 7,603                                      | –   |
| Exchange gain, net   | 613  | –   |
| Others   | 14   | 197   |
|  | <b>13,409</b>                              | <b>2,592</b>                                    |

## 6. FINANCE COSTS

|   | For the six months ended                   |   |
|---|--|---|
|   | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| <b>Continuing operations</b>  |  |   |
| Interest charges on bank loans, overdrafts and other borrowings repayable within five years | 939  | 101   |

## 7. LOSS BEFORE INCOME TAX

|   | For the six months ended                   |   |
|---|--|---|
|   | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| <b>Continuing operations</b>  |  |   |
| Loss before income tax is arrived at after charging/(crediting):          |  |   |
| Depreciation of property, plant and equipment                             | 2,249                                      | 445   |
| Loss on disposal of property, plant and equipment                         | –  | 83  |
| Loss on disposal of financial assets at fair value through profit or loss | 4,492                                      | –   |
| Fair value gain on financial assets at fair value through profit or loss  | (7,603)                                    | –   |
| Staff costs (including directors' emoluments)                             | 23,083                                     | 23,994  |
| Equity-settled share option expenses (note 21)                            | 1,282                                      | –   |
| Rental expenses   | 11,547                                     | 6,160   |
| Exchange (gain)/loss, net   | (613)                                      | 375   |

**8. DISCONTINUED OPERATIONS**

On 27 February 2014, the Company and Harmony Link Corporation (“Harmony Link”) entered into a sale and purchase agreement (the “Asset Reorganisation Agreement”) pursuant to which the Company conditionally agreed to sell and Harmony Link conditionally agreed to purchase the entire issued share capital of Brilliant Stage Holdings Limited (“Brilliant Stage”) together with its subsidiaries (collectively referred to as “Brilliant Stage Group”) for a cash consideration of HK\$180,000,000. Brilliant Stage Group is principally engaged in manufacturing and sale of paper cartons, packaging boxes and printing of children’s novelty books; and food and beverage business which are classified as discontinued operations of the Group as a result of the disposal. Details of the transaction are set out in the Company’s circular dated 26 May 2014. The disposal was completed on 20 June 2014. The carrying amounts of assets and liabilities of Brilliant Stage Group at the date of disposal are disclosed in note 26.

The results of the discontinued operation for the period from 1 April 2014 to 30 September 2014, which have been included in the condensed consolidated income statement, were as follows:

|   | For the six months<br>ended 30 September<br>2014<br>(Unaudited)<br>HK\$’000 |
|---|---|
| Loss of discontinued operations for the period          | (2,516)   |
| Loss on disposal of discontinued operations (note 26)   | (1,227)   |
|   | <u>(3,743)</u>  |
|   | For the six months<br>ended 30 September<br>2014<br>(Unaudited)<br>HK\$’000 |
| <b>Revenue</b>  | 118,232   |
| Cost of sales   | (105,567)   |
| <b>Gross profit</b>                                     | 12,665  |
| Other income  | 2,805   |
| Selling and distribution costs                          | (2,427)   |
| Administrative expenses                                 | (13,441)  |
| Other operating expenses                                | (310)   |
| Loss from discontinued operations                       | (708)   |
| Finance costs   | (22)  |
| <b>Loss before income tax</b>                           | (730)   |
| Income tax expense                                      | (1,786)   |
| <b>Loss for the period from discontinued operations</b> | <u>(2,516)</u>  |
| Operating cash inflow                                   | 73,532  |
| Investing cash outflow                                  | (190,858)   |
| Financing cash inflow                                   | 10,000  |
| <b>Total cash outflow</b>                               | <u>(107,326)</u>  |



**9. INCOME TAX EXPENSE**

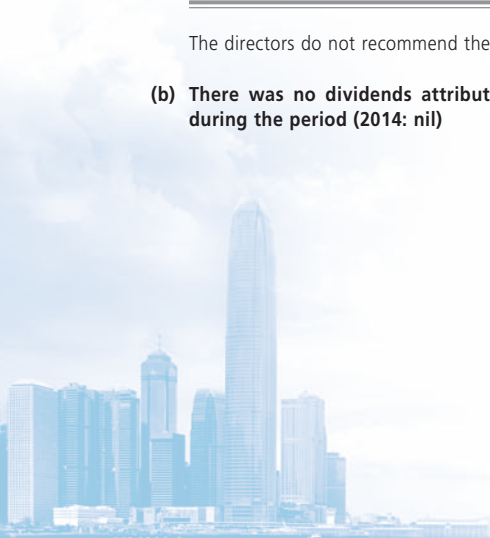
|                               | <b>For the six months ended</b> |              |
|-------------------------------|---------------------------------|--------------|
|                               | <b>30 June</b>                  | 30 September |
|                               | <b>2015</b>                     | 2014         |
|                               | <b>(Unaudited)</b>              | (Unaudited)  |
|                               | <b>HK\$'000</b>                 | HK\$'000     |
| <b>Continuing operations</b>  |                                 |              |
| The tax charge comprises:     |                                 |              |
| Current tax – Hong Kong       | <b>588</b>                      | 1,003        |
| Current tax – overseas        | <b>17</b>                       | –            |
|                               | <b>605</b>                      | 1,003        |
| Deferred tax (credit)/expense | <b>(33)</b>                     | 67           |
|                               | <b>572</b>                      | 1,070        |

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the six months ended 30 June 2015. Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the group entities operate.

**10. DIVIDENDS****(a) Dividends attributable to the period**

|   | <b>For the six months ended</b> |              |
|---|---------------------------------|--------------|
|   | <b>30 June</b>                  | 30 September |
|   | <b>2015</b>                     | 2014         |
|   | <b>(Unaudited)</b>              | (Unaudited)  |
|   | <b>HK\$'000</b>                 | HK\$'000     |
| Special dividend of nil (2014: HK\$0.50) per ordinary share | –                               | 317,677      |

The directors do not recommend the payment of interim dividend for the period (2014: Nil).

