

WINSHINE

中國瀛晟

Winshine Entertainment & Media Holding Company Limited

中國瀛晟娛樂傳媒控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 209

INTERIM REPORT

2015

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Abbreviations

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

“Board”	the Board of Directors of the Company
“Company”	Winshine Entertainment & Media Holding Company Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “HK cents”	Hong Kong dollars and cents
“RMB”	Renminbi
“US\$”	United States dollars
“%”	per cent.

BOARD OF DIRECTORS**Executive Directors**

Mr. Gao Feng (*Chairman*)
 Ms. Liu Ying (*Acting Chief Executive Officer*)*
 Mr. Zhang Jack Jiyei (*Chief Financial Officer*)
 Mr. Wu Jiang

Non-executive Director

Mr. Lo Ming Chi, Charles

Independent Non-executive Directors

Mr. Li Fang
 Ms. Yang Qinyan*
 Mr. Wong Kee Fung Kenneth***
 Mr. Wong Kwok Tai

AUDIT COMMITTEE

Mr. Li Fang (*Chairman*)
 Ms. Yang Qinyan**
 Mr. Wong Kee Fung Kenneth***
 Mr. Wong Kwok Tai

REMUNERATION COMMITTEE

Ms. Yang Qinyan (*Chairman*)**
 Mr. Wong Kee Fung Kenneth (*Chairman*)***
 Mr. Li Fang
 Mr. Wong Kwok Tai

NOMINATION COMMITTEE

Mr. Li Fang (*Chairman*)
 Ms. Yang Qinyan**
 Mr. Wong Kee Fung Kenneth***
 Mr. Wong Kwok Tai

COMPANY SECRETARY

Mr. Lau On Kwok

TRADING OF SHARES

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

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 Great Eagle Centre
 23 Harbour Road
 Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
 Bank of China (Hong Kong) Limited
 Guangdong Development Bank
 Zhongshan Branch
 Fubon Bank (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
 The Belvedere Building
 69 Pitts Bay Road
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 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
 Level 22, Hopewell Centre
 183 Queen's Road East
 Hong Kong

WEBSITE

<http://www.winshine.hk>
<http://www.tricor.com.hk/web/service/000209>

* *resigned on 3 June 2015*

** *ceased on 3 June 2015*

*** *appointed on 3 June 2015*

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended 30 June 2015, the Group reported revenue of HK\$72,049,000, representing a year-over-year drop of 33% (30 June 2014: HK\$108,044,000). A gross loss of HK\$2,213,000 was recorded for the interim period of 2015 against the gross profit of HK\$1,040,000 from the same period last year, which was mainly due to insufficient production in the toys division. The lackluster performance in the toys division also aggravated the overall results of the Group for the interim period, which reported loss for the period amounting to HK\$92,635,000, as compared with the loss of HK\$37,569,000. The increase in loss was also due to a one-off share based payment of HK\$51,100,000 as a result of the share options granted in April 2015.

Continuing operations

Toys Division

Revenue of the toys division continued to shrink as one of the Group's major customers took back a major product for own production in 2014. The continuing high production costs in China also drove some of the customers to change their purchase to other lower-cost region such as Vietnam. As a result of insufficient production orders, the fixed production cost could not be fully absorbed and hence a gross loss of HK\$2.21 million was recorded for the first half of 2015. During the period, the Group disposed of a manufacturing base in the Jiangxi Province of China mainly because of the shortage of skillful workers in the region making it uneconomical to continue the production operation there. A gain on disposal of a subsidiary of HK\$1,717,000 was resulted.

Securities Investments

The Group's securities investments division achieved a segment profit of HK\$7,551,000 (30 June 2014: segment loss of HK\$3,492,000). During the review period, the Group increased its scale in securities investments in view of the active and robust capital market in China and Hong Kong. As of 30 June 2015, the Group's securities portfolio valued at fair value of HK\$180,838,000 (31 December 2014: HK\$14,232,000), recording a gain on change of fair value of HK\$8,545,000. The management viewed favorably on certain new industries in China such as media, renewable energy and mobile internet services and aimed to improve financial returns by better utilizing the available funds.

Discontinued operation

Beverage Division

The Group had disposed of its entire interest in the beverage business in September 2014 and reported a disposal gain of HK\$2,960,000 in 2014. As a result, the Group did not record any revenue from the beverage division for the six months ended 30 June 2015. (30 June 2014: revenue of HK\$2,561,000 and segment loss before taxation of HK\$3,918,000).

