



**WHITE
FLOWER**

PAK FAH YEOW INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code:239

Interim Report
2015



This Interim Report is printed on environmentally friendly paper

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Gan Wee Sean (*Chairman and
Chief Executive Officer*) (R)

Gan Fock Wai, Stephen (R)

Independent Non-executive Directors

Leung Man Chiu, Lawrence

(*chairing A, chairing R and chairing N*)

Wong Ying Kay, Ada (A, R and N)

Ip Tin Chee, Arnold (A, R and N)

COMPANY SECRETARY

Lo Tai On

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Bermuda

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Hong Kong

AUDITOR

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Wanchai

Hong Kong

SOLICITOR

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PRINCIPAL SHARE REGISTRAR

Codan Services Limited

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Hamilton HM 11

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HONG KONG SHARE REGISTRAR

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(A) *Audit Committee member*

(R) *Remuneration Committee member*

(N) *Nomination Committee member*

HIGHLIGHTS

- Revenue up 9.6% year-on-year.
- Reported profit declined 43.3% mainly attributable to a non-recurring income from forfeiture of deposit in 2014 and an unrealised fair value loss on UK properties in 2015.
- Underlying recurring profit, the performance indicator of the Group, up 10.2% year-on-year.
- Weak retail performance in Hong Kong may affect the sales of Hoe Hin Products for the rest of the year. Weaker Asian currencies may impact on less sales in Southeast Asia.

Results Summary

	Notes	Six months ended 30 June		
		2015 HK\$ '000	2014 HK\$ '000	Change
Revenue	1	88,058	80,357	+9.6%
Reported profit	2	32,039	56,520	-43.3%
Underlying profit	3	33,819	49,323	-31.4%
Underlying recurring profit	4	33,819	30,694	+10.2%
		HK cents	HK cents (Restated)	
Earnings per share:	5			
Reported profit		10.3	18.1	-43.1%
Underlying profit		10.9	15.8	-31.0%
Underlying recurring profit		10.9	9.8	+11.2%
Total dividends per share	5	4.8	4.8	-
		At 30 June 2015 HK\$ '000	At 31 December 2014 HK\$ '000	
Shareholders' funds	6	615,716	622,632	-1.1%
		HK\$	HK\$ (Restated)	
Net asset value per share	7	1.98	2.00	-1.0%

- Notes:
1. Revenue represents revenue derived from the three business segments, namely manufacturing and sale of Hoe Hin Products, property investment and treasury investment.
 2. Reported profit (“Reported Profit”) is the profit attributable to owners of the Company, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
 3. Underlying profit (“Underlying Profit”) is arrived at by excluding from Reported Profit the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties.
 4. Underlying recurring profit (“Underlying Recurring Profit”) reflects the Group’s performance of the three business segments and is arrived at by excluding from Underlying Profit the items that are non-recurring in nature (such as income arising from forfeitures of deposits/option fee for the disposal of investment properties and the related expenses).
 5. The basic and diluted earnings per share and the total dividends per share are calculated using the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the bonus issue, of 311,640,000 (2014 (restated): 311,640,000) ordinary shares as denominator.
 6. Shareholders’ funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company’s consolidated statement of financial position.
 7. Net asset value per share represents shareholders’ funds divided by the number of ordinary shares of the Company in issue as at the period end date as adjusted to include the bonus issue of 51,940,000 shares which was approved by the shareholders of the Company at the annual general meeting on 11 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results Overview

For the six months ended 30 June 2015, the Group's revenue increased by 9.6% to HK\$88,058,000 (2014: HK\$80,357,000) mainly due to increased contributions from sales of Hoe Hin brand of products (the "Hoe Hin Products").

Net revaluation deficit of the Group's investment properties for the period was HK\$1,590,000 (2014: surplus of HK\$7,533,000), including a deficit of HK\$2,360,000 (2014: surplus of HK\$6,983,000) which related to the Group's investment properties in the United Kingdom (the "UK Properties").

Underlying Recurring Profit, the performance indicator of the Group, was up 10.2% to HK\$33,819,000 (2014: HK\$30,694,000). This reflected improvement in profit margin as a result of price increase and change in product mix sold, partly offset by more spending on advertising and promotional expenses and less gain on treasury investment.