**(b) There was no dividends attributable to the previous financial year, approved and paid during the period (2014: nil)**

**11. LOSS PER SHARE****Basic loss per share**

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

|  | <b>For the six months ended</b>                      |  |
|--|--|--|
|  | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | <b>30 September<br/>2014<br/>(Unaudited)<br/>HK\$'000</b>                |
| <b>Continuing and discontinued operations</b>  |  |  |
| Loss for the purpose of calculating basic loss per share                                       | <b>(10,085)</b>                                      | (6,574)  |
| <hr/>  |  |  |
|  | <b>For the six months ended</b>                      |  |
|  | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | <b>30 September<br/>2014<br/>(Unaudited)<br/>HK\$'000<br/>(Restated)</b> |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <b>975,186</b>                                       | 677,399  |
| <hr/>  |  |  |

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the period ended 30 June 2015 is adjusted to reflect the share subscription completed on 1 April 2015.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the period ended 30 September 2014 is adjusted to reflect the rights issue completed on 15 October 2014 as if the event had occurred at the beginning of the period reported.

**Diluted loss per share**

The amounts of diluted loss per share are the same as basic loss per share for the period ended 30 June 2015 because the dilutive potential ordinary shares outstanding during the period had an anti-dilution effect on the loss from continuing operations attributable to the equity holders of the Company. No diluted loss per share has been presented for the period ended 30 September 2014 as there had been no dilutive potential ordinary shares in that period.

**Continuing operations**

|   | <b>For the six months ended</b>                      |   |
|---|--|---|
|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | <b>30 September<br/>2014<br/>(Unaudited)<br/>HK\$'000</b> |
| <b>Loss for the purpose of calculating basic loss per share:</b>                    |  |   |
| Loss for the period attributable to equity holders of the Company                   | <b>(10,085)</b>                                      | (6,574)   |
| Less: Loss for the period from discontinued operations                              | -  | 3,743   |
| <hr/>   |  |   |
| Loss for the purpose of calculating basic loss per share from continuing operations | <b>(10,085)</b>                                      | (2,831)   |
| <hr/>   |  |   |

The number of ordinary shares used is the same as above for basic loss per share.

**11. LOSS PER SHARE (Continued)****Discontinued operations**

Basic loss per share for the discontinued operation is HK0.56 cent per share (restated) for the discontinued operations for the period ended 30 September 2014, based on the loss for the period from the discontinued operations of HK\$3,743,000 and the number of ordinary shares above for basic loss per share.

**12. INVESTMENT PROPERTIES**

|                             | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|-----------------------------|--|---|
| Fair value                  |  |   |
| At beginning of period/year | <b>135,730</b>   | 123,040   |
| Addition                    | <b>225,000</b>   | –   |
| Change in fair value        | –  | 12,690  |
|                             | <b>360,730</b>   | 135,730   |

On 9 April 2015, the Group entered into an acquisition agreement to conditionally acquire the entire equity interest in Concept Star Corporation Limited (“Concept Star”), which holds the property of House No. 25, Villa Bel-air, Bel-air on the Peak, Island South, No. 25 Bel-Air Peak Rise, Hong Kong (“Bel-Air”), at a cash consideration of a HK\$225,000,000. The acquisition was complete on 5 June 2015. The initial recognition of the acquisition was accounted for as asset acquisition since Concept Star is a property holding company, holding a single property of Bel-Air with no operation at the date of completion.

**13. INTANGIBLE ASSET**

|               | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---------------|--|---|
| Trading right | <b>4,400</b>   | –   |

The intangible asset represents trading right that confers eligibility of the Group to trade on The Stock Exchange of Hong Kong Limited. The trading right has no foreseeable limit to the period over which the Group can use to generate net cash flow. As a result, the trading right was considered by the management as having an indefinite useful life because it is expected to contribute to net cash flow indefinitely. The intangible asset was arisen from the acquisition of Manureen Securities Limited. Details of the transaction are disclosed in note 25.

**14. OTHER DEPOSITS**

|          | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|----------|--|---|
| Deposits | <b>275</b>   | –   |

**15. ACCOUNTS RECEIVABLE**

|  | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--|--|---|
| Accounts receivable                            |  |   |
| – other than securities brokerage segment      | <b>43,611</b>  | 32,533  |
| Less: Allowances for impairment of receivables | <b>(599)</b>   | (599)   |
|  | <b>43,012</b>  | 31,934  |
| – securities brokerage segment                 | <b>10,538</b>  | –   |
|  | <b>53,550</b>  | 31,934  |

Accounts receivable (other than securities brokerage segment) generally have credit terms of 30 to 90 days (31 December 2014: 30 to 90 days).

Accounts receivable arising from securities brokerage segment included advances to customers in margin financing amounted to approximately HK\$8,090,000, which were repayable on demand and were interest bearing at prime rate plus 3% per annum. The remaining amount was arising from the settlement terms of accounts receivable which are two days after trade date.

At 30 June 2015, the aging analysis of the accounts receivable based on invoice date and net of allowances, is as follows:

|                    | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--------------------|--|---|
| Current to 30 days | <b>26,542</b>  | 21,770  |
| 31 to 60 days      | <b>7,719</b>   | 7,881   |
| 61 to 90 days      | <b>9,105</b>   | 859   |
| Over 90 days       | <b>10,184</b>  | 1,424   |
|                    | <b>53,550</b>  | 31,934  |

**16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                     | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|-------------------------------------|---|---|
| Hong Kong listed equity investments | <b>22,326</b>                                       | –   |

**17. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components:

|   | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|---|---|
| Cash in hand, bank balances, and time deposits with original maturity of less than three months | <b>479,245</b>                                      | 261,488   |
| Cash placed at a securities brokerage firm  | <b>4,602</b>  | 20,000  |
| Cash and cash equivalents per condensed consolidated statement of financial position            | <b>483,847</b>                                      | 281,488   |
| Less: Pledged bank deposit  | <b>(105,700)</b>                                    | (105,500)   |
| Cash and cash equivalents per condensed consolidated statement of cash flows                    | <b>378,147</b>                                      | 175,988   |

At 30 June 2015, pledged bank deposit of RMB84,623,000 (equivalent to HK\$105,700,000) held by the Group carried fixed interest rate of 2.1% per annum. The deposit was pledged to secure bank borrowing which were repayable within three months from 30 June 2015 and accordingly, the pledged deposit was classified as current asset as at 30 June 2015.