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Although the Group achieved segment profit from its securities investments business and received additional interest income from its money-lending business during the period, the performance of the Group was adversely impacted by the poor result from the toys division and the one-off expense from the grant of share options. For the interim period, the Group reported a loss attributable to owners of the Company of HK\$92,635,000 (30 June 2014: HK\$36,878,000) and basic loss per share of HK4.25 cents (30 June 2014: HK2.19 cents). The Group reported total comprehensive loss, net of tax, of HK\$92,672,000 (30 June 2014: HK\$40,413,000) which included an exchange loss on translating foreign operations of HK\$86,000 (30 June 2014: loss of HK\$2,844,000) and cumulative exchange loss relating to foreign operation disposed of during the period of HK\$49,000 (30 June 2014: nil). The Group's total comprehensive loss for the period, net of tax, attributable to owners of the Company amounted to HK\$92,672,000 (30 June 2014: HK\$39,517,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2015, the Group had current assets of HK\$443,661,000 (31 December 2014: HK\$307,126,000) comprising cash and cash equivalents of HK\$21,560,000 (31 December 2014: HK\$145,879,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK\$220,367,000 (31 December 2014: HK\$219,789,000), remained at a healthy ratio of 2.00 (31 December 2014: 1.40). At the period end, the Group's trading securities amounted to HK\$180,838,000, representing an increase of more than 11 times over that of the previous year end (31 December 2014: HK\$14,232,000). Loan receivables also increased by HK\$96,000,000 (31 December 2014: nil) which mainly included providing short term money lending facilities to borrowers for terms not more than 6 months. The Group's borrowings at 30 June 2015 were mainly denominated in Hong Kong dollars, Renminbi and United States dollars in the proportion of 71%, 29% and 0% (31 December 2014: 91%, 5% and 4%) respectively. All borrowings totalling HK\$127,565,000 (31 December 2014: HK\$112,503,000) would be matured within one year, out of which all of them bore fixed interest rate (31 December 2014: 96%) and none bore floating interest rate (31 December 2014: 4%).

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

As of 30 June 2015, the equity attributable to owners of the Company increased by 44% to HK\$440,980,000 (31 December 2014: HK\$305,809,000) mainly as a result of the loss incurred by the Group and the shares placing completed during the review period. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included borrowings, trade and bills payables and other payables less pledged bank deposits and cash and cash equivalents. The gearing ratio of the Group at 30 June 2015 was approximately 30% (31 December 2014: 18%).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Liquidity, Financial Resources and Capital Structure (Continued)

Despite the loss incurred by the Group, the financial position of the Group remained satisfactory with sufficient cash to support the Group's ongoing business operations.

Shares placing under general mandate

The Company completed a shares placement on 28 April 2015 with an aggregate of 400,000,000 placing shares being successfully issued to investors at the placing price of HK\$0.40 per placing share. The net proceeds of approximately HK\$155 million raised from the shares placement have been used for securities investments and as general working capital of the Group.

Foreign Currency Management

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

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

Charge on Assets

At 30 June 2015, the Group's certain leasehold buildings and prepaid land premium in Mainland China with aggregate carrying amount of HK\$108,128,000 (31 December 2014: HK\$109,899,000), and bank deposits totalling HK\$11,515,000 (31 December 2014: HK\$8,565,000 (including bank deposits and trade receivables)) were pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

At 30 June 2015, the Group had no significant contingent liability (31 December 2014: nil).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Capital commitment

(a) As at 30 June 2015, the Group had the following capital commitment.

(i) *Funding Commitment Letter*

On 27 May 2015, the Group signed a funding commitment letter addressed to NXP B.V. ("NXP"), and Beijing JianGuang Asset Management Co. Ltd (北京建廣資產管理有限公司, "JAC Capital"), pursuant to which the Company committed to transfer to JAC Capital equity and/or debt funding commitment in the amount of US\$500,000,000 (approximately HK\$3,900,000,000), for JAC Capital's use to pay the purchase price of the possible acquisitions of certain business of NXP (the "NXP Acquisition").

As at 30 June 2015, the Group is still in discussion with JAC Capital and other potential investors regarding the participation in the NXP Acquisition and the relevant investment structure.

(b) As at 31 December 2014, the Group had the following capital commitments.

(i) *Acquisition of Ankai Tianjin*

On 18 November 2014, the Group entered into the framework agreement with two independent individuals who are the shareholders of Ankai Tianjin. Ankai Tianjin is principally engaged in insurance brokerage and media businesses. Pursuant to the framework agreement, the Group conditionally agreed to acquire the entire right of control and economic interests of Ankai Tianjin through structured contracts at a cash consideration of HK\$120,000,000. Refundable deposits of HK\$100,000,000 were paid to the two independent individuals. As at 31 December 2014, there was a capital commitment of HK\$20,000,000 in relation to the acquisition of Ankai Tianjin.

As certain conditions precedent in the framework agreement have not been fulfilled or complied with, the parties to the framework agreement have agreed that the acquisition will not proceed to completion and entered into a termination agreement on 24 July 2015. The refundable deposits of HK\$100,000,000 was refunded to the Group subsequent to the end of the reporting period.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Capital commitment (Continued)

(b) As at 31 December 2014, the Group had the following capital commitments.

- (ii) *Acquisition of Beijing Weiyong Times Technology Co., Ltd. (北京微影時代科技有限公司) (“Beijing Weiyong”)*

On 29 December 2014, the Group entered into a framework agreement with independent third parties (the “Vendors”) pursuant to which the Group had conditionally agreed to acquire approximately 19.1% effective right of control and economic interests of Beijing Weiyong, which principally engaged in on-line movie ticketing services, through structured contracts at a consideration of HK\$296,885,000, which shall be settled by cash of HK\$75,000,000 and by the issue of 778,543,000 new ordinary shares of the Company at HK\$0.285 each.

In March 2015, the Group and the Vendors entered into a termination agreement to terminate the framework agreement as certain conditions precedent in the framework agreement could not be satisfied. Relevant commitment has been released upon the termination of the framework agreement.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2015, the Group had a total of approximately 2,387 (30 June 2014: 3,990) employees, including directors, in Hong Kong and Mainland China. The Group’s total staff costs for the review period, including directors’ remuneration, was HK\$107,484,000 (30 June 2014: HK\$69,668,000). Remuneration packages for employees and directors were structured by reference to market terms, individual performance and experience. Benefits plans maintained by the Group included provident fund scheme, pension scheme, medical insurance, share option scheme and discretionary bonuses. The Group also provided subsidies to staff for external training.

