



Hung Fook Tong Group Holdings Limited
鴻福堂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1446

來自家的愛
滋養 30 載
Three Decades of Nourishment



2016 INTERIM REPORT | 中期報告

CONTENTS

Corporate Information	2
Management Discussion and Analysis	
— Business Review	4
— Financial Review	8
Awards and Corporate Social Responsibility	11
Interim Financial Information	
— Condensed Consolidated Interim Statement of Comprehensive Income	12
— Condensed Consolidated Interim Statement of Financial Position	14
— Condensed Consolidated Interim Statement of Changes in Equity	16
— Condensed Consolidated Interim Statement of Cash Flows	17
— Notes to the Condensed Consolidated Interim Financial Information	18
Other Information	38



CORPORATE INFORMATION

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Mr. TSE Po Tat (*Chairman*)

Mr. KWAN Wang Yung

Dr. SZETO Wing Fu

Ms. WONG Pui Chu

Independent Non-executive Directors

Mr. KIU Wai Ming

Professor SIN Yat Ming

Mr. Andrew LOOK

AUDIT COMMITTEE

Mr. Andrew LOOK (*Chairman*)

Mr. KIU Wai Ming

Professor SIN Yat Ming

REMUNERATION COMMITTEE

Professor SIN Yat Ming (*Chairman*)

Mr. KIU Wai Ming

Ms. WONG Pui Chu

NOMINATION COMMITTEE

Mr. KIU Wai Ming (*Chairman*)

Mr. KWAN Wang Yung

Dr. SZETO Wing Fu

Mr. Andrew LOOK

Professor SIN Yat Ming

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. KWAN Wang Yung (*Chairman*)

Ms. WONG Pui Chu

Dr. SZETO Wing Fu

AUTHORIZED REPRESENTATIVES

Mr. KWAN Wang Yung

Dr. SZETO Wing Fu

COMPANY SECRETARY

Mr. LAU Siu Ki

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

22/F., Prince's Building

Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPLE PLACE OF BUSINESS IN HONG KONG

11 Dai King Street

Tai Po Industrial Estate

Tai Po, New Territories

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

CORPORATE INFORMATION



PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

16th Floor, The Center
99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central
Hong Kong

COMPANY WEBSITE

www.hungfooktong.com

STOCK CODE

1446

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The board of directors (the "Board") of Hung Fook Tong Group Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 ("1H2016").

During 1H2016, the retail sector remained challenging in both Hong Kong and Mainland China, with the two markets experiencing continuously erratic consumption sentiment and keen competition. Nonetheless, in the 30 years that the Group has been in operation, it has experienced its fair share of ups and downs, and the management is fully qualified to steer the Group under all circumstances.

With a solid reputation and strong brand recognition among the general public, particularly in Hong Kong, the management has been able to leverage such competitive edges to mitigate the impact of the difficult business climate, with revenue for 1H2016 reaching HK\$347.9 million (1H2015: HK\$357.4 million), while gross profit increased to HK\$216.4 million (1H2015: HK\$214.8 million) and gross profit margin increased to 62.2% (1H2015: 60.1%) mainly due to the enhancement of procurement procedures and the successful implementation of cost control measures. Profit attributable to owners rose 25.6% to HK\$1.4 million (1H2015: HK\$1.1 million).

The Group remains in a healthy financial position, with HK\$110.0 million in cash and cash equivalents as at 30 June 2016, and maintains strong cash flows with net cash generated from operating activities.

BUSINESS SEGMENT ANALYSIS

Retail

The retail segment generated revenue of HK\$258.9 million (1H2015: HK\$243.7 million) during 1H2016, up 6.2% year-on-year, and accounted for 74.4% of total revenue. Segment profit climbed 42.1% to HK\$31.9 million (1H2015: HK\$22.4 million), owing to the continuous expansion of the Hong Kong retail business.

Hong Kong

The Hong Kong retail operation contributed revenue of HK\$251.9 million (1H2015: HK\$235.1 million) to the Group, up 7.1% over the corresponding period of last year. The increase was mainly due to healthy same-store sales growth, driven by greater marketing efforts that leveraged online and social media platforms. Furthermore, incentives extended to the Group's loyalty programme members and the introduction of new products also contributed to the rise in revenue. Segmental profit rose as well; climbing by 22.5% to HK\$34.6 million (1H2015: HK\$28.2 million) owing to the increase in sales and the continuous cost control efforts.

In line with the management's commitment to prudent network expansion, four new shops were opened during 1H2016, mainly located in MTR station and shopping malls, the latter included one shop in Admiralty. Consequently, as at 30 June 2016, the retail network consists of 112 self-operated shops, hence, the Group has retained its position as the largest herbal retailer in Hong Kong in terms of retail network size.