Net profit for the six months ended 30 June 2015 decreased by 43.3% to approximately HK\$32,039,000 (2014: HK\$56,520,000). Such decrease was mainly attributable to a non-recurring income in 2014 for the forfeiture of a deposit of HK\$18,686,000 from a buyer who failed to complete the proposed purchase of the UK Properties and the decrease in fair value of the UK Properties in 2015 as aforesaid.

The revaluation of other properties, which was accounted for as other comprehensive income, had resulted in a revaluation surplus (net of tax) in this period of HK\$3,093,000 (2014: HK\$8,855,000).

Total comprehensive income attributable to owners for the six months ended 30 June 2015 was approximately HK\$36,039,000 (2014: HK\$68,229,000).

Manufacturing and sale of Hoe Hin Products

Sales of Hoe Hin Products increased by 10.6% to HK\$82,282,000 (2014: HK\$74,389,000).

Hong Kong remained the major market of the Hoe Hin Products which accounted for about 69.8% (2014: 73.7%) of the segment revenue. Macau and Mainland China accounted for about 8.5% (2014: 5.8%) and 3.8% (2014: Nil) respectively. Weaker retail spending and fewer mainland tourists in Hong Kong and Macau persisted in the first half of the year, but sales improved by 5.1% and 62.7% respectively when compared with those in the same period in 2014. Such improvement, however, should not be used as projection for the sales of the whole year as retail market sentiment is still due to improve. Sales in other major markets performed differently, with improvement in Philippines while less contribution in Singapore and North America.

Segment profit increased by 14.8% to HK\$43,477,000 (2014: HK\$37,881,000), mainly due to improvement in profit margin as a result of increased selling price in most of the markets and change of product mix sold, partly offset by increase in advertising and promotional expenses during the period.

Property investment

Revenue for this segment decreased by 3.1% to HK\$5,223,000 (2014: HK\$5,392,000). This change mainly represented decreased average exchange rate in translating rental income derived in the United Kingdom.

Net revaluation deficit in respect of the Group's investment properties of HK\$1,590,000 (2014: surplus of HK\$7,533,000) was recognised for the period, of which a deficit of HK\$2,360,000 was related to the UK Properties. Due to a buyer failed to complete and execute the sale and purchase agreement for the proposed disposal of the UK Properties, the Group was entitled to forfeit the deposit of HK\$18,686,000 (equivalent to GBP1,445,000) which was recognised as other income in 2014.

As a result, the segment profit decreased by 91.0% to HK\$2,779,000 (2014: HK\$30,935,000). By excluding from the segment result the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties (the "Underlying Segment Result"), and the items that are non-recurring in nature (the "Underlying Recurring Segment Result"), the Underlying Segment Result and the Underlying Recurring Segment Result respectively decreased by 81.3% to HK\$4,369,000 (2014: HK\$23,402,000) and by 8.5% to HK\$4,369,000 (2014: HK\$4,773,000).

Treasury investment

Revenue derived from this segment decreased by 4.0% to HK\$553,000 (2014: HK\$576,000), primarily due to holding less debt securities during the period. The segment profit decreased to HK\$332,000 (2014: HK\$1,119,000), mainly attributable to less gain on foreign currency transactions, partly offset by improved unrealised fair value changes and realised gain on listed investments.

The Underlying Segment Result and also the Underlying Recurring Segment Result was a profit of HK\$522,000 (2014: HK\$1,455,000).

Finance costs

The decrease in finance costs of HK\$87,000 (12.4%) to HK\$617,000 was mainly due to lower average bank loan balances during the period.

Taxation

There was an increase in taxation of HK\$713,000 to HK\$6,795,000 for the period, principally due to increased taxable operating profits of subsidiaries in Hong Kong for the period.

FINANCIAL RESOURCES AND TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 30 June 2015 was 6.1% (31 December 2014: 7.0%). Total bank borrowings of the Group amounted to HK\$37.8 million (31 December 2014: HK\$43.8 million), mainly denominated in Pound Sterling, United States Dollars and Hong Kong Dollars with floating interest rates.

Current ratio (current assets divided by current liabilities) was 1.37 as at 30 June 2015 (31 December 2014: 1.57). The Group holds sufficient cash, marketable securities on hand and available banking facilities to meet its short-term liabilities, commitments and working capital demand.

EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Certain rental income is derived in the United Kingdom and denominated in Pound Sterling. As at 30 June 2015, the Group's debt borrowings were mainly denominated in Pound Sterling, United States Dollars and Hong Kong Dollars. The Group also had equity and debt securities and dual currency investments denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the period, the Group's foreign exchange exposure relating to investments in overseas securities, dual currency investments and bank balances as at 30 June 2015 were approximately HK\$45.1 million (31 December 2014: HK\$30.9 million) in total, or about 5.6% (31 December 2014: 4.1%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debts borrowings) of approximately HK\$159.5 million (31 December 2014: HK\$159.5 million) relating to carrying amount of the properties investments in the United Kingdom.

PLEDGE OF ASSETS

As at 30 June 2015, certain of the Group's leasehold land and buildings, investment properties, bank deposits and securities with an aggregate carrying value of approximately HK\$364.2 million (31 December 2014: HK\$364.0 million) were pledged to secure banking facilities granted to the Group to the extent of HK\$105.3 million (31 December 2014: HK\$105.9 million), of which HK\$37.8 million (31 December 2014: HK\$43.8 million) were utilised as at 30 June 2015.

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 95 (31 December 2014: 96) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.

OUTLOOK

Weak retail performance in Hong Kong as a result of less inbound tourists may affect the sales of Hoe Hin Products for the rest of the year and weaker Yuan may further put off mainlanders from travelling Hong Kong. Weaker Asian currencies will impact on less purchasing power for imported goods in Southeast Asia which may also affect the sales in this region. With no significant rent review in 2015, rental income is expected to be steady. In view of uncertainties over the United States interest rate hike and weaker Yuan that would have consequential effect in foreign currencies in which certain of our treasury investments are denominated, prudent strategy will be adopted for treasury investment and liquidity.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 26 August 2015

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED
瑪澤 會計師事務所有限公司
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To the board of directors

Pak Fah Yeow International Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information of Pak Fah Yeow International Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 11 to 33, comprising the condensed consolidated statement of financial position as at 30 June 2015 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 26 August 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Revenue	3	88,058	80,357
Other revenue and other net income	4	434	19,046
Changes in inventories of finished goods		4,173	7,068
Raw materials and consumables used		(17,652)	(21,399)
Staff costs		(16,801)	(14,506)
Depreciation expenses		(1,210)	(1,205)
Net exchange gain		268	873
Other operating expenses		(16,039)	(14,125)
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		41,231	56,109
Net loss on financial assets at fair value through profit or loss		(190)	(336)
Revaluation surplus in respect of investment properties		2,370	8,283
Revaluation deficit in respect of investment properties		(3,960)	(750)
Profit from operations		39,451	63,306
Finance costs	5	(617)	(704)
Profit before taxation	5	38,834	62,602
Taxation	6	(6,795)	(6,082)
Profit for the period, attributable to owners of the Company		32,039	56,520

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		174	125
Exchange difference arising from translation of financial statements of overseas subsidiaries		1,234	4,547
Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments		(501)	(1,818)
<i>Item that will not be reclassified to profit or loss:</i>			
Revaluation surplus of leasehold land and buildings, net of tax effect of HK\$611,000 (2014: HK\$1,750,000)		3,093	8,855
Other comprehensive income for the period, net of tax, attributable to owners of the Company		4,000	11,709
Total comprehensive income for the period, attributable to owners of the Company		36,039	68,229
Earnings per share			(Restated)
Basic and diluted	8	10.3 cents	18.1 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Non-current assets			
Investment properties	9	331,159	331,045
Property, plant and equipment	9	304,296	301,695
Intangible assets		2,450	2,450
Available-for-sale financial assets		8,726	8,620
		646,631	643,810
Current assets			
Inventories		24,480	19,419
Trade and other receivables	10	35,913	42,625
Financial assets at fair value through profit or loss		36,775	35,682
Pledged bank deposits		15,337	20,964
Bank balances and cash		45,588	10,482
		158,093	129,172
Current liabilities			
Bank borrowings, secured	11	37,824	43,755
Current portion of deferred income		109	89
Trade and other payables	12	22,768	25,748
Tax payable		11,618	5,505
Dividends payable		43,485	7,029
		115,804	82,126
Net current assets		42,289	47,046
Total assets less current liabilities		688,920	690,856