PROSPECTS

For the six months ended 30 June 2015, the segment loss recorded by the toys division decreased slightly to HK\$25,180,000 from HK\$25,755,000 against a substantial drop of revenue to HK\$72,049,000 from HK\$108,044,000 of the same period last year. As the management adopts a more stringent control over outsourcing and raw materials suppliers, it is expected that the overall production efficiency as well as the financial performance for the second half year will be improved. More marketing efforts will also be spent on developing new businesses for the slack season in the hope of further improving productivity.

Management Discussion and Analysis

PROSPECTS (Continued)

Despite a segment profit recorded for the first half, the performance of the securities investments division will be inevitably impacted adversely by increased market volatility and the drastic downturn of both China and Hong Kong stock market entering into the second half year. While the underlying direction of the Chinese stock market is believed to be upward in the long run, the management will exercise a more cautious approach for the securities investment in the second half of the year.

Cooperation in the possible investment of RFPA business of NXP B.V. (“Possible Investment”)

On 30 June 2015, the Group announced that it signed on 27 May 2015 the funding commitment letter addressed to NXP B.V. (“NXP”) and Jianguang Asset Management Co. Ltd. (“JAC Capital”) pursuant to which, subject to compliance of the Listing Rules, the Group committed to transfer to JAC Capital equity and/or debt funding commitment of US\$500 million for JAC Capital’s use to pay the purchase price of the Possible Investment. The Possible Investment involves the acquisition of certain business of NXP including the business of developing, manufacturing and selling of radio frequency power amplifiers (“RFPA”). Total purchase price to acquire the target business amounts to US\$1.8 billion (equivalent to approximately HK\$13.95 billion), which is subject to review and approval by the US Federal Trade Commission, the European Commission, Ministry of Commerce of the People’s Republic of China and other agencies. The Group subsequently signed the second co-operation agreement with JAC Capital on 25 June 2015 pursuant to which both parties agreed to cooperate in the Possible Investment through the establishment of a joint venture company. At present, the Group is still in discussion with JAC Capital and other potential investors regarding the participation in the Possible Investment and the relevant investment structure.

Termination of acquisition of Ankai (Tianjin) Holding Co. Ltd. (“Ankai Tianjin”)

On 24 July 2015, the Group announced that it entered into a termination agreement to terminate the framework agreement with the shareholder of Ankai Tianjin. The Group entered into the framework agreement on 18 November 2014 with Ankai Tianjin and its shareholder to acquire the entire right of control, economic interests, management and benefits of Ankai Tianjin through the structured contracts at a consideration of HK\$120 million. Ankai Tianjin and its affiliates are principally engaged in film and media production and insurance brokerage business in China. As certain conditions have not been fulfilled, the Group announced on 30 June 2015 that it would not proceed to completion. In accordance with the termination agreement, the Group has received the refund of the deposits totaled HK\$100 million after the review period, which will be used for the Possible Investment and as general working capital of the Group.

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF
WINSHINE ENTERTAINMENT & MEDIA HOLDING COMPANY LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Winshine Entertainment & Media Holding Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 34, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing 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. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 August 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		(restated)	
		2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		(restated)	
Continuing operations			
Revenue	4	72,049	108,044
Cost of sales		(74,262)	(107,004)
		(2,213)	1,040
Gross (loss) profit		(2,213)	1,040
Other income and gain	5	5,312	3,533
Selling and distribution costs		(3,311)	(2,944)
Administrative expenses		(83,982)	(24,857)
Changes in fair value of trading securities		8,545	(3,296)
Other operating expenses		(14,357)	(4,977)
Finance costs		(2,629)	(2,166)
		(92,635)	(33,667)
Loss before taxation from continuing operations	6	(92,635)	(33,667)
Income tax expense	7	-	-
		(92,635)	(33,667)
Loss for the period from continuing operations		(92,635)	(33,667)
Discontinued operation			
Loss for the period from discontinued operation	8	-	(3,902)
Loss for the period		(92,635)	(37,569)
Attributable to:			
Owners of the Company		(92,635)	(36,878)
Non-controlling interests		-	(691)
		(92,635)	(37,569)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	9	(HK4.25 cents)	(HK2.19 cents)
From continuing operations			
Basic and diluted	9	(HK4.25 cents)	(HK2.00 cents)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited) (restated)
Loss for the period	(92,635)	(37,569)
Other comprehensive loss for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(86)	(2,844)
Cumulative exchange loss relating to foreign operation disposed of during the period	49	–
Other comprehensive loss for the period, net of tax	(37)	(2,844)
Total comprehensive loss for the period	(92,672)	(40,413)
Total comprehensive loss attributable to:		
Owners of the Company	(92,672)	(39,517)
Non-controlling interests	–	(896)
	(92,672)	(40,413)