To drive sales and build awareness, the Group placed much effort on marketing and promotions that capitalised on its 30th anniversary celebration, which was also an ideal opportunity for highlighting Hung Fook Tong's strong heritage and background as a locally established brand. By rolling out communication campaigns, including online strategies that utilise social media to promulgate the importance of family values, the Group has strengthened emotional ties with the Hong Kong people. At the same time, associated promotions that include celebratory special offers and discount lucky bags were launched to reward customers for their support.



BUSINESS SEGMENT ANALYSIS (Continued)

Retail (Continued)

Hong Kong (Continued)

In addition, 23 new or seasonal fresh products, including popular items like Pork Soup with Sea Coconut (海底椰合掌瓜百合雪耳豬蹄湯) and Drink with Corn Stigma and Coix seed (粟米鬚薏米飲品), were launched during 1H2016 to drive sales. A product that is fast becoming a favourite among customers is pig trotters and ginger in sweet vinegar sauce, which continues to enjoy good sales momentum, and is a testament to the management's foresight in entering the wedding and newborn markets via the Joyous Series (自家喜慶系列).

Not neglecting the Group's loyal customers, in particular, JIKA CLUB members which rose in numbers by over 48,000 during 1H2016 to 587,000 members, a lucky draw was introduced as part of the 30th anniversary celebrations, resulting in a 30% increase in the top-up value of membership cards during the campaign. Furthermore, recognising the increasing demand for more tailor-made and personal service, the Group has strategically segmented the members for specific services and promotional efforts. Correspondingly, a new Platinum Membership programme was introduced to reward high-spending customers, providing unique privileges and offers that befit their top-tier status. The programme is also designed to increase the loyalty of such active members and encourage further patronage.

Besides attracting traditional customers, the management also recognises the importance of drawing their online counterparts. In response, the Group introduced an online shopping platform, i.e. "Hung Fook Tong Online" in early 2016, which enjoyed good response from the general public, although the platform is still in its infancy at this point.

Mainland China

Revenue from the Mainland China retail operation declined by 18.8% year-on-year to HK\$7.0 million (1H2015: HK\$8.6 million), due primarily to the Group's strategic exit from the Shanghai market since the first half of 2015. Segment loss has narrowed to HK\$2.7 million (1H2015: loss of HK\$5.8 million) as a one-off charge was incurred during 1H2015 in connection with the termination of its Shanghai partnership. The management will continue to focus on the Guangzhou market where brand awareness is stronger, and where the Group operates 21 retail shops — the same number as at the end of 2015.

Wholesale

The wholesale segment contributed revenue of HK\$89.0 million (1H2015: HK\$113.7 million), down 21.7% from the corresponding period of last year, as fierce competition and weak retail momentum continued to impact on both the Hong Kong and Mainland China markets. The Group nonetheless introduced a number of new products on both sides of the border, including Iced Milk Tea (金裝奶茶) and the Fresh Fit Drinks Series (清解飲) to address consumers' desires for continuously new products, as well as to capture greater market share. Correspondingly, associated advertising and promotions were introduced, which consequently incurred related expenses, as well as listing fee (上架費用) for third party retailers. While the Group recorded a segment loss of HK\$8.0 million (1H2015: profit of HK\$3.9 million), the management trusts that such product launches are essential for sustaining the long-term development of the wholesale operation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SEGMENT ANALYSIS (Continued)

Wholesale (Continued)

Hong Kong

The Hong Kong wholesale business, which includes overseas market, experienced a downturn, with revenue declining by 20.9% year-on-year to HK\$53.0 million (1H2015: HK\$67.0 million) as the result of the unsatisfactory performance of a key distributor. On a positive note, the new Fresh Fit Drinks Series (launched in June 2016), which includes Apple & Bitter Melon (蘋果苦瓜) and Red Bean & Jobs Tears Seeds Drink (紅豆薏米), have generated encouraging sales momentum, even though related advertising and promotion expenses rose as the Group sought to establish their market presence.

Mainland China

In Mainland China, the wholesale segment generated revenue of HK\$36.0 million (1H2015: HK\$46.6 million), down 22.7% year-on-year. Local consumption sentiment remained weak, which has severely affected the beverage industry as a whole. Compounding matters is fierce competition resulting from a flood of new products on the market. The Group had to capitulate to demands for deep discounts by certain accounts — a common practice among the Group's rivals. Reported revenue from Mainland China was also impacted by the depreciation of the Renminbi.

Despite the difficult environment, the Group has made progress in expanding its distribution footprint, now covering 46 cities in 16 provinces across the country. The number of distributors has also increased to 78 as at 1H2016. It is worth noting that the Group secured two new key accounts in Guangzhou, a market that continues to be a major revenue contributor. Outside of Guangdong, the Shanghai market has shown signs of improvement, spurred by the introduction of new products that have been favourably received by consumers.

Production Facilities

During 1H2016, the Tai Po plant in Hong Kong obtained ISO22000 accreditation, its first milestone since commencing operation at the end of 2014. The achievement highlights the Group's efforts in food safety management and commitment to delivering products that meet high safety standards. The Group is also identifying suitable Original Equipment Manufacturer ("OEM") opportunities so as to raise the utilisation rates of both the Tai Po and Suzhou plants further.