**18. ACCOUNTS PAYABLE**

|   | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|---|---|
| Accounts payable                          |   |   |
| – other than securities brokerage segment | <b>5,651</b>  | 5,192   |
| – securities brokerage segment            | <b>15,524</b>                                       | –   |
|   | <b>21,175</b>                                       | 5,192   |

The settlement terms of accounts payable arising from securities brokerage segment are two days after trade date.

**18. ACCOUNTS PAYABLE (Continued)**

At 30 June 2015, the aging analysis of the accounts payable based on invoice date, is as follows:

|                    | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--------------------|--|---|
| Current to 30 days | <b>17,601</b>  | 1,586   |
| 31 to 60 days      | <b>760</b>   | 1,750   |
| 61 to 90 days      | <b>1,920</b>   | 836   |
| Over 90 days       | <b>894</b>   | 1,020   |
|                    | <b>21,175</b>  | 5,192   |

**19. SHARE CAPITAL**

|   | <b>Number of shares</b> | <b>HK\$'000</b> |
|---|-------------------------|-----------------|
| Authorised:   |                         |                 |
| Ordinary shares of HK\$0.10 each at 31 December 2014 and 30 June 2015 | 20,000,000,000          | 2,000,000       |
| Issued and fully paid:  |                         |                 |
| Ordinary shares of HK\$0.10 each at 31 December 2014                  | 794,191,398             | 79,419          |
| Share subscription (Note)   | 360,000,000             | 36,000          |
| Ordinary shares of HK\$0.10 each at 30 June 2015                      | 1,154,191,398           | 115,419         |

There was an increase in authorised ordinary shares of HK\$0.10 each from 800,000,000 as at 31 March 2014 to 20,000,000,000 as at 30 September 2014. There was no change in issued and fully paid ordinary shares during the period from 1 April 2014 to 30 September 2014.

Note: On 1 April 2015, the Company had announced the completion of the subscription of 360,000,000 new shares at subscription price of HK\$1.4 per share by Manureen Holdings Limited. Details of the subscription are set out in the Company's circular dated 12 March 2015.

**20. INTEREST-BEARING BORROWINGS**

|                            | <b>As at<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|----------------------------|--|---|
| <b>Current liabilities</b> |  |   |
| Bank loans, secured        | <b>100,000</b>   | 100,000   |

At 30 June 2015, the general banking facilities available to the Group amounted to HK\$100,000,000 (31 December 2014: HK\$100,000,000). The banking facilities utilised by the Group amounted to HK\$100,000,000 as at 30 June 2015 (31 December 2014: HK\$100,000,000).

The Group's general banking facilities were secured by the time deposit of RMB84,623,000 (equivalent to HK\$105,700,000) as at 30 June 2015. The Group's general banking facilities were secured by the time deposit of RMB84,623,000 (equivalent to HK\$105,500,000) as at 31 December 2014.

## 21. SHARE OPTION SCHEME

On 20 May 2015, a total of 11,960,000 share options were granted to eligible participants of the share option scheme of the Company adopted on 10 August 2012.

During the period from 1 April 2014 to 30 September 2014, no share option had been granted. As at 30 September 2014, no share option had been granted nor outstanding.

Details of the movements of the share options granted under the share option scheme during the six months ended 30 June 2015 and the share options outstanding as at 30 June 2015 are as follows:

| Name of participants         | Date of grant | Exercise period       | Exercise price per share | Number of share options          |                           |                             |                          | Outstanding as at 30 June 2015 |
|------------------------------|---------------|-----------------------|--------------------------|----------------------------------|---------------------------|-----------------------------|--------------------------|--------------------------------|
|                              |               |                       |                          | Outstanding as at 1 January 2015 | Granted during the period | Exercised during the period | Lapsed during the period |                                |
| <b>Directors</b>             |               |                       |                          |                                  |                           |                             |                          |                                |
| Lin Xiaohui                  | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,080,000                 | –                           | –                        | 1,080,000                      |
| Su Jiaohua                   | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,080,000                 | –                           | –                        | 1,080,000                      |
| Lin Xiaodong                 | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,000,000                 | –                           | –                        | 1,000,000                      |
| Yu Leung Fai                 | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 500,000                   | –                           | –                        | 500,000                        |
| Fang Jixin                   | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 500,000                   | –                           | –                        | 500,000                        |
| Li Jue                       | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 500,000                   | –                           | –                        | 500,000                        |
|                              |               |                       |                          | –                                | 4,660,000                 | –                           | –                        | 4,660,000                      |
| <b>Directors' associates</b> |               |                       |                          |                                  |                           |                             |                          |                                |
| Lin Xiaohong                 | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,000,000                 | –                           | –                        | 1,000,000                      |
| Su Jiawen                    | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,000,000                 | –                           | –                        | 1,000,000                      |
| Lin Yixin                    | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 300,000                   | –                           | –                        | 300,000                        |
| Lin Jingming                 | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 1,000,000                 | –                           | –                        | 1,000,000                      |
|                              |               |                       |                          | –                                | 3,300,000                 | –                           | –                        | 3,300,000                      |
| <b>Other employees</b>       |               |                       |                          |                                  |                           |                             |                          |                                |
| In aggregate                 | 20/5/2015     | 20/5/2017 – 19/5/2025 | 4.11                     | –                                | 4,000,000                 | –                           | –                        | 4,000,000                      |
|                              |               |                       |                          | –                                | 4,000,000                 | –                           | –                        | 4,000,000                      |
|                              |               |                       |                          | –                                | 11,960,000                | –                           | –                        | 11,960,000                     |

There was no participant with options granted in excess of the individual limit.