Condensed Consolidated Statement of Financial Position

AT 30 June 2015

	Notes	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	119,672	121,494
Prepaid land premiums		4,473	4,547
Refundable deposits		100,000	100,000
		224,145	226,041
Current assets			
Trading securities		180,838	14,232
Inventories		97,028	78,425
Prepaid land premiums		152	152
Trade receivables	12	22,924	56,390
Loan receivables	13	96,000	–
Prepayments, deposits and other receivables		13,644	9,051
Pledged bank deposits		11,515	2,997
Cash and cash equivalents		21,560	145,879
		443,661	307,126
Current liabilities			
Trade and bills payables	14	52,131	68,077
Other payables and accruals		37,705	35,827
Borrowings	15	127,565	112,503
Tax payables		2,966	3,382
		220,367	219,789
Net current assets		223,294	87,337
Total assets less current liabilities		447,439	313,378
Non-current liabilities			
Deferred tax liabilities		6,459	7,569
Net assets		440,980	305,809

Condensed Consolidated Statement of Financial Position

AT 30 June 2015

	<i>Note</i>	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Equity			
Equity attributable to owners of the Company			
Share capital	16	248,409	202,369
Reserves		192,571	103,440
Total equity		440,980	305,809

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Issued share capital HK\$'000	Share premium HK\$'000	Asset revaluation reserve HK\$'000	Statutory reserve fund HK\$'000 <i>(Note)</i>	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2015	202,369	718,073	50,653	8,349	26,500	39,339	(739,474)	305,809	-	305,809
Loss for the period	-	-	-	-	-	-	(92,635)	(92,635)	-	(92,635)
Other comprehensive loss	-	-	-	-	-	(37)	-	(37)	-	(37)
Total comprehensive loss for the period	-	-	-	-	-	(37)	(92,635)	(92,672)	-	(92,672)
Revaluation reserve realised	-	-	1,533	-	-	-	-	1,533	-	1,533
Issue of shares	40,000	120,000	-	-	-	-	-	160,000	-	160,000
Transaction costs attributable to issue of shares	-	(4,812)	-	-	-	-	-	(4,812)	-	(4,812)
Share option exercised	6,040	24,427	-	-	(10,445)	-	-	20,022	-	20,022
Recognition of equity-settled share-based payment	-	-	-	-	51,100	-	-	51,100	-	51,100
At 30 June 2015	248,409	857,688	52,186	8,349	67,155	39,302	(832,109)	440,980	-	440,980
At 1 January 2014	168,641	684,503	49,564	10,942	-	62,157	(622,776)	353,031	(15,131)	337,900
Loss for the period	-	-	-	-	-	-	(36,878)	(36,878)	(691)	(37,569)
Other comprehensive loss	-	-	-	-	-	(2,639)	-	(2,639)	(205)	(2,844)
Total comprehensive loss for the period	-	-	-	-	-	(2,639)	(36,878)	(39,517)	(896)	(40,413)
Revaluation reserve realised	-	-	(781)	-	-	-	781	-	-	-
At 30 June 2014	168,641	684,503	48,783	10,942	-	59,518	(658,873)	313,514	(16,027)	297,487

Note:

The Group's People's Republic of China (the "PRC") subsidiaries are required to allocate at least 10% of net profit to a statutory reserve fund until the balance of such reserve has reached 50% of the subsidiaries' registered capital. Any further appropriation is optional. The statutory reserve fund shall only be used for making up losses or for capitalisation into share capital, provided that the remaining balance is not less than 20% of the registered capital of the entity after such capitalisation.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Net cash used in operating activities	(206,196)	(46,098)
Net cash used in investing activities		
Increase in loan receivables	(96,000)	–
(Increase) decrease in pledged bank deposits	(8,518)	1,602
Net cash outflow on disposal of a subsidiary	(58)	–
Other investing cash flows	(1,153)	(1,612)
	(105,729)	(10)
Net cash from financing activities		
Proceeds from issue of shares	160,000	–
Proceeds from borrowings	186,954	215,098
Repayment of borrowings	(171,892)	(186,287)
Proceeds from share options exercised	20,022	–
Other financing cash flows	(7,441)	–
	187,643	28,811
Net decrease in cash and cash equivalents	(124,282)	(17,297)
Cash and cash equivalents at 1 January	145,879	125,439
Effect of foreign exchange rates changes	(37)	(1,071)
Cash and cash equivalents at 30 June	21,560	107,071
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	21,560	107,071

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are manufacturing and trading of toys and securities investments. The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. STATEMENT OF COMPLIANCE

These condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

The measurement basis used in the preparation of these financial statements is the historical cost basis except for certain properties and financial instruments that are measured at fair values.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

3. APPLICATION OF NEW AND REVISED HKFRSs

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

Amendments to HKAS19	Defined Benefit Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

4. SEGMENT REPORTING

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and dividend income from the Group's securities investments.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 <i>HK\$'000</i> (unaudited) (restated)
Continuing operations		
Revenue		
Sale of goods	72,049	108,044

The Group is organised and its businesses are managed by divisions, which are a mixture of both business lines and geographical location. However, based on the information that is reported internally to the executive directors of the Company, being the chief operating decision maker of the Group, for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.
2. Manufacturing and trading of toys: this segment derives its revenue from manufacturing and trading of toys.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

4. SEGMENT REPORTING (Continued)

During the year ended 31 December 2014, the Group disposed of its manufacturing and sale of beverage products segment (the "Beverage Segment"). The Beverage Segment was classified as discontinued operation as described in note 8.

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

All assets are allocated to reportable segments other than refundable deposits, certain property, plant and equipment, loan receivables, certain prepayments and certain cash and cash equivalents, which are grouped as unallocated corporate assets.