PROSPECTS

Consumption sentiment is expected to remain weak in Hong Kong and Mainland China; hence the retail market will continue to face stiff challenges. The management will be highly cautious as it navigates the Group through the volatile conditions, particularly in Mainland China. Nonetheless, the Group is confident about its ability to maintain a lead position in the Hong Kong retail market. At the same time, it will seek to promulgate the "3H" concept of Health, Herbal and Home via the online business, which the management believes complements the retail operation since the platform offers a different and diverse portfolio of healthy products. Even though the online platform is still at an early stage of development and requires time to optimise, its growth potential is significant. The management will therefore direct greater focus on the online business, particularly in terms of enhancing the user experience, so that it develops into a new revenue stream, aside from the retail and wholesale operations.



PROSPECTS (Continued)

Retail

Hong Kong

As a market leader, the Group remains optimistic about maintaining its position in Hong Kong with products that have proven fully capable of weathering the lacklustre conditions. Furthermore, the Group will continue to prudently expand its shop network, by adding at least five more shops during the second half year, having already opened two shops and secured three other locations, including MTR shops along the South Island Line, the construction work of which is nearing completion. The plan to open at least nine new shops this year aligns with the Group's target.

In terms of encouraging same-store sales and broadening the Group's customer base, greater marketing efforts will be made via the internet, including the use of social media platforms that target the youth segment. Furthermore, to cope with the latest shopping behaviour which has shifted towards online spending via portable devices, the management will introduce more online tools for the Group's loyal members, such as the introduction of a new mobile application that deliver convenient and efficient "On-The-Go" shopping experiences. In respect of the Group's loyalty program, better tiered memberships will ensure the effective execution of targeted strategies to address different consumers' needs. The Group will step up efforts at optimising the resource planning and payment systems as well, so that traditional customers can also enjoy added shopping convenience while the Group can concurrently reduce costs.

Mainland China

With reference to the Mainland China retail operation, the management will primarily focus on Guangdong province, and identify suitable locations for possible new shops.

Wholesale

Hong Kong

In Hong Kong, where the Group is a market leader of wellness drinks, Hung Fook Tong will seek to sustain its market presence with an ever-expanding portfolio of products. The management will be highlighting the Fresh Fit Drinks as a healthy alternative to traditional beverages. In particular, the Red Bean & Jobs Tears Seeds Drink with low-sugar content will be targeted towards the health-conscious female segment. Realising the potential of its Iced Milk Tea, a new "less sugar" (少甜) formula with an attractive new packaging has been introduced in August this year to further raise interest, while a new Yuan Yang (鴛鴦) flavour will be released that will build on the series.

For the overseas business, the management plans to introduce a select line-up of drinks to the Thailand market in the remaining half year.

Mainland China

The Group will continue to take a highly cautious approach towards managing the Mainland China wholesale business, given the lacklustre economy and consumers' penchant for new drink experiences, as well as price sensitivity. In tackling this challenging market, the management will seek to drive sales and increase awareness by further promoting its new products, including the Fresh Fit Drinks and Nourishing Deluxe (甘露系列) series, which have already seen rising sales since the second quarter of 2016. The management believes that they will generate still greater sales in the summer months, which is the traditional peak season for such drinks.

Geographically, the management will tap a variety of sales channels to reach local consumers. This will be complemented by product mixes that are tailored for the varied tastes of customers from different regions. The Group will also continue to partner with popular e-retailers such as Yihaodian (1號店), Jingdong (JD.com) (京東) and sfbest.com (順豐優選) to tap the vast online shopping demand.

CONCLUSION

With a solid foundation, strong brand value and effective business segmentation — the product of 30 years of business operation — the Group is fully capable of weathering volatile conditions. At the same time, the Group will take the necessary measures to maintain its leadership in the Hong Kong market and achieve a turnaround in Mainland China, and will look to reap the benefit in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In 1H2016, the Group's revenue amounted to HK\$347.9 million, representing a decrease of 2.6% from HK\$357.4 million in 1H2015. The decrease was attributed to the net effect of an increase of 7.1% in Hong Kong retail sales and a decrease of 21.7% in wholesales, as a result of the general economic slowdown and keen competition in the beverage market in both Hong Kong and Mainland China.

Cost of Sales

In 1H2016, the Group's cost of sales amounted to HK\$131.5 million, representing a decrease of 7.8% from HK\$142.6 million in 1H2015. As a percentage of revenue, cost of sales represented 37.8% and 39.9% in 1H2016 and 1H2015 respectively.

Gross Profit and Gross Profit Margin

In 1H2016, the Group's gross profit amounted to HK\$216.4 million, representing an increase of 0.8% from HK\$214.8 million in 1H2015. The Group's gross profit margin increased by 2.1% to 62.2% as compared to 60.1% in 1H2015. The increase was mainly due to the decrease in the costs of raw materials, arising from the enhancement of procurement procedures and the successful implementation of cost control measures.