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2015

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Non-current liabilities		
Long-term portion of consideration payable for acquisition of trademarks	2,074	2,074
Long-term portion of deferred income	15,814	12,956
Provision for long service payments	1,035	660
Provision for directors' retirement benefits	13,737	12,618
Deferred taxation	40,544	39,916
	73,204	68,224
NET ASSETS	615,716	622,632
Capital and reserves		
Share capital	12,985	12,985
Share premium and reserves	602,731	609,647
TOTAL EQUITY	615,716	622,632

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015

	Share capital	Share premium	Properties revaluation reserve	Investment revaluation reserve	Exchange reserve	Proposed dividends	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	12,985	24,594	203,734	5,985	(13,897)	34,541	354,690	622,632
Profit for the period	-	-	-	-	-	-	32,039	32,039
Other comprehensive income	-	-	3,093	174	733	-	-	4,000
Total comprehensive income attributable to owners of the Company	-	-	3,093	174	733	-	32,039	36,039
Interim dividends declared (note 7)	-	-	-	-	-	6,544	(14,958)	(8,414)
2014 final dividends transferred to dividends payable (note 7)	-	-	-	-	-	(34,541)	-	(34,541)
At 30 June 2015 (unaudited)	12,985	24,594	206,827	6,159	(13,164)	6,544	371,771	615,716
At 1 January 2014 (audited)	12,985	24,594	186,526	5,644	(5,523)	28,568	264,061	516,855
Profit for the period	-	-	-	-	-	-	56,520	56,520
Other comprehensive income	-	-	8,855	125	2,729	-	-	11,709
Total comprehensive income attributable to owners of the Company	-	-	8,855	125	2,729	-	56,520	68,229
Interim dividends declared (note 7)	-	-	-	-	-	6,493	(14,803)	(8,310)
2013 final dividends transferred to dividends payable (note 7)	-	-	-	-	-	(28,568)	-	(28,568)
At 30 June 2014 (unaudited)	12,985	24,594	195,381	5,769	(2,794)	6,493	305,778	548,206

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2015

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
OPERATING ACTIVITIES		
Cash generated from operations	42,940	12,673
Interest received	553	576
Interest paid	(617)	(704)
Income taxes paid	(673)	(289)
Net cash generated from operating activities	42,203	12,256
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(107)	(761)
Proceeds from disposal of property, plant and equipment	-	208
Proceeds from disposal of available-for-sale financial assets	68	250
Decrease in pledged deposits	5,627	14,103
Net cash generated from investing activities	5,588	13,800
FINANCING ACTIVITIES		
Net movement in bank borrowings	(6,194)	2,454
Dividends paid	(6,498)	(5,711)
Net cash used in financing activities	(12,692)	(3,257)
Net increase in cash and cash equivalents	35,099	22,799
Cash and cash equivalents at beginning of period	10,482	12,646
Effect of foreign exchange rate changes	7	83
Cash and cash equivalents at end of period, represented by bank balances and cash	45,588	35,528

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

1. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read, where relevant, in conjunction with the Group’s annual financial statements for the year ended 31 December 2014 (“2014 Annual Accounts”).

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties, leasehold land and buildings, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

Except as described below, the accounting policies and basis of preparation adopted in these Interim Financial Statements are consistent with those used in the preparation of the 2014 Annual Accounts.

The Group has adopted the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretation issued by the HKICPA that are mandatorily effective for the period.

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRS	Annual improvement to HKFRSs 2010-2012 Cycle
Amendments to HKFRS	Annual improvement to HKFRSs 2011-2013 Cycle

The adoption of these revised HKFRSs and interpretation has had no material effect on the amounts and/or disclosures reported in these Interim Financial Statements.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- (a) Manufacturing and sale of Hoe Hin Brand of products
- (b) Property investment
- (c) Treasury investment

Each of the Group's operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, and central administration costs and consider the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than corporate assets. All liabilities are allocated to reportable segments other than deferred taxation, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Business segments