All liabilities are allocated to reportable segments other than certain accruals, which are grouped as unallocated corporate liabilities.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

4. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

For the periods ended 30 June 2015 and 2014

	Continuing operations					
	Securities investments		Manufacturing and trading of toys		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Reportable segment revenue						
Revenue from external customers	-	-	72,049	108,044	72,049	108,044
Reportable segment profit (loss) before taxation	7,551	(3,492)	(25,180)	(25,755)	(17,629)	(29,247)
Unallocated corporate income					1,337	-
Unallocated corporate expenses					(76,343)	(4,420)
Loss before taxation from continuing operations					(92,635)	(33,667)
Other segment information (included in the measure of segment profit or loss or regularly provided to chief operating decision maker)						
Depreciation of property, plant and equipment	-	-	(4,503)	(4,748)	(4,503)	(4,748)
Amortisation of prepaid land premiums	-	-	(74)	(76)	(74)	(76)
Write down of inventories, net	-	-	-	(7,216)	-	(7,216)
(Loss) gain on disposal of property, plant and equipment, net	-	-	(63)	28	(63)	28
Impairment loss on trade receivables	-	-	(1,743)	-	(1,743)	-
Changes in fair value of trading securities	8,545	(3,296)	-	-	8,545	(3,296)
Bank interest income	1	-	12	35	13	35
Interest expense	-	-	(2,629)	(2,166)	(2,629)	(2,166)
Addition to non-current assets						
Property, plant and equipment	-	-	1,223	2,042	1,223	2,042

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

4. SEGMENT REPORTING (Continued)**(b) Reconciliation of reportable segment, assets and liabilities****As at 30 June 2015**

	Securities investments HK\$'000	Manufacturing and trading of toys HK\$'000	Total HK\$'000
Reportable segment assets	182,823	271,924	454,747
Unallocated corporate assets			213,059
Total assets			667,806
Reportable segment liabilities	–	(218,192)	(218,192)
Unallocated corporate liabilities			(8,634)
Total liabilities			(226,826)

As at 31 December 2014

	Continuing operation		
	Securities investments HK\$'000	Manufacturing and trading of toys HK\$'000	Total HK\$'000
Reportable segment assets	14,899	298,794	313,693
Unallocated corporate assets			219,474
Total assets			533,167
Reportable segment liabilities	–	(221,334)	(221,334)
Unallocated corporate liabilities			(6,024)
Total liabilities			(227,358)

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

5. OTHER INCOME AND GAIN

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited) (restarted)
Continuing operations		
Bank interest income	13	35
Other interest income	1,336	–
Gain on disposal of a subsidiary	1,717	–
Mould income	889	1,568
Sublet rental income	–	356
Subcontracting income	–	575
Sundry income	1,357	999
	5,312	3,533

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

The Group's loss before taxation from continuing operations is arrived at after charging the following:

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited) (restarted)
Continuing operations:		
Employee benefit expense (including directors' remuneration):		
Wages and salaries	47,905	61,264
Other employee benefits	1,992	1,438
Contributions to defined contribution retirement plans	6,487	5,700
Equity-settled share-based payments	51,100	–
	107,484	68,402
Cost of inventories	72,398	106,465
Depreciation of property, plant and equipment	4,522	4,830
Amortisation of prepaid land premiums	74	76
Loss on disposal of property, plant and equipment	63	320
Impairment loss on trade receivables	1,743	–
Interest on borrowings wholly repayable within five years	2,629	2,166
Fair value loss on derivative financial instruments	–	4,467

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No Hong Kong Profits Tax has been provided for in the condensed consolidated financial statements as the Group has no assessable profits for both periods.

The tax affairs of a subsidiary (incorporated in Hong Kong) of the Group for the period starting from 1 January 2004 are currently under field audit by the Hong Kong Inland Revenue Department ("IRD"). The directors, after consultation with the subsidiary's tax advisers, consider that the IRD is still in the information gathering stage and it is premature to quantify the amount of potential liabilities of the subsidiary, if any, that may arise.

Enterprise Income Tax in the PRC has been calculated based on the estimated assessable profits of subsidiaries operating in the PRC at 25%. No Enterprise Income Tax in the PRC has been provided in the condensed consolidated financial statements as the Group has no assessable profits for the periods.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

8. DISCONTINUED OPERATION

During the year ended 31 December 2014, the Group's operation in respect of the Beverage Segment was discontinued. The combined result for the six months ended 30 June 2014 has been re-presented. The loss and cash flows from discontinued operation for the six months ended 30 June 2014 was analysed as follows:

	Six months ended 30 June 2014 <i>HK\$'000</i>
Revenue	2,561
Cost of sales	(1,841)
Gross profit	720
Other income and gain	1,185
Selling and distribution costs	(322)
Administrative expenses	(5,320)
Other operating expenses	(181)
Loss before taxation	(3,918)
Income tax credit	16
Loss for the period from discontinued operation	(3,902)
Loss for the period from discontinued operation attributable to:	
Owners of the Company	(3,211)
Non-controlling interests	(691)
	(3,902)
Loss for the period from discontinued operation is arrived at after charging (crediting):	
Cost of inventories	1,841
Depreciation of property, plant and equipment	1,039
Amortisation of intangible assets	63
Bank interest income	(1,185)
Cash flows from discontinued operation	
Net cash used in operating activities	(578)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

9. LOSS PER SHARE**From continuing and discontinued operations**

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	(92,635)	(36,878)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,177,432	1,686,409

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	(92,635)	(33,667)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,177,432	1,686,409

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

9. LOSS PER SHARE (Continued)**From discontinued operation**

For the six months ended 30 June 2014, basic and diluted loss per share from the discontinued operation is HK0.19 cent per share, calculated based on the loss attributable to owners of the Company from the discontinued operation of HK\$3,211,000 and the weighted average number of ordinary shares of 1,686,409,000.