Staff Costs

In 1H2016 the Group's staff costs amounted to HK\$109.7 million, similar to the staff costs of HK\$109.0 million in 1H2015. The staff cost-to-revenue ratio remained stable, at 31.5% as compared to 30.5% in 1H2015.

Rental Expenses

In 1H2016, the Group's rental expenses in relation to its retail shops amounted to HK\$47.9 million, representing an increase of 4.1% from HK\$46.0 million in 1H2015. The increase was primarily due to new shops leased during the period and the increase in rent upon renewal of leases. Rental expense-to-retail-revenue ratio (Hong Kong and Mainland China) dropped slightly to 18.5%, as compared to 18.9% in 1H2015.

Advertising and Promotion Expenses

In 1H2016, the Group's advertising and promotion expenses amounted to HK\$13.9 million, representing an increase of 11.0% from HK\$12.5 million in 1H2015. This accounted for 4.0% and 3.5% respectively of the revenue in 1H2016 and 1H2015. More marketing expenses had been incurred for the Group's 30th anniversary celebration during the period.



FINANCIAL REVIEW (Continued)

Depreciation and Amortisation

In 1H2016, the depreciation and amortisation of the Group amounted to HK\$17.1 million, which is comparable to HK\$17.3 million in 1H2015. This accounted for 4.9% and 4.8% respectively of the revenue in 1H2016 and 1H2015.

Net Profit

Profit attributable to owners of the Company for 1H2016 was HK\$1.4 million, representing an increase of 25.6% from HK\$1.1 million in 1H2015. The net profit margin (calculated as profit attributable to owners of the Company as a ratio of revenue) for six months ended 30 June 2016 was 0.4%, as compared to 0.3% for the same period last year.

Basic earnings per share for the period amounted to HK0.22 cent, as compared to the corresponding period's figure of HK0.17 cent in 2015.

Capital Expenditure

During 1H2016, capital expenditure amounted to HK\$9.4 million (1H2015: HK\$16.1 million). This amount was used mainly for the opening of new shops, the revamping of existing retail shops and the production facilities in Shenzhen, Suzhou and Tai Po plant.

Liquidity and Financial Resources Review

The Group is financially sound with bank deposits and cash amounting to HK\$113.9 million as at 30 June 2016 (31 December 2015: HK\$146.5 million).

As at 30 June 2016, the gearing ratio of the Group was 0.19 (31 December 2015: 0.34), which was calculated based on total debt divided by total equity attributable to owners of the Company.

As at 30 June 2016, the Group has total banking facilities of HK\$188.2 million (31 December 2015: HK\$208.7 million) of which HK\$50.9 million (31 December 2015: HK\$88.0 million) has been utilised.

We aim to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which would enable us to continue our business in a manner consistent with the short-term and long-term financial strategies of the Group.

Foreign Currency Risk

The Group operates mainly in Hong Kong and Mainland China and conducts our business primarily in Hong Kong dollars and Renminbi. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and the United States dollar. The Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

Material Acquisitions, Disposals and Significant Investments

There were no material acquisitions, disposals or significant investments during the six months ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Contingent Liabilities

- (i) Taclon Industries Limited ("Taclon"), a subsidiary of the Company, is involved in a potential litigation with a claim amounting to approximately HK\$10.3 million (the "Alleged Debt"). It is the understanding of the directors of the Company that the Alleged Debt is a personal debt belongs to a Taclon's former director. The directors of the Company are of the view that Taclon did not or does not owe the claimant the Alleged Debt and will vigorously defend the Taclon's position in the legal proceeding. Moreover, AC Alliance Investment Limited (formerly known as "Hung Fook Tong Industrial Co. Limited"), a related company outside the Group, had confirmed, covenant and undertaken to indemnify and keep indemnified fully Taclon against any cost, loss or damages arising from the litigation.
- (ii) Taclon has several pending litigations and claims with its former employees of which provision of approximately HK\$1,000,000 has been provided as at 30 June 2016.

Charge on the Group's Assets

As at 30 June 2016, certain assets of Group had been pledged to secure bank borrowing facilities, details of which are set forth on pages 34 and 35 (Note 20) of this interim report.

Human Resources

As at 30 June 2016, the Group employed approximately 1,414 employees. Remuneration was based on market price, individual qualification and experience, and there was discretionary bonus based on years of service and performance appraisal. In addition, the Group has also implemented share option schemes.

During the six months ended 30 June 2016, various training activities, such as orientation on both frontline and back office operations, customer services & sales skills, product knowledge (Herbal Ambassador Program) and retail operations, have been conducted to improve the quality of frontline services, as well as enhance customer experience and to ensure the smooth and effective operation of the Point-of-Sales ("POS") system. A supervisor trainee program was also run to attract talents, enhancing the leadership skills of the participants including their professional and managerial techniques as well as their knowledge in machinery monitoring and production processing.