	Manufacturing and sale of Hoe Hin Brand of products (unaudited) HK\$'000	Property investment - rental income (unaudited) HK\$'000	Treasury investment - interest income (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Six months ended 30 June 2015				
Revenue from external customers	82,282	5,223	553	88,058
Segment results	43,477	2,779	332	46,588
Unallocated corporate expenses				(7,137)
Profit from operations				39,451
Finance costs				(617)
Profit before taxation				38,834
Taxation				(6,795)
Profit for the period				32,039
Six months ended 30 June 2014				
Revenue from external customers	74,389	5,392	576	80,357
Segment results	37,881	30,935	1,119	69,935
Unallocated corporate expenses				(6,629)
Profit from operations				63,306
Finance costs				(704)
Profit before taxation				62,602
Taxation				(6,082)
Profit for the period				56,520

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table presents segment assets and liabilities of the Group's business segments at 30 June 2015 and 31 December 2014:

	At 30 June 2015			
	Manufacturing and sale of Hoe Hin Brand of products (unaudited) HK\$'000	Property investment - rental income (unaudited) HK\$'000	Treasury investment - interest income (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Assets				
Segment assets	401,121	331,706	71,432	804,259
Unallocated corporate assets				465
Consolidated total assets				804,724
Liabilities				
Segment liabilities	23,394	44,727	780	68,901
Unallocated corporate liabilities				120,107
Consolidated total liabilities				189,008

	At 31 December 2014			
	Manufacturing and sale of Hoe Hin Brand of products (audited) HK\$'000	Property investment - rental income (audited) HK\$'000	Treasury investment - interest income (audited) HK\$'000	Consolidated (audited) HK\$'000
Assets				
Segment assets	369,689	331,428	71,139	772,256
Unallocated corporate assets				726
Consolidated total assets				772,982
Liabilities				
Segment liabilities	34,757	42,602	5,075	82,434
Unallocated corporate liabilities				67,916
Consolidated total liabilities				150,350

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue from external customers		Results from operations	
	Six months ended 30 June		Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Hong Kong	59,366	56,493	34,689	31,956
Macau	6,994	4,297	4,921	2,316
PRC	3,163	30	(423)	(19)
Southeast Asia	11,656	11,387	5,317	4,366
North America	2,652	3,844	1,096	1,636
United Kingdom	3,226	3,467	813	29,017
Europe (excluding United Kingdom)	135	84	(183)	95
Other regions	866	755	(43)	177
Unallocated corporate expenses	-	-	(6,736)	(6,238)
	88,058	80,357	39,451	63,306

4. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Listed investments:		
Dividend income from financial assets at fair value through profit or loss	254	304
Gain on disposal of financial assets at fair value through profit or loss	125	-
Commission received	18	21
Forfeiture of deposit for disposal of investment properties	-	18,686
Gain on disposal of property, plant and equipment	1	4
Sundry income	36	31
	434	19,046

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
This is stated after charging (crediting):		
(a) Finance costs		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	231	299
Interest on bank loan wholly repayable more than five years	107	125
Interest on consideration payable for acquisition of trademarks	279	280
	617	704
(b) Other items		
Cost of inventories	22,869	22,415
(Gain) Loss on disposal of financial assets at fair value through profit or loss	(125)	75

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) of the estimated assessable profits for the period. Overseas taxation has been provided on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax	6,173	5,461
Overseas tax	606	605
	6,779	6,066
Deferred tax		
Origination of temporary differences	16	16
	6,795	6,082

7. DIVIDENDS AND BONUS ISSUE OF SHARES

Dividends attributable to the previous financial year, approved and paid during the period

At the board meeting held on 26 March 2015, the directors proposed a final dividend of HK6.5 cents per share totalling HK\$16,881,000 for the year ended 31 December 2014 (*year ended 31 December 2013: HK6.5 cents per share totalling HK\$16,881,000*) and a special final dividend of HK6.8 cents per share totalling HK\$17,660,000 for the year ended 31 December 2014 (*year ended 31 December 2013: HK4.5 cents per share totaling HK\$11,687,000*) which had been reflected as an appropriation of retained profits. Upon the approval by shareholders on 8 July 2015, the appropriation was transferred to dividends payable.

Bonus issue of shares

At the board meeting held on 26 March 2015, the directors also proposed bonus issue of shares (the "Bonus Issue") on the basis of one bonus share for every five existing shares held by the shareholders whose names appear on the register of members of the Company on 8 July 2015, which was approved at the annual general meeting of the Company on 11 June 2015. On the basis of 259,700,000 then existing shares in issue, 51,940,000 bonus shares were issued on 7 August 2015 and accordingly there is a total of 311,640,000 shares in issue as enlarged by the Bonus Issue.