The computation of diluted loss per share for the period ended 30 June 2015 does not assume the exercise of share options granted by the Company since such assumed exercise would be anti-dilutive. There was no potential dilutive ordinary shares outstanding for the period ended 30 June 2014.

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired certain property, plant and equipment totalling approximately HK\$1,223,000 (six months ended 30 June 2014: HK\$2,042,000). The Group disposed of machinery and equipment with carrying amounts totalling approximately HK\$95,000 (six months ended 30 June 2014: HK\$2,132,000).

12. TRADE RECEIVABLES**Ageing analysis**

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

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
0 to 30 days	16,400	26,839
31 to 90 days	4,150	25,399
Over 90 days	2,374	4,152
	22,924	56,390

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

12. TRADE RECEIVABLES (Continued)

Notes:

- (i) All of the trade receivables are expected to be recovered within one year.
- (ii) The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

13. LOAN RECEIVABLES

During the current interim period, the Group entered into eight loan agreements with eight independent third parties with an aggregate loan amount of HK\$96,000,000. The loans carry interest at a fixed rate of 8% per annum and are repayable in six months. As at 30 June 2015, no loan receivables have been past due or impaired.

14. TRADE AND BILLS PAYABLES

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

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
0 to 30 days	33,918	18,292
31 to 90 days	11,655	35,427
Over 90 days	6,558	14,358
	52,131	68,077

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

15. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to HK\$186,954,000 (six months ended 30 June 2014: HK\$215,098,000) and repaid borrowings amounting to HK\$171,892,000 (six months ended 30 June 2014: HK\$186,287,000). The borrowings carry fixed interest at market rates ranged from 4.00% to 6.42% per annum (six months ended 30 June 2014: 3.30% to 6.72% per annum) and are repayable within one year.

16. SHARE CAPITAL

	Number of shares		Amount	
	2015 '000	2014 '000	2015 HK\$'000	2014 HK\$'000
Authorised:				
At 30 June, ordinary shares of HK\$0.10 each	7,000,000	7,000,000	700,000	700,000
Issued and fully paid:				
At 1 January	2,023,689	1,686,409	202,369	168,641
Issue of ordinary shares	400,000	–	40,000	–
Exercise of share options	60,400	–	6,040	–
At 30 June	2,484,089	1,686,409	248,409	168,641

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

17. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company's new share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 July 2014 and the purpose of the Scheme is to reward participants (the "Grantees", including but not limited to directors, employees, advisors and consultants of the Group) who have contributed or will contribute to the Group and to encourage Grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The table below discloses movement of the Company's share options held by the Grantees:

	Number of share options
	<i>'000</i>
At 1 January 2015	168,640
Granted during the period	202,360
Exercised during the period	(60,400)
Lapsed during the period	(1,680)
	<hr/>
At 30 June 2015	<u>308,920</u>

Details of share options granted during the period under the Scheme are as follows:

Date of grant	Exercise period	Exercise price HK\$ per share	Share closing price immediately before grant date HK\$ per share
10 April 2015	10 April 2015 to 9 April 2020	0.465	0.425

The fair value of share options granted during the period in the amount of approximately HK\$51,100,000 was recognised as expenses. The Company had used the Binomial Option Pricing Model to value the share options granted during the period.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

17. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The following major assumptions were used to calculate the fair values of share options:

	As at 10 April 2015
Grant date share price	HK\$0.465
Exercisable period	5 years
Exercise price	HK\$0.465
Expected volatility	66%
Expected dividend yield	0%
Risk-free interest rate	1.079%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The fair value of share option varies with different variables of certain subjective assumptions. The expected volatility was determined with reference to the historical daily volatilities of the share prices of the Company. The risk-free interest rate was determined with reference to the period average yields of the Exchange Fund Bills and Notes of comparable term issued by the Hong Kong Monetary Authority.

18. CAPITAL COMMITMENTS

(a) As at 30 June 2015, the Group had the following capital commitment.

(i) Funding Commitment Letter

On 27 May 2015, the Group signed a funding commitment letter addressed to NXP B.V. ("NXP"), and Beijing JianGuang Asset Management Co. Ltd (北京建廣資產管理有限公司, "JAC Capital"), pursuant to which the Company committed to transfer to JAC Capital equity and/or debt funding commitment in the amount of US\$500,000,000 (approximately HK\$3,900,000,000), for JAC Capital's use to pay the purchase price of the possible acquisitions of certain business of NXP (the "NXP Acquisition").

As at 30 June 2015, the Group is still in discussion with JAC Capital and other potential investors regarding the participation in the NXP Acquisition and the relevant investment structure.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

18. CAPITAL COMMITMENTS (Continued)

(b) As at 31 December 2014, the Group had the following capital commitments.