AWARDS AND CORPORATE SOCIAL RESPONSIBILITY



Hung Fook Tong has continued to be both a model corporate citizen and a brand that grows from strength to strength. The numerous awards earned during the six months ended 30 June 2016 (see below list) fully attest to such assertions.

Issuer of Award	Award
The Hong Kong Council of Social Service East Week Superbrands Hong Kong Brand Development Council & The Chinese Manufacturers' Association of Hong Kong	10 Years plus Caring Company Logo (2006-2016) Hong Kong Service Awards 2016 Superbrands 2016 Hong Kong Top Brand
The Federation of Hong Kong Industries Hong Kong Women Professionals & Entrepreneurs Association 7-Eleven	Hong Kong Q-Mark Service Scheme FoodEver WasteNever Award — Silver Class 2015 Outstanding Sales Performance Awards within a category — Beverages
PARKnSHOP The Hong Kong Productivity Council Employees Retaining Board	PARKnSHOP Super Brands Award 2015 — Healthy Drinks Happiness-at-Work 2016 ERB Manpower Developer Award Scheme: Manpower Developer (2011-17)

Community Involvement

Leveraging the 30th anniversary of Hung Fook Tong, the Group introduced the “We Love Local Culture” (愛傳統 • 愛傳承) online campaign which placed traditional local businesses in the limelight. The objective of the campaign is to allow the community to better appreciate the perseverance displayed by such companies, and arouse their Hong Kong spirit.

The Group has also directly reached out to the community through the support of charitable works, as recognised by the “10 Years plus Caring Company Logo” earned this year. During the six months ended 30 June 2016, it offered in-kind products and cash sponsorships to nearly 60 non-governmental organisations and charitable institutions. Donation boxes and relevant promotional leaflets were made available in more than 90 retail shops of the Group.

The Group has also offered a helping hand to the community through participation in such activities as the Community Chest Skip Lunch Day — 2016 marks the seventh consecutive year that the Group has participated in the activity — which encourages participants to donate their lunch money to help support the needy. This year, the Group sponsored nearly 35,000 food coupons, raising approximately HK\$2 million. Furthermore, the Hung Fook Tong Volunteer Team remained active and worked with the Evangelical Lutheran Church of Hong Kong in arranging a health talk on Chinese medicine for the elderly.

Environmental Friendly Initiatives

During 1H2016, the Group was involved in a number of green initiatives, including recycling and converting food waste, such as eggshells and unwanted soup ingredients into animal feed. It continued to participate in food donations as well, being a long-standing partner of such associations as People Service Centre (民社), which collects surplus food at selected retail outlets each day. The Group also supports a number of food banks, including Food Angel (惜食堂).

With regards to energy conservation, a number of retail outlets of the Group use LED lighting. Also, an increasing number of shops use refrigerators that have plastic curtains to reduce energy consumption.

To encourage the recycling effort, particularly among JIKA Club members, the Group offers bonus points to those who clean and return their tortoise herbal jelly containers to its retail shops for recycling.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	(Unaudited)	
		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Revenue	5, 6	347,933	357,374
Cost of sales	7	(131,503)	(142,615)
Gross profit		216,430	214,759
Other income	6	492	1,082
Other (losses)/gains, net	6	(443)	20
Selling and distribution costs	7	(35,813)	(33,620)
Administrative expenses	7	(177,857)	(179,114)
Operating profit		2,809	3,127
Finance income		139	169
Finance costs		(1,236)	(1,192)
Finance costs, net		(1,097)	(1,023)
Profit before income tax		1,712	2,104
Income tax expense	8	(383)	(506)
Profit for the period		1,329	1,598
Profit attributable to:			
Owners of the Company		1,420	1,131
Non-controlling interests		(91)	467
		1,329	1,598
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (HK cent per share)	9	0.22	0.17

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016



	Note	(Unaudited)	
		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss</i>			
— Currency translation differences		(726)	478
Other comprehensive (loss)/income, net of tax		(726)	478
Total comprehensive income for the period		603	2,076
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		770	1,609
— Non-controlling interests		(167)	467
		603	2,076

The notes on pages 18 to 37 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	234,393	242,102
Investment property	11	785	800
Leasehold land	12	31,454	31,965
Prepayments and deposits		21,217	19,764
Deferred income tax assets		4,277	4,290
		<u>292,126</u>	<u>298,921</u>
Current assets			
Inventories		30,772	30,102
Trade receivables	13	62,061	64,320
Prepayments, deposits and other receivables		32,124	29,458
Amounts due from related companies		748	822
Tax recoverable		4,071	4,084
Pledged bank deposits		2,528	15,007
Bank deposits with original maturity over 3 months		1,373	4,097
Cash and cash equivalents		109,983	127,410
		<u>243,660</u>	<u>275,300</u>
Total assets		<u>535,786</u>	<u>574,221</u>
Equity			
Equity attributable to owners of the Company			
Share capital	14	6,559	6,559
Share premium		214,999	214,999
Reserves		35,197	34,427
		<u>256,755</u>	<u>255,985</u>
Non-controlling interests		<u>2,654</u>	<u>2,821</u>
Total equity		<u>259,409</u>	<u>258,806</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016