**21. SHARE OPTION SCHEME (Continued)**

The fair value of the share options granted on 20 May 2015 was HK\$22,246,000, of which the Group recognised a share option expense of HK\$1,282,000 (2014: nil) during the six months ended 30 June 2015.

The fair value of the share options granted on 20 May 2015 was estimated as at the date of grant by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

|                           |           |
|---------------------------|-----------|
| Dividend yield            | 0%        |
| Expected volatility       | 60%       |
| Risk-free interest rate   | 1.86%     |
| Exercise multiple         | 1.5 times |
| Expected life of options  | 10 years  |
| Share price at grant date | HK\$4.11  |

The expected volatility is referenced to the historical volatility of 60%. This reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

When the actual results of the inputs differ from the estimates, this will have an impact on equity-settled share option expenses and the related share option reserve of the Company.

During the period under review, a total of 11,960,000 share options was granted under the Scheme. There were 11,960,000 share options outstanding as at 30 June 2015, which represented approximately 1.04% of the Company's share in issue. The exercise in full of the share options under the present capital structure of the Company would result in issue of 11,960,000 additional ordinary shares of the Company. There will be an increase in share capital and share premium of HK\$1,196,000 and HK\$47,959,600 (before issue expenses).

**22. OPERATING LEASE COMMITMENTS**

|  | As at 30 June 2015      |                         |                         | As at 31 December 2014 |                       |                       |
|--|-------------------------|-------------------------|-------------------------|------------------------|-----------------------|-----------------------|
|  | Land and<br>buildings   | Other assets            | Total                   | Land and<br>buildings  | Other assets          | Total                 |
|  | (Unaudited)<br>HK\$'000 | (Unaudited)<br>HK\$'000 | (Unaudited)<br>HK\$'000 | (Audited)<br>HK\$'000  | (Audited)<br>HK\$'000 | (Audited)<br>HK\$'000 |
| Within one year                        | 19,066                  | 489                     | 19,555                  | 18,863                 | 489                   | 19,352                |
| In the second to fifth year, inclusive | 40,125                  | 588                     | 40,713                  | 48,339                 | 943                   | 49,282                |
| After five years                       | -                       | -                       | -                       | -                      | -                     | -                     |
|  | <b>59,191</b>           | <b>1,077</b>            | <b>60,268</b>           | 67,202                 | 1,432                 | 68,634                |

**23. CAPITAL COMMITMENTS**

|                                   | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|-----------------------------------|---|---|
| Contracted for but not provided:  |   |   |
| – Renovation of office premises   | -   | 343   |
| – Acquisition of office equipment | -   | 2,340   |
|                                   | -   | 2,683   |



## 24. RELATED PARTY TRANSACTIONS

|   | <b>For the six months ended</b>                      |   |
|---|--|---|
|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 30 September<br>2014<br>(Unaudited)<br>HK\$'000 |
| (a) Compensation of the directors of the Company: |  |   |
| Salaries and allowances                           | <b>2,940</b>   | 3,231   |
| Pension scheme contribution                       | <b>18</b>  | 239   |
| Equity-settled share option expenses              | <b>500</b>   | –   |
|   | <b>3,458</b>   | 3,470   |
| Compensation of a director's spouse:              |  |   |
| Salaries and allowances                           | –  | 170   |
| Pension scheme contribution                       | –  | 5   |
|   | –  | 175   |

The above compensation was paid to a spouse of a director who resigned on 18 July 2014.

- (b) Mr. Lui Shing Ming, Brian, a director of the Company who had resigned on 18 July 2014, held approximately 28% of the entire issued share capital in a company which supplied food ingredient to an indirect wholly owned subsidiary under Brilliant Stage Group which has been disposed of as described in notes 8 and 26. The transactions were carried at arm-length with the terms mutually agreed between the relevant parties.

|                                | <b>For the six months ended</b>                      |   |
|--------------------------------|--|---|
|                                | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 30 September<br>2014<br>(Audited)<br>HK\$'000 |
| Purchases from a related party | –  | 1,066   |

- (c) The Company has disposed of Brilliant Stage Group for a cash consideration of HK\$180,000,000 as mentioned in note 8 to Harmony Link, in which the directors of the Company, Mr. Lui Shing Ming, Brian, Mr. Lui Shing Cheong and Mr. Lui Shing Chung, Victor who have resigned on 18 July 2014, have beneficial interest.
- (d) The Company has acquired Lake King Holdings Limited ("Lake King") at a cash consideration of HK\$2,000,000 from Mr. Lin Jingming, being the father of Mr. Lin Xiaohui and Mr. Lin Xiaodong (both are directors of the Company). The acquisition was completed on 17 March 2015. The acquisition was accounted for as a asset acquisition since Lake King is a holding company with no operation. The major assets held by Lake King included motor vehicle, other receivables and cash and cash equivalents as at the date of completion. The consideration was determined with reference to the audited net assets value as at 31 December 2014 and the prevailing market price of respective assets.
- (e) The Company has acquired Manureen Securities Limited at an adjusted cash consideration of approximately HK\$18,812,000 as mentioned in note 25 from Madam Su Jiaohua, being the director of the Company.