(i) *Acquisition of Ankai Tianjin*

On 18 November 2014, the Group entered into the framework agreement with two independent individuals who are the shareholders of Ankai Tianjin. Ankai Tianjin is principally engaged in insurance brokerage and media businesses. Pursuant to the framework agreement, the Group conditionally agreed to acquire the entire right of control and economic interests of Ankai Tianjin through structured contracts at a cash consideration of HK\$120,000,000. Refundable deposits of HK\$100,000,000 were paid to the two independent individuals. As at 31 December 2014, there was a capital commitment of HK\$20,000,000 in relation to the acquisition of Ankai Tianjin.

As certain conditions precedent in the framework agreement have not been fulfilled or complied with, the parties to the framework agreement have agreed that the acquisition will not proceed to completion and entered into a termination agreement on 24 July 2015. The refundable deposits of HK\$100,000,000 was refunded to the Group subsequent to the end of the reporting period.

(ii) *Acquisition of Beijing Weiyong Times Technology Co., Ltd. (北京微影時代科技有限公司) ("Beijing Weiyong")*

On 29 December 2014, the Group entered into a framework agreement with independent third parties (the "Vendors") pursuant to which the Group had conditionally agreed to acquire approximately 19.1% effective right of control and economic interests of Beijing Weiyong, which principally engaged in on-line movie ticketing services, through structured contracts at a consideration of HK\$296,885,000, which shall be settled by cash of HK\$75,000,000 and by the issue of 778,543,000 new ordinary shares of the Company at HK\$0.285 each.

In March 2015, the Group and the Vendors entered into a termination agreement to terminate the framework agreement as certain conditions precedent in the framework agreement could not be satisfied. Relevant commitment has been released upon the termination of the framework agreement.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

19. MATERIAL RELATED PARTY TRANSACTIONS**Key management personnel remuneration**

The key management personnel of the Group are the directors and chief executive of the Company. Details of their remuneration are as follows:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Salaries, allowances and other benefits in kind	6,098	577
Retirement scheme contributions	32	19
Equity-settled share-based payments	51,100	–
	57,230	596

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

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Rental expense (<i>note (i)</i>)	248	166
Sublet rental income (<i>note (ii)</i>)	–	260
Rental income for motor vehicle (<i>note (ii)</i>)	–	96
Subcontracting income (<i>note (iii)</i>)	–	575

Notes:

- (i) The rental expense of approximately HK\$248,000 (six months ended 30 June 2014: HK\$90,000) was paid to a related company in which a director has significant influence. During the six months ended 30 June 2014, another rental expense of approximately HK\$76,000 was paid to a company controlled by a person who is holding a 17.7% shareholding in a subsidiary of the Company.
- (ii) The sublet rental income and rental income for motor vehicle were received from two companies, which were controlled/significantly influenced by the ultimate controlling shareholder of the Company, for leasing part of an office premises and a motor vehicle from the Group respectively.
- (iii) During the six months ended 30 June 2014, the Group received subcontracting income from New Island Printing Company Limited, a company indirectly owned as to approximately 62.62% by the ultimate controlling shareholder of the Company as at the end of the reporting period, totalling approximately HK\$575,000 which are considered as continuing connected transactions under the Listing Rules.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

20. DISPOSAL OF A SUBSIDIARY

During the current interim period, the Group entered into a disposal agreement with an independent third party to dispose of the entire registered capital of a subsidiary, 撫州崇信玩具製品有限公司 (Fuzhou Chongxin Toys Manufacturing Co. Ltd.), at a total consideration of RMB100,000 (equivalent to approximately HK\$127,000).

The aggregate net assets of the subsidiary at the date of disposal were as follows:

	<i>HK\$'000</i>
Gain on disposal of a subsidiary	
Consideration received	127
Net liabilities disposed of	1,639
Cumulative exchange loss in respect of the net liabilities of a subsidiary reclassified from equity to profit or loss	(49)
	<u>1,717</u>
Net cash outflow from disposal of a subsidiary:	
Cash consideration received	127
Cash and cash equivalents disposed of	(185)
	<u>(58)</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Fair value measurements****Financial assets and liabilities measured at fair value***Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2015				
Financial assets at fair value through profit or loss				
– Trading securities	180,838	–	–	180,838
31 December 2014				
Financial assets at fair value through profit or loss				
– Trading securities	14,232	–	–	14,232

During the six months ended 30 June 2015, there were no transfers between Level 1 and 2, or transfers into or out of Level 3 (six months ended 30 June 2014: nil).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (30 June 2014: nil).

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

As at 30 June 2015, the interests of each of the directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in the underlying shares of the Company

Name of Director	Capacity and nature of interest	Number of underlying shares held	Approximate percentage of the Company's issued share capital
Mr. Gao Feng	Beneficial owner	20,200,000	0.81%
Mr. Zhang Jack Jiyei	Beneficial owner	20,200,000	0.81%
Mr. Wu Jiang	Beneficial owner	20,200,000	0.81%
Mr. Li Fang	Beneficial owner	1,820,000	0.07%

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Scheme") was adopted pursuant to a resolution passed on 25 July 2014. Unless otherwise cancelled or amended, the Scheme will be valid and effective for a period of 10 years commencing on the Adoption Date. The purpose of the Scheme is to reward participants (the "Grantees", including but not limited to directors, employees, advisors and consultants of the Group) who have contributed or will contribute to the Group and to encourage Grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Other Information