	Note	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Liabilities			
Non-current liabilities			
Provision for reinstatement costs	18	3,769	4,027
Deferred income tax liabilities		326	326
Bank borrowings	20	28,624	37,722
Obligation under finance leases		233	797
		32,952	42,872
Current liabilities			
Trade payables	16	34,983	28,925
Accruals and other payables	17	60,436	65,776
Provision for reinstatement costs	18	2,472	2,233
Receipts in advance	19	121,558	122,743
Bank borrowings	20	19,701	47,861
Obligation under finance leases		1,116	1,093
Taxation payable		3,159	3,912
		243,425	272,543
Total liabilities		276,377	315,415
Total equity and liabilities		535,786	574,221
Net current assets		235	2,757
Total assets less current liabilities		292,361	301,678

The notes on pages 18 to 37 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1 January 2016 (audited)	6,559	214,999	8,123	5,421	21	20,862	255,985	2,821	258,806
Comprehensive income									
Profit for the period	-	-	-	-	-	1,420	1,420	(91)	1,329
Other comprehensive income									
Currency translation differences	-	-	-	-	(650)	-	(650)	(76)	(726)
Total comprehensive income for the period	-	-	-	-	(650)	1,420	770	(167)	603
Balance at 30 June 2016 (unaudited)	6,559	214,999	8,123	5,421	(629)	22,282	256,755	2,654	259,409

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1 January 2015 (audited)	6,557	214,650	8,123	5,528	1,829	12,586	249,273	4,310	253,583
Comprehensive income									
Profit for the period	-	-	-	-	-	1,131	1,131	467	1,598
Other comprehensive income									
Currency translation differences	-	-	-	-	478	-	478	-	478
Total comprehensive income for the period	-	-	-	-	478	1,131	1,609	467	2,076
Transaction with owners									
Employees share option scheme: — proceeds from shares issued (Note 15)	2	349	-	(107)	-	-	244	-	244
	2	349	-	(107)	-	-	244	-	244
Balance at 30 June 2015 (unaudited)	6,559	214,999	8,123	5,421	2,307	13,717	251,126	4,777	255,903

The notes on pages 18 to 37 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016



	Note	(Unaudited)	
		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash generated from operations		19,743	15,689
Income tax paid		(1,110)	(3,398)
		<u>18,633</u>	<u>12,291</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,877)	(28,138)
Proceeds from disposal of property, plant and equipment		1	774
Reinstatement costs paid for shop and office premises	18	(167)	(1,237)
Advance from/(repayment to) related companies		74	(136)
Decrease in pledged bank deposits		12,479	466
Decrease in bank deposits with original maturity over 3 months		2,724	10,030
Interest received		139	169
		<u>3,373</u>	<u>(18,072)</u>
Cash flows from financing activities			
Proceeds from new borrowings	20	33,000	35,000
Repayment of obligation under finance leases		(576)	(519)
Repayment of bank loans	20	(70,258)	(30,428)
Interest paid		(1,201)	(1,192)
Proceeds from exercising share options		–	244
		<u>(39,035)</u>	<u>3,105</u>
Net decrease in cash and cash equivalents			
Effect of currency translation difference		(398)	421
Cash and cash equivalents at beginning of period		127,410	87,641
Cash and cash equivalents at end of period			
		<u>109,983</u>	<u>85,386</u>

The notes on pages 18 to 37 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Hung Fook Tong Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 January 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the retail, wholesale and distribution of bottled drinks, other herbal products, soups and snacks in Hong Kong and the People's Republic of China excluding Hong Kong (the "PRC" for the purpose of this condensed consolidated interim financial information).

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").



2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Adoption of new accounting policy in the current interim period:

(a) New and amended standards adopted by the Group

The following amendments to standards, amendments and interpretation and annual improvements have been adopted by the Group for the first time for the financial year beginning on 1 January 2016:

Annual improvements Project 2014	Annual Improvements 2012–2014 Cycle
HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

These amendments have no material impact to the Group's financial information and only results in changes in disclosures format.

(b) New and amended standards not yet adopted

The following new standards and amendments have been issued but are not effective for the financial year beginning on or after 1 January 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Lease	1 January 2019

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management or in any risk management policies since the Group's annual financial statements as at 31 December 2015.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for the decrease in bank borrowings of HK\$37,258,000 to HK\$48,325,000 as at 30 June 2016. Of these borrowings, the Group expects HK\$19,701,000 will be settled within 1 year, HK\$15,287,000 in 1-2 years and the remaining HK\$13,337,000 in 2-5 years.