7. DIVIDENDS AND BONUS ISSUE OF SHARES (CONTINUED)

Dividends attributable to the period

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
First interim dividend	8,414	8,310
Second interim dividend	6,544	6,493
	14,958	14,803

On 11 June 2015, the directors declared the first interim dividend of HK2.7 cents per share totalling HK\$8,414,000 (2014: HK3.2 cents per share totalling HK\$8,310,000 declared on 25 June 2014), which was payable to the shareholders on the register of members of the Company on 28 August 2015.

On 26 August 2015, the directors declared the second interim dividend of HK2.1 cents per share totalling HK\$6,544,000 (2014: HK2.5 cents per share totalling HK\$6,493,000 declared on 25 August 2014), which was payable to the shareholders on the register of members of the Company on 7 October 2015.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company for the period of HK\$32,039,000 (2014: HK\$56,520,000) and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the Bonus Issue, of 311,640,000 (2014 (restated): 311,640,000) ordinary shares.

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two periods ended 30 June 2014 and 2015.

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties situated in Hong Kong and leasehold land and buildings situated in Hong Kong were stated at fair value as at 30 June 2015 as estimated by the directors with reference to the valuation provided by independent professional valuers. The Group recorded a net surplus on revaluation of the investment properties situated in Hong Kong of HK\$770,000 during the period (2014: HK\$550,000), which was recognised in profit or loss. In addition, the Group recorded a surplus on revaluation of the leasehold land and buildings situated in Hong Kong of HK\$3,704,000 during the period (2014: HK\$10,605,000), which was recognised in the properties revaluation reserve.

On the other hand, the Group's investment properties situated in London, the United Kingdom were also stated at fair value as at 30 June 2015 as estimated by the directors with reference to the valuation provided by independent professional valuers, resulted in a deficit on revaluation of HK\$2,360,000 during the period (2014: surplus of HK\$6,983,000), which was recognised in profit or loss. During the period, the Group also recorded a surplus on exchange realignment of HK\$1,704,000 (2014: surplus of HK\$4,406,000) on the investment properties situated in the United Kingdom which was recognised as part of the exchange difference arising from translation of financial statements of overseas subsidiaries in the exchange reserve.

In the opinion of the directors, the change in fair value of the Group's investment properties situated in Singapore for the period was not material to the results of the Group.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Trade receivables	32,291	35,468
Bills receivables	1,844	3,505
Other receivables		
Deposits, prepayments and other debtors	1,778	3,652
	35,913	42,625

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows credit period ranging from 30 days to 120 days to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Within 30 days	28,912	11,088
31 – 60 days	3,164	20,095
61 – 90 days	-	1,063
Over 90 days	215	3,222
	32,291	35,468

11. BANK BORROWINGS, SECURED

The analysis of the carrying amount of bank borrowings is as follows:

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Term loans from banks due for repayment within one year	29,784	34,711
Term loan from a bank due for repayment after one year which contains a repayment on demand clause	8,040	9,044
	37,824	43,755

A term loan of HK\$8,040,000 (31 December 2014: HK\$9,044,000), with a clause in its terms that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion, is classified as current liabilities even though the directors do not expect that the lender would exercise its rights to demand repayment.

11. BANK BORROWINGS, SECURED (CONTINUED)

The amounts due based on the scheduled repayment dates set out in the loan agreements ignoring the effect of any repayment on demand clause are as follows:

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Within 1 year	29,784	34,711
After 1 year but within 2 years	2,038	2,018
After 2 years but within 5 years	6,002	6,302
After 5 years	-	724
	8,040	9,044
	37,824	43,755

12. TRADE AND OTHER PAYABLES

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Trade payables	5,500	3,658
Other payables		
Accrued charges and other creditors	17,168	21,932
Customers' deposits	100	158
	17,268	22,090
	22,768	25,748

The ageing analysis of trade payables by invoice date is as follows:

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Within 30 days	3,738	3,563
31 – 60 days	434	39
61 – 90 days	285	5
More than 90 days	1,043	51
	5,500	3,658

13. PLEDGE OF ASSETS

Certain of the Group's leasehold land and buildings, investment properties, bank deposits and financial assets at fair value through profit or loss were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$105,291,000 (31 December 2014: HK\$105,898,000), of which HK\$37,824,000 (31 December 2014: HK\$43,755,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
Leasehold land and buildings	126,000	121,000
Investment properties	186,545	187,201
Financial assets at fair value through profit or loss	36,281	34,853
Bank deposits	15,337	20,964
	364,163	364,018

14. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the period, the Group had the following transactions with related parties.