**25. BUSINESS COMBINATION**

On 12 November 2014, the Group entered into an agreement with Madam Su Jiaohua to acquire the entire interest in Manureen Securities Limited (the "Manureen Securities") at a cash consideration of HK\$21,000,000 (the "Consideration"). Manureen Securities is principally engaged in the provision of securities brokerage services. Pursuant to the Agreement, in the event that the net asset value of Manureen Securities as shown in the Completion Accounts is less than HK\$15,000,000, the Consideration shall be adjusted downward accordingly. The acquisition was completed on 8 May 2015, and the net asset value of Manureen Securities as shown in the Completion Accounts at the date of completion, amounted to approximately HK\$12,812,000, so the Consideration was adjusted downward to HK\$18,812,000 accordingly. The net assets of Manureen Securities at the date of completion were as follows:

|   | <b>As at<br/>8 May 2015<br/>(Unaudited)<br/>HK\$'000</b> |
|---|--|
| Assets and liabilities acquired:              |  |
| Property, plant and equipment                 | 475  |
| Intangible asset                              | 500  |
| Other assets                                  | 275  |
| Accounts receivable                           | 12,806   |
| Prepayments, deposits and other receivables   | 71   |
| Bank balances – trust and segregated accounts | 10,663   |
| Cash and cash equivalents                     | 10,196   |
| Accounts payable                              | (21,564)   |
| Accrued liabilities and other payables        | (610)  |
|   | 12,812   |
| Fair value adjustment on intangible asset     | 3,900  |
| Fair value of assets and liabilities acquired | 16,712   |
| Goodwill                                      | 2,100  |
|   | 18,812   |
| Total consideration satisfied by:             |  |
| Cash consideration                            | 18,812   |
| Net cash outflow arising on acquisition:      |  |
| Cash consideration                            | (18,812)   |
| Cash and cash equivalents acquired            | 10,196   |
|   | (8,616)  |

**26. DISPOSAL OF SUBSIDIARIES**

As disclosed in note 8, the Company and Harmony Link had entered into the Asset Reorganisation Agreement pursuant to which the Company conditionally agreed to sell and Harmony Link conditionally agreed to purchase the entire equity interest of Brilliant Stage Group. The net assets of Brilliant Stage Group at the date of the disposal were as follows:

|  | As at<br>20 June 2014<br>(Audited)<br>HK\$'000 |
|--|--|
| <b>Net assets disposed of:</b>   |  |
| Property, plant and equipment  | 139,032  |
| Prepaid lease payments   | 2,624  |
| Other asset  | 1,100  |
| Inventories  | 27,261   |
| Trade receivables  | 128,485  |
| Prepayments, deposits and other receivables  | 13,800   |
| Cash and cash equivalents  | 23,348   |
| Tax recoverable  | 250  |
| Trade payables   | (81,414)                                       |
| Accrued liabilities and other payables   | (42,188)                                       |
| Financial liabilities at fair value through profit or loss   | (1,835)  |
| Interest-bearing borrowings  | (13,200)                                       |
| Tax payable  | (8,417)  |
| Deferred tax liabilities   | (7,687)  |
|  | 181,159  |
| Exchange reserve released on disposal  | 68   |
| Loss on disposal of subsidiaries included in loss for the period from discontinued operations in the condensed consolidated income statement ( <i>note 8</i> ) | (1,227)  |
|  | 180,000  |
| Satisfied by:  |  |
| Cash   | 180,000  |
|  | 180,000  |
| Net cash inflow arising on disposal:   |  |
| Cash consideration   | 180,000  |
| Cash and cash equivalents disposed of  | (23,348)                                       |
|  | 156,652  |

**27. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

(a) Set out below is an overview of the carrying amount and fair value of financial assets and liabilities held by the Group:

|   | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|---|---|
| <b>Financial assets</b>                               |   |   |
| Available-for-sale financial assets                   | 7,344   | 7,344   |
| Financial assets at fair value through profit or loss | 22,326  | –   |
| Loans and receivables:                                |   |   |
| – Other deposits                                      | 275   | –   |
| – Accounts receivable                                 | 53,550  | 31,934  |
| – Deposits and other receivables                      | 20,099  | 9,146   |
| – Bank balances – trust and segregated accounts       | 9,808   | –   |
| – Cash and cash equivalents                           | 483,847   | 281,488   |
|   | <b>597,249</b>                                      | <b>329,912</b>  |

|   | As at<br>30 June<br>2015<br>(Unaudited)<br>HK\$'000 | As at<br>31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|---|---|
| <b>Financial liabilities</b>                      |   |   |
| Financial liabilities measured at amortised cost: |   |   |
| – Accounts payable                                | 21,175  | 5,192   |
| – Accrued liabilities and other payables          | 16,392  | 11,243  |
| – Interest-bearing borrowings                     | 100,000   | 100,000   |
|   | <b>137,567</b>                                      | <b>116,435</b>  |

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair value as at 31 December 2014 and 30 June 2015.

## 27. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)

### (b) Fair value measurement recognised in the condensed consolidated statement of financial position

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable of the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

|  | Level 1   |   | Level 2   |   | Level 3   |   | Total   |   |
|--|---|---|---|---|---|---|---|---|
|  | As at 30<br>June<br>2015<br>(Unaudited)<br>HK\$'000 | As at 31<br>December<br>2014<br>(Audited)<br>HK\$'000 | As at 30<br>June<br>2015<br>(Unaudited)<br>HK\$'000 | As at 31<br>December<br>2014<br>(Audited)<br>HK\$'000 | As at 30<br>June<br>2015<br>(Unaudited)<br>HK\$'000 | As at 31<br>December<br>2014<br>(Audited)<br>HK\$'000 | As at 30<br>June<br>2015<br>(Unaudited)<br>HK\$'000 | As at 31<br>December<br>2014<br>(Audited)<br>HK\$'000 |
| <b>Assets</b>                              |   |   |   |   |   |   |   |   |
| Listed securities held for trading         | 22,326  | -   | -   | -   | -   | -   | 22,326  | -   |
| <b>Available-for-sale financial assets</b> |   |   |   |   |   |   |   |   |
| Club debentures                            | -   | -   | 4,844   | 4,844   | -   | -   | 4,844   | 4,844   |
| School debenture                           | -   | -   | 2,500   | 2,500   | -   | -   | 2,500   | 2,500   |
| <b>Total fair values</b>                   | <b>22,326</b>                                       | <b>-</b>  | <b>7,344</b>  | <b>7,344</b>  | <b>-</b>  | <b>-</b>  | <b>29,670</b>                                       | <b>7,344</b>  |

The fair values of the listed investments were determined based on the quoted bid prices on regulated exchange markets.