4.3 Fair value estimation

The carrying values of the Group's financial assets, including trade receivables, deposits and other receivables, amounts due from related companies, pledged bank deposits and cash and cash equivalents, and financial liabilities, including trade payables, other payables, amounts due to related companies, bank borrowings and obligation under finance leases, approximate their fair values due to their short maturities.



5 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to making strategic decisions. The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from a customer perspective and assess the performance of the operating segments based on the segment assets, segment revenue and segment results for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as this condensed consolidated interim financial information.

Management has identified three reportable segments based on the Group's business model, namely the (1) Hong Kong Retail; (2) PRC Retail and (3) Wholesale.

Segment assets consist primarily of property, plant and equipment, investment property, leasehold land, inventories, trade receivables, prepayments, deposits and other receivables, pledged bank deposits, bank deposits with original maturity over 3 months and cash and cash equivalents. They exclude deferred income tax assets, amounts due from related companies, tax recoverable and assets used for corporate functions.

Capital expenditure comprises additions to property, plant and equipment for the six months ended 30 June 2016 and 2015.

Geographically, management considers the retail, wholesale, distribution of bottled drinks, other herbal products, soups and snacks are mainly located in Hong Kong and the PRC, which the revenue and segment results are determined by the geographical location in which the customer is operated. The assets are determined based on where the assets are located. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

Unallocated corporate expenses, finance income and costs and income tax expense are not included in segment results.

There is no single external customer that contributed more than 10% revenue to the Group's revenue for the six months ended 30 June 2016 and 2015 respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors for the six months ended 30 June 2016 and 2015 are as follows:

	(Unaudited)			
	Six months ended 30 June 2016			
	Hong Kong retail HK\$'000	PRC retail HK\$'000	Wholesale HK\$'000	Total HK\$'000
Segment revenue	256,941	6,967	91,580	355,488
Less: Inter-segment revenue	(5,024)	–	(2,531)	(7,555)
Revenue from external customers	251,917	6,967	89,049	347,933
Segment results	34,602	(2,732)	(8,041)	23,829
Corporate expenses				(21,020)
Finance costs, net				(1,097)
Profit before income tax				1,712
Income tax expense				(383)
Profit for the period				1,329
Other segment items:				
Capital expenditure	4,488	545	4,414	9,447
Depreciation	12,979	741	3,407	17,127
Interest income	90	–	49	139

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



5 REVENUE AND SEGMENT INFORMATION (Continued)

	(Unaudited)			
	Six months ended 30 June 2015			
	Hong Kong retail HK\$'000	PRC retail HK\$'000	Wholesale HK\$'000	Total HK\$'000
Segment revenue	238,409	8,576	117,156	364,141
Less: Inter-segment revenue	(3,288)	–	(3,479)	(6,767)
Revenue from external customers	235,121	8,576	113,677	357,374
Segment results	28,236	(5,810)	3,916	26,342
Corporate expenses				(23,215)
Finance costs, net				(1,023)
Profit before income tax				2,104
Income tax expense				(506)
Profit for the period				1,598
Other segment items:				
Capital expenditure	7,887	–	8,194	16,081
Depreciation	12,429	1,165	3,668	17,262
Interest income	87	1	81	169

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 REVENUE AND SEGMENT INFORMATION (Continued)

The segment assets as at 30 June 2016 and 31 December 2015 are as follows:

	Hong Kong retail HK\$'000	PRC retail HK\$'000	Wholesale HK\$'000	Elimination HK\$'000	Total HK\$'000
As at 30 June 2016					
Segment assets	359,976	10,082	154,335	(3,720)	520,673
Amounts due from related companies					748
Tax recoverable					4,071
Deferred income tax assets					4,277
Corporate assets					6,017
Total assets					535,786
As at 31 December 2015					
Segment assets	370,621	10,475	174,580	(3,453)	552,223
Amounts due from related companies					822
Tax recoverable					4,084
Deferred income tax assets					4,290
Corporate assets					12,802
Total assets					574,221

The eliminations between the reportable segments are intercompany receivables and payables between the operating segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



6 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

The Group's revenue, other income and other (losses)/gains, net recognised during the six months period is as follows:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Sale of goods	339,471	349,997
Revenue recognised upon expiry of pre-paid coupons and credits	8,462	7,377
	347,933	357,374
Other income		
Rental income	156	136
Franchise income	55	23
Rebate from utility company	–	560
Others	281	363
	492	1,082
Other (losses)/gains, net		
Exchange difference	(387)	(24)
(Losses)/gains on disposal of property, plant and equipment	(56)	44
	(443)	20