	Six months ended 30 June 2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Compensation paid to key management personnel, including directors:		
– Salaries and other benefits	8,257	7,024
– Contributions to defined contribution plan	45	39
	8,302	7,063

15. CAPITAL COMMITMENT

In 2007, the Group entered into a master agreement with a bank to invest in a private equity fund with maximum capital injection of US\$1 million (equivalent to approximately HK\$7.8 million). As at 30 June 2015, US\$786,000 (equivalent to approximately HK\$6,129,000) (31 December 2014: US\$786,000 (equivalent to approximately HK\$6,129,000)) was called and paid up. Since the commitment period ended on 31 December 2011, the remaining US\$214,000 (equivalent to approximately HK\$1,671,000) (31 December 2014: US\$214,000 (equivalent to approximately HK\$1,671,000)) would only be payable in limited situations stipulated in the master agreement.

16. FAIR VALUE DISCLOSURES

The following presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis across the three levels of the fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

16. FAIR VALUE DISCLOSURES (CONTINUED)

Financial assets measured at fair value

	30 June			
	2015	Level 1	Level 2	Level 3
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Debt securities, listed overseas	1,507	1,507	-	-
Debt securities, unlisted	2,014	-	2,014	-
Equity securities, listed in Hong Kong	5,632	5,632	-	-
Equity securities, listed overseas	10,598	10,598	-	-
Mutual funds, unlisted	2,773	-	2,773	-
Dual currency deposits	14,251	14,251	-	-
Available-for-sale financial assets				
Unlisted private equity fund	2,646	-	-	2,646
Other securities, unlisted	6,080	6,080	-	-
	45,501	38,068	4,787	2,646
	31 December			
	2014	Level 1	Level 2	Level 3
	(audited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Debt securities, listed overseas	5,613	5,613	-	-
Debt securities, unlisted	4,059	-	4,059	-
Equity securities, listed in Hong Kong	4,871	4,871	-	-
Equity securities, listed overseas	11,321	11,321	-	-
Mutual funds, unlisted	3,238	-	3,238	-
Dual currency deposits	6,580	6,580	-	-
Available-for-sale financial assets				
Unlisted private equity fund	2,540	-	-	2,540
Other securities, unlisted	6,080	6,080	-	-
	44,302	34,465	7,297	2,540

During the period ended 30 June 2015 and year ended 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16. FAIR VALUE DISCLOSURES (CONTINUED)

Financial assets measured at fair value (Continued)

Movement in level 3 fair value measurements

Fair value measurement at the end of the reporting period:

Description	Unlisted private equity fund	
	At 30 June 2015 (unaudited) HK\$'000	At 31 December 2014 (audited) HK\$'000
At beginning of the reporting period		
Gains or losses recognised in:	2,540	3,042
– profit or loss		
– other comprehensive income	174	341
Additions	-	-
Disposals	(68)	(843)
At end of the reporting period	2,646	2,540

All of the above gains or losses are reported as changes of “investment revaluation reserve”.

Description of the valuation techniques and inputs used in Level 2 fair value measurement

Unlisted mutual funds and debt securities

The unlisted mutual funds and debt securities are valued based on quoted market prices from dealers. If unavailable, fair value is determined by reference to quoted market prices for similar instruments.

16. FAIR VALUE DISCLOSURES (CONTINUED)

Description of the valuation techniques used in Level 3 fair value measurement

The unlisted private equity fund's assets mainly comprised investment in unlisted companies in various industries (the "Investment") and the fair value of the Investment is estimated by the fund manager by reference to a number of factors including the operating cash flows and financial performance of the Investment, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the Investment.