**27. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)****(b) Fair value measurement recognised in the condensed consolidated statement of financial position (Continued)**

The Group holds certain club and school debentures, which are classified as available-for-sale financial assets and are measured at fair value at each reporting date. The fair values of the club and school debentures are determined by reference to prices published by the clubs and school, and certain agents. Due to the price quotation for the club and school debentures are not regularly available and relevant information publicly available is limited, these instruments are included in Level 2.

There were no transfers between Levels 1 and 2 in the reporting period. The methods and valuation techniques used for the purpose of measuring fair value were unchanged compared to the previous year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### General Review

Realord Group Holdings Limited (the “Company”) has changed its financial year-end date from 31 March to 31 December with effect from 2014. The financial statements for current period cover a six-month period from 1 January 2015 to 30 June 2015, while the comparative amounts for the financial statements and the related notes cover a six-month period from 1 April 2014 to 30 September 2014, and therefore they are not entirely comparable.

Subsequent to the disposal of business segments of manufacture and sale of paper cartons, packaging boxes and children’s novelty books (“Packaging Segment”) and food and beverage (“Food and Beverage Segment”) of the Group on 20 June 2014, the principal activities of the Group include (i) provision of financial printing, digital printing and other related services (“Commercial Printing Segment”), (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags (“Hangtag Segment”), and (iii) distribution and sales of motor vehicle parts (“Motor Vehicle Parts Segment”).

As disclosed in the announcement of the Company dated 18 April 2015, the Group intended to commence e-commerce business for motor vehicle parts, electronic products and computer components with a view to broadening the Group’s business portfolio as well as income stream. During the period, the Group has set up a business-to-business (B2B) e-commerce platform for online purchase of motor vehicle parts – [www.1196.com](http://www.1196.com), however, the business-to-customer (B2C) e-commerce platform is still under development. Instead the Group has sourced certain electronic products suppliers and commenced trading of electronic products during the period (“Trading Segment”). Once the e-commerce platform has been fully developed, the Group shall conduct the trading business through the e-commerce platform.

In order to expand the e-commerce business for motor vehicle parts, the collaboration from the Realord Vehicle Parts Limited and additional funding for enhancement of the e-commerce platform are required. However, the business partner, International Treasure Holdings Limited, is not willing to provide additional funding for such enhancement. As announced on 29 May 2015, the Group has entered into a sales and purchase agreement with International Treasure Holdings Limited and its sole shareholder, Mr. Zhan, to acquire the 40% equity interest, together with the shareholder loan, from International Treasure Holdings Limited at a cash consideration of HK\$12,668,000. Upon completion of the transaction on 29 May 2015, Realord Vehicle Parts Limited became an indirect wholly owned subsidiary of the Company. The Directors believed that the acquisition of the 40% equity interest of Realord Vehicle Parts Limited would further consolidates the Group’s control in Realord Vehicle Parts Limited and facilitates the collaboration between the e-commerce business and sale and distribution of motor vehicle parts, which would enhance the operating efficiency of the Group.

As announced on 8 May 2015, the Group has completed the acquisition of the entire equity interest in Manureen Securities Limited which is engaged in provision of securities brokerage services. The Board believes that the acquisition of Manureen Securities Limited allowed the Group to participate in the securities trading industry and diversify from its existing businesses. After the acquisition, the Group has also commenced margin financing business. The Board believes that the margin financing business is an additional type of financial service provided to customers which can further strengthen the market position of Manureen Securities Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### BUSINESS REVIEW (Continued)

#### General Review (Continued)

For the period under review, the Group recorded a turnover from continuing operations of approximately HK\$74.4 million for the six months ended 30 June 2015, representing a significant increase by 45.7% compared with the turnover from continuing operations of approximately HK\$51.1 million recorded for the six months ended 30 September 2014. Gross profit margin of the continuing operations of the Group decreased from approximately 66.5% for the six months ended 30 September 2014 to approximately 38.9% for the period under review. The Group's loss from continuing operations was increased from approximately HK\$2.9 million for the six months ended 30 September 2014 to approximately of HK\$9.9 million for the period under review.

The increase in revenue was primarily due to the new business segments including Motor Vehicle Parts Segment, Securities Brokerage Segment and Trading Segment, which generated additional revenue to the Group amounted to HK\$22.4 million, HK\$0.4 million and HK\$9.8 million respectively. Motor Vehicle Parts Segment and the Trading Segment, both generated a relatively low gross profit margin as compared to the other business segments of the Group and thus resulted in a drop in overall gross profit margin to approximately 38.9% as compared with gross profit margin of approximately 66.5% for the period from 1 April 2014 to 30 September 2014. The increase in loss attributable to equity holders from continuing operation was mainly due to the operating loss of the Hangtag Segment of approximately HK\$2.3 million and the increase in corporate expenses by approximately HK\$7.1 million, including the legal and professional fees incurred for the acquisition and development of new businesses, increase in rental expenses for the new head office in Hong Kong, depreciation charges and the equity-settled share option expenses.

#### Business Operation

The Commercial Printing Segment recorded a revenue of approximately HK\$37.1 million and profit from operation of approximately HK\$2.4 million during the period under review.

The Hangtag Segment recorded revenue of approximately HK\$4.7 million and recorded a loss of approximately HK\$2.3 million during the period under review. The loss was mainly due to decrease in sales order from customers.

The Motor Vehicle Parts Segment commenced operations in October 2014. This segment contributed revenue of approximately HK\$22.4 million to the Group representing approximately 30.2% of the Group's total revenue during the period under review. The profit from this segment amounted to approximately HK\$0.9 million.

The Securities Brokerage Segment generated revenue of approximately HK\$0.4 million and operating loss of HK\$0.7 million to the Group during the period under review.