SHARE OPTION SCHEME (Continued)

The following table discloses movements of the Company's share options:

Name or category of participant	Number of Share Options					At 30 June 2015	Date of grant	Exercise period	Exercise price HK\$
	At 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
	'000	'000	'000	'000	'000	'000			
Directors									
Mr. Gao Feng	16,800	-	-	-	-	16,800	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	3,400	-	-	-	3,400	10 April 2015	10 April 2015 to 9 April 2020	0.465
Ms. Liu Ying (resigned on 3 June 2015)	16,800	-	(16,800)	-	-	-	30 December 2014	30 December 2014 to 29 December 2019	0.305
Mr. Zhang Jack Jiyei	16,800	-	-	-	-	16,800	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	3,400	-	-	-	3,400	10 April 2015	10 April 2015 to 9 April 2020	0.465
Mr. Wu Jiang	11,080	-	-	-	-	11,080	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	9,120	-	-	-	9,120	10 April 2015	10 April 2015 to 9 April 2020	0.465
Mr. Li Fang	1,680	-	-	-	-	1,680	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	140	-	-	-	140	10 April 2015	10 April 2015 to 9 April 2020	0.465
Ms. Yang Qinyan (resigned on 3 June 2015)	1,680	-	-	(1,680)	-	-	30 December 2014	30 December 2014 to 29 December 2019	0.305
Employees	7,000	-	-	-	-	7,000	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	14,000	-	-	-	14,000	10 April 2015	10 April 2015 to 9 April 2020	0.465
Other participants	96,800	-	(33,600)	-	-	63,200	30 December 2014	30 December 2014 to 29 December 2019	0.305
	-	172,300	(10,000)	-	-	162,300	10 April 2015	10 April 2015 to 9 April 2020	0.465
	<u>168,640</u>	<u>202,360</u>	<u>(60,400)</u>	<u>(1,680)</u>	<u>-</u>	<u>308,920</u>			

SHARE OPTION SCHEME (Continued)

Notes:

1. The share options granted to directors, employees and other participants are vested immediately upon granted.
2. Weighted average closing price of the listed shares of the Company immediately before the dates on which the options were exercised by Director and other participants were HK\$2.28 and HK\$2.12.

Apart from the Scheme, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse, or children below 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Further details of the Scheme are set out in the Company's 2014 Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2015, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	615,791,472 (Note 1)	24.79%
Smart Legend Holdings Limited ("Smart Legend")	Interest of controlled corporation	615,791,472 (Note 1&2)	24.79%
Right Perfect Limited ("Right Perfect")	Beneficial owner	615,791,472 (Note 1&2)	24.79%

Notes:

1. These shares were held by Right Perfect, which was a wholly-owned subsidiary of Smart Legend which in turn was wholly owned by Mr. Suen. Mr. Suen was the sole director of Right Perfect and Smart Legend. Accordingly, Mr. Suen and Smart Legend were deemed to be interested in 615,791,472 shares of the Company under the SFO.
2. On 3 July 2015, Smart Legend entered into a sale and purchase agreement with Brilliant Vision Global Limited ("BVG"), pursuant to which Smart Legend agreed to sell, inter alia, its entire shareholding in Right Perfect to BVG. BVG is owned as to 50% by each of Mr. Gao Feng ("Mr. Gao") and Mr. Zhang Jack Jiyei ("Mr. Zhang"), both of whom are Executive Directors of the Company. Upon completion of the sale, Smart Legend will cease to be a shareholder of the Company and BVG will become a substantial shareholder of the Company. Accordingly, Mr. Gao, Mr. Zhang and BVG are deemed to be interested in 615,791,472 shares of the Company under the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2015 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015 except for the following deviation with reason as explained.

Pursuant to Code A.6.7, the independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One Non-executive Director and two Independent Non-executive Directors of the Company were unable to attend the special general meeting of the Company held on 9 March 2015 due to other prior business engagements. One Non-executive Director and one Independent Non-executive Director of the Company were unable to attend the annual general meeting of the Company held on 1 June 2015 due to other prior business engagements. However, there were at least a half of the board of directors (including Independent Non-executive Directors) presented at each meeting to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its own code of conduct regarding directors’ dealings in the Company’s securities (the “Own Code”) on terms no less exacting than the required standard set out in the Model Code. Specific enquiries have been made with the Directors and they have confirmed their compliance with the Own Code and the Model Code during the six months ended 30 June 2015.

UPDATE ON DIRECTORS’ INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Zhang Jack Jiyei has been appointed as an Executive Director of Tack Fiori International Group Limited (stock code: 928), a listed company in Hong Kong, on 13 April 2015.
2. Mr. Wu Jiang has been appointed as the Chief Financial Officer of NQ Mobile Inc. (NYSE: NQ) whose American Depository Shares are listed on the New York Stock Exchange, on 1 June 2015.
3. Mr. Wong Kee Fung Kenneth has been appointed as an Independent Non-executive Director of Sky Light Holdings Limited (stock code: 3882), a listed company in Hong Kong on 12 June 2015.

Other Information

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2015 are unaudited, but have been reviewed 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 Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out in the interim report. The condensed consolidated financial statements have also been reviewed by the Audit Committee of the Company.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

On behalf of the Board

Gao Feng

Executive Director and Chairman

Hong Kong, 27 August 2015