Valuation processes of the Group

The Group reviews estimation of fair value of the unlisted private equity fund which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the fund manager on a quarterly basis. Discussion of the valuation process and results with the Audit Committee is held twice a year, to coincide with the reporting dates.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2015, the interests and short positions of the directors and chief executives in the shares of the Company and associated corporations, as defined in Part XV of Securities and Futures Ordinance (the "SFO") and as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of director	Personal interests	Number of shares held			Total	Percentage of issued shares of the Company
		Family interests	Corporate interests			
Mr. Gan Wee Sean	22,673,600	1,983,800 <i>(Note 1)</i>	54,436,200 <i>(Note 2)</i>	79,093,600 <i>(Note 2)</i>	30.46%	
Mr. Gan Fock Wai, Stephen	8,547,400	–	52,106,600 <i>(Note 3)</i>	60,654,000 <i>(Note 3)</i>	23.36%	

(b) Long positions in non-voting deferred shares of associated corporations

(i) Hoe Hin Pak Fah Yeow Manufactory, Limited ("HHPFY")

Name of director	Number of non-voting deferred shares of HK\$1,000 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,600	800 <i>(Note 1)</i>	–	9,400	42.7%
Mr. Gan Fock Wai, Stephen	2,800	–	–	2,800	12.7%

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

(CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long positions in non-voting deferred shares of associated corporations (Continued)

(ii) Pak Fah Yeow Investment (Hong Kong) Company, Limited ("PFYI")

Name of director	Number of non-voting deferred shares of HK\$1 each held			Total	Percentage owned
	Personal interests	Family interests	Corporate interests		
Mr. Gan Wee Sean	8,244,445	711,111 <i>(Note 1)</i>	-	8,955,556	42.2%
Mr. Gan Fock Wai, Stephen	2,800,000	-	-	2,800,000	13.2%

Notes:

1. Madam Khoo Phaik Gim, wife of Mr. Gan Wee Sean, beneficially owned 1,983,800 shares of the Company, 800 non-voting deferred shares of HHPFY and 711,111 non-voting deferred shares of PFYI.
2. These 54,436,200 shares were beneficially owned by Hexagan Enterprises Limited, a company wholly-owned by Mr. Gan Wee Sean and his wife, Madam Khoo Phaik Gim. The total number of 79,093,600 shares in aggregate represented approximately 30.46% of the issued shares of the Company.
3. These 52,106,600 shares were beneficially owned by Gan's Enterprises Limited, a company in which Mr. Gan Fock Wai, Stephen has an interest of approximately 32%. The total number of 60,654,000 shares in aggregate represented approximately 23.36% of the issued shares of the Company.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

Other than as disclosed above, as at 30 June 2015, none of the directors or chief executives, nor their associates, had any interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights at any time during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the interests or short positions of every person, other than the directors and their respective associates as disclosed in "DIRECTORS' INTEREST IN SECURITIES" above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Percentage of issued shares of the Company
Brooke Capital Limited	Beneficial owner and Investment manager	23,580,000 (<i>Note</i>)	9.08%
East of Suez Fund	Beneficial owner	13,700,000	5.28%
UBS Group AG	Person having a security interest in shares	15,580,000	6.00%

Note: As reported by Brooke Capital Limited, these 23,580,000 shares included 15,580,000 shares interested by East of Suez Fund.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements, to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

SECOND INTERIM DIVIDEND

The directors resolved to declare a second interim dividend of HK2.1 cents per share in respect of the year ending 31 December 2015 (31 December 2014: HK2.5 cents per share) payable to the shareholders on the register of members of the Company on 7 October 2015. The second interim dividend will be dispatched to the shareholders on or about 11 December 2015.

CLOSING OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 5 October 2015 to Wednesday, 7 October 2015, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the second interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 2 October 2015.

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

During the period, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

The Company has complied with code provisions as set out in the CG Code for the six months ended 30 June 2015 except the following deviation:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the board of directors, was appointed as the acting Chief Executive Officer on 21 April 2008 and the Chief Executive Officer on 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the other executive director to balance the power and authority. In addition, all major decisions have been made in consultation with members of the board as well as senior management. The board has three independent non-executive directors who offer different independent perspectives. Therefore, the board is of the view that there is adequate balance of power and safeguards in place. The board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company comprises the three independent non-executive directors of the Company, and meets at least twice each year. The interim financial report of the Company for the six months ended 30 June 2015 has been reviewed by the audit committee. At the request of the directors, the interim financial information set out on page 11 to page 33 has also been reviewed by the Company’s auditor, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA and an unmodified review report has been issued.