During the period under review, the Trading Segment generated revenue of approximately HK\$9.8 million and a loss of HK\$0.3 million to the Group. The loss was mainly due to the startup cost incurred in this segment.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### BUSINESS REVIEW (Continued)

#### Business Operation (Continued)

As disclosed in the announcement of the Company dated 9 April 2015, the Group entered into an acquisition agreement to conditionally acquire the entire equity interest in Concept Star Corporation Limited ("Concept Star"), which hold the property of House No. 25, Villa Bel-air, Bel-air on the Peak, Island South, No. 25 Bel-Air Peak Rise, Hong Kong ("Bel-Air"), at a cash consideration of HK\$225,000,000. The acquisition was completed on 5 June 2015.

The Group has invested in listed securities in Hong Kong for investment purpose. The financial assets of the Group recorded a net gain of HK\$3.1 million for the period under review. As at 30 June 2015, the fair value of the financial assets amounted to approximately HK\$22.3 million.

#### Updates on Use of proceeds from Rights Issue and Subscription of new shares

On 14 October 2014, the Company had announced the results of Rights Issue of 158,838,279 rights shares at subscription price of HK\$1.00 each on the basis of one rights share for every four existing shares ("2014 Rights Issue"). As stated in the circular of the Company in relation to the 2014 Rights Issue dated 18 September 2014, the net proceeds from 2014 Rights Issue of approximately HK\$155.8 million would be applied (i) as to approximately HK\$10 million for the funding and further development of the Group's existing businesses; (ii) as to approximately HK\$90 million for funding and development of the Group's future businesses; and (iii) as to approximately HK\$55.8 million as the general working capital of the Group. Up to the date of this interim report, (i) approximately HK\$10 million has been used for funding and further development of the Group's existing business including capital expenditure incurred for new corporate office and new office for commercial printing business; (ii) approximately HK\$90.0 million has been utilized for funding and development of the Group's securities brokerage business; and (iii) as to approximately HK\$55.8 million been utilized as the general working capital of the Group.

On 1 April 2015, the Company had announced the completion of the subscription of 360,000,000 new shares at subscription price of HK\$1.4 per share by Manureen Holdings Limited ("2015 Subscription"). As stated in the circular of the Company in relation to the 2015 Subscription dated 12 March 2015, the net proceeds of approximately HK\$503 million would be applied to finance the potential real estate projects. Up to the date of this interim report, approximately HK\$225 million has been used for the acquisition of a property in Hong Kong as announced on 9 April 2015; and approximately HK\$278 million has not yet been utilized. The Group was still negotiating the terms of the potential real estate projects. In the event that none of the potential projects materialize, the Group will explore other investment opportunities and make further announcement(s) as and when appropriate.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### BUSINESS REVIEW (Continued)

#### Liquidity and financial resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. During the period under review, the Group was financially sound with healthy cash position. The Group's cash and bank balances and short term bank deposits as at 30 June 2015 amounted to approximately HK\$483.8 million (31 December 2014: HK\$281.5 million). Its gearing ratio as at 30 June 2015 was 12.3% (31 December 2014: 30.2%), based on the interest-bearing borrowings of approximately HK\$100.0 million (31 December 2014: HK\$100.0 million) and the total equity of HK\$814.3 million (31 December 2014: HK\$331.5 million).

The Board believes that the Group's cash holding, liquid asset value, future revenue will be sufficient to meet its working capital requirement of the Group.

### FINANCIAL REVIEW

#### Exchange rate exposure

Most of the transactions of the Group were denominated in Hong Kong dollars, Renminbi, and US dollars. For the six months ended 30 June 2015, the Group did not exposed to any material exchange risk on transactions denominated in US dollars as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the currently peg system. The Group has cash of approximately RMB99 million reserved for operating and treasury purpose as at 30 June 2015. The management has continuously monitored the level of exchange rate exposure of Renminbi and should adopted financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose as at 30 June 2015.

#### Financial guarantees and charges on assets

As at 30 June 2015, general banking facilities were granted to one of the wholly owned subsidiary of the Group, which were secured by legal charges on certain deposits hold by the Group with a total book value of approximately HK\$105.7 million (31 December 2014: HK\$105.5 million).

### CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no contingent liabilities.



## PROSPECTS

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The operating environment of the commercial printing and hangtag business segments in the second half of the financial year will continue to be competitive. The intense competition in the commercial printing business limits the Group to pass the inflating cost to customers. The operating environment of Hangtag segment is even more challenging. In order to achieve sales growth, the Group will enlarge its customer base through strengthening its business development teams and implement stringent cost control strategies. For the newly developed business segments, including Motor Vehicle Parts Segment, Securities Brokerage Segment and Trading Segment, the Group will regularly review the operations and formulate suitable business strategies to develop the businesses.

The Group is in the process to set up the operations of Motor Vehicle Parts Segment in Guangzhou, PRC. It is expected that the set up of PRC operations would facilitate the business expansion of the sales and distribution of motor vehicle parts business. Besides, the Group is exploring the source of suppliers for different brands of motor vehicle parts in order to broaden the varieties of products offered to customers.

The e-commerce development in China is full of challenge. As disclosed in the announcement of the Company dated 6 May 2015, the Company entered into a strategic cooperation framework agreement (the "Strategic Cooperation Framework Agreement") with Shenzhen Zhongxing Supply Chain Company Limited ("Zhongxing Supply Chain") pursuant to which the Company and Zhongxing Supply Chain agreed to establish long term strategic cooperation relationship to enhance e-commerce business development.

The Group is in the process to develop the business-to-customer (B2C) e-commerce platform which involve the evaluation of the knit point between the e-commerce and traditional economy. The development is an ongoing process and though the strategic cooperation with Zhongxing Supply Chain, the Group and Zhongxing Supply Chain believe that the cooperation would allow them to take advantage of each other's business platforms and procurement network, thereby enhancing customers' value by providing high quality products and services, highly efficient supply chain integrated services and lowering relevant costs to customers.

To further develop the Securities Brokerage Segment, the Group is also exploring the potential business opportunities for the provision of underwriting and placing financial services.

For the purpose of sustaining long term growth, the directors will also keep on exploring all potential opportunities to develop its businesses.

## DIVIDENDS

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The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO"(Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

### *Directors' interests in shares – Long position in the Shares of the Company*

| Name of Directors | Number of Shares held   |                         |   |                 | Total interests as % of the issued share capital |
|-------------------|-------------------------|-------------------------|---|-----------------|--|
|                   | Spouse interests        | Corporate interests     | Interest from options granted under share option scheme | Total interests |  |
| Mr. Lin Xiaohui   | 1,080,000<br>(Note 3)   | 783,337,518<br>(Note 1) | 1,080,000   | 785,497,518     | 68.06%   |
| Madam Su Jiaohua  | 784,417,518<br>(Note 2) | –                       | 1,080,000   | 785,497,518     | 68.06%   |
| Mr. Lin Xiaodong  | –                       | –                       | 1,000,000   | 1,000,000       | 0.08%  |
| Mr. Yu Leung Fai  | –                       | –                       | 500,000   | 500,000         | 0.04%  |
| Mr. Fang Jixin    | –                       | –                       | 500,000   | 500,000         | 0.04%  |
| Dr. Li Jue        | –                       | –                       | 500,000   | 500,000         | 0.04%  |

#### Notes:

- As at 30 June 2015, Manureen Holdings Limited ("MHL") was the legal and beneficial owner of 783,337,518 Shares. Since Mr. Lin Xiaohui owned 70% of the issued share capital of MHL, he was deemed to be interested in 783,337,518 Shares.
- Madam Su Jiaohua, the spouse of Mr. Lin Xiaohui, was deemed to be interested in 784,417,518 Shares which Mr. Lin Xiaohui was deemed to be interested under the SFO as at 30 June 2015.
- Mr. Lin Xiaohui, the spouse of Madam Su Jiaohua, was deemed to be interested in all the shares interested by his spouse under the SFO as at 30 June 2015.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (CONTINUED)

Save as disclosed above, as at 30 June 2015, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of Shareholders      | Long/<br>Short position | Capacity         | Number of<br>Shares/<br>underlying<br>Shares held | Percentage of<br>issued capital |
|---------------------------|-------------------------|------------------|---|---------------------------------|
| Manureen Holdings Limited | Long                    | Beneficial owner | 783,337,518                                       | 67.87%                          |

Note:

As at 30 June 2015, MHL was the legal and beneficial owner of 783,337,518 Shares. MHL was owned as to 70% by Mr. Lin Xiaohui and as to 30% by Madam Su Jiaohua.

Save as disclosed above, as at 30 June 2015, the directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

## SHARE OPTION SCHEMES

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The share option scheme (the "Scheme") adopted by the Company was approved by the shareholders at the annual general meeting of the Company held on 10 August 2012 and is effective for a period of 10 years commencing on 10 August 2012.

The purpose of the Scheme is to attract and retain quality personnel and other persons and to provide them with incentive to contribute to the business and operation of the Group or any invested entity through granting of options to eligible participants.

Eligible participants of the Scheme include full time employees of the Group or any invested entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any invested entity), any holder of any securities issued by the Group, and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any invested entity.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the shares of the Company in issue as at the date of the annual general meeting held on 10 August 2012 unless approval for refreshing the 10% limit from the shareholders of the Company at general meeting. The Company may also seek separate approval at general meeting for granting options beyond the 10% limit from the shareholders that the options in excess of the limit provided that the options are granted only to eligible participants specifically identified by the Company before such approval is sought. The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the Scheme or any other share option schemes of the Company if this will result in this limit being exceeded. The total number of shares of the Company available for issue under the Scheme is 63,535,311, representing, approximately 5.5% of the Company's shares in issue, as at the date of this interim report.



## SHARE OPTION SCHEMES (CONTINUED)

The maximum number of shares issued and to be issued upon exercise of the options granted to each eligible participants (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares in issue. Any further grant must be separately approved by the shareholders at general meeting with such eligible participant and his associates abstaining from voting. Any grant of options to a connected person (including but not limited to a director or substantial Shareholder) or its associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive director or their respective associates and if such grant would result in the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the shareholders' circular to be issued).

The exercise price of share options granted under the Scheme is determined by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange of the date of offer of share options; (ii) the average closing price of the Company's shares on the Stock Exchange for the 5 trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares in the date of offer.

The offer of a grant of share options under the Scheme may be accepted within 21 days inclusive of from the date of offer. An option is deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a non-refundable nominal consideration of HK\$1 paid by the grantee. The exercise period of the share options granted is determined by the directors, save that such period shall not exceed the period of 10 years from the date of the grant of the option but subject to the provision of early termination of the Scheme. Unless otherwise determined by the directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

## DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 24 to the interim financial information, no other directors had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2015.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. In the opinion of the directors, the Company has compiled all code provisions (the "Code Provisions") in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2015.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

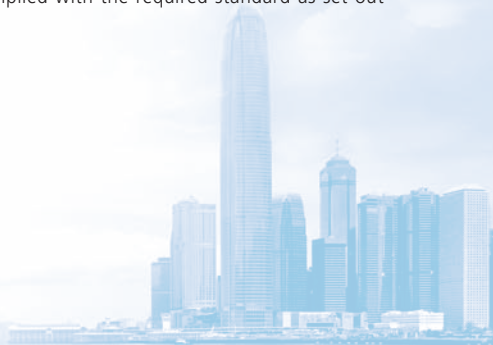
For the six months ended 30 June 2015, the Company has not redeemed any of its listed securities. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2015, the Group had an available workforce of approximately 133, of which around 16 were based in the PRC. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will also be based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance. The Group has established a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group. The Remuneration Committee comprises 3 members, namely Dr. Li Jue, Mr. Lin Xiaohui, and Mr. Yu Leung Fai. This Committee is chaired by Dr. Li Jue.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.





## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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The Group has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, whom are independent non-executive directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue. This Committee is chaired by Mr. Yu Leung Fai. The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2015.

## APPRECIATION

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On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board

**Lin Xiaohui**

*Chairman*

Hong Kong, 24 August 2015