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSE BY NATURE

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Cost of inventories sold	97,585	110,683
Operating lease rental in respect of retail outlets		
— Minimum rental	47,716	45,735
— Contingent rental	156	231
Operating lease rental in respect of storage spaces and office premises	9,674	9,392
Advertising and promotional expenditure	13,864	12,485
Depreciation of property, plant and equipment (Note 11)	16,601	16,736
Amortisation of leasehold land (Note 12)	511	511
Depreciation of investment property (Note 11)	15	15
Communication and utilities	15,981	17,151
Employee benefit expenses (including directors' emoluments)	109,716	109,009
Provision for obsolete inventories	–	164
Provision for impairment of trade receivables	480	–
Impairment losses on property, plant and equipment (Note 11)	171	1,335
Legal and professional fees	1,773	2,579
Auditors' remuneration		
— Audit services	525	500
— Non-audit services	166	174
Repair and maintenance expenses	5,558	4,568
Transportation and distribution expenses	14,980	14,501
Others	9,701	9,580
	345,173	355,349
Total cost of sales, selling and distribution costs and administrative expenses	345,173	355,349

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



8 INCOME TAX EXPENSE

Hong Kong profits tax and PRC Corporate Income Tax ("CIT") has been provided at the rate of 16.5% and 25%, respectively (six months ended 30 June 2015: 16.5% and 25% respectively).

The amount of income tax expense charged to the condensed consolidated interim statement of comprehensive income represents:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
— Hong Kong profits tax on profit for the period	—	—
— PRC CIT on profit for the period	340	506
— Under-provision in prior years	30	—
Deferred income tax	13	—
Income tax expense	383	506

9 EARNINGS PER SHARE

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (HK'000)	1,420	1,131
Weighted average number of ordinary shares in issue for basic earnings per share (thousand shares)	655,944	655,746
Adjustments for share options (thousand shares)	—	77
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	655,944	655,823
Earnings per share attributable to owners of the Company		
— Basic earnings per share (HK cent)	0.22	0.17
— Diluted earnings per share (HK cent)	0.22	0.17

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 EARNINGS PER SHARE (Continued)

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share for the six months ended 30 June 2016 equals basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

Diluted earnings per share for the six months ended 30 June 2015 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 June 2015, the Group had share options which might result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

10 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

11 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

11.1 Property, plant and equipment

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
At 1 January	242,102	252,057
Additions	9,447	16,081
Disposals	(57)	(730)
Depreciation (Note 7)	(16,601)	(16,736)
Impairment losses (Note 7)	(171)	(1,335)
Exchange difference	(327)	16
	<u>234,393</u>	<u>249,353</u>
At 30 June	234,393	249,353

Depreciation of HK\$4,349,000 (30 June 2015: HK\$2,520,000) has been charged in 'cost of sales', HK\$12,133,000 (30 June 2015: HK\$14,065,000) in 'administrative expenses' and HK\$119,000 (30 June 2015: HK\$151,000) in 'selling and distribution costs' for the period ended 30 June 2016.



11 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (Continued)

11.2 Investment property

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
At 1 January	800	829
Depreciation (Note 7)	(15)	(15)
At 30 June	<u>785</u>	<u>814</u>

Investment property situated in Hong Kong is held under lease of over 50 years and rented out under operating lease.

Depreciation of HK\$15,000 (30 June 2015: HK\$15,000) has been charged in 'administrative expenses' for the period ended 30 June 2016 .

12 LEASEHOLD LAND

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
At 1 January	31,965	32,987
Amortisation (Note 7)	(511)	(511)
At 30 June	<u>31,454</u>	<u>32,476</u>

Amortisation of leasehold land of HK\$511,000 (30 June 2015: HK\$511,000) has been charged in 'administrative expenses' for the period ended 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 TRADE RECEIVABLES

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Trade receivables	62,769	66,048
Less: Provision for impairment of trade receivables	(708)	(1,728)
	<u>62,061</u>	<u>64,320</u>

The Group's credit terms granted to wholesale customers generally ranged from 30 to 105 days. As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Less than 30 days	35,522	28,514
31 – 90 days	22,801	23,561
Over 90 days	3,738	12,245
	<u>62,061</u>	<u>64,320</u>

14 SHARE CAPITAL

	Number of shares	Ordinary shares HK\$
Authorised:		
At 1 January 2016 and 30 June 2016 (Unaudited)	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
At 1 January 2016 and 30 June 2016 (Unaudited)	<u>655,944,000</u>	<u>6,559,440</u>



15 SHARE BASED PAYMENTS

A pre-IPO share option scheme (“Pre-IPO Share Option Scheme”) was approved and adopted by the shareholders of the Company on 11 June 2014 (the “Adoption Date”). Another share option scheme (“Share Option Scheme”) was also approved on the same date by the shareholders of the Company. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme (where applicable) except for the following principal terms:

(a) Subscription price per share

For Pre-IPO Share Option Scheme, the subscription price per share shall be HK\$1.0;

For Share Option Scheme, the subscription price per share shall be determined by the Board of Directors and notified to the grantee at the time of offer of the option.

(b) Duration of the share option schemes

For shares granted under Pre-IPO Share Option Scheme, the options will lapse automatically if the listing of the Company does not take place by 31 December 2014.

For Share Option Scheme, the scheme shall be valid and effective for a period of 10 years from 11 June 2014, being the date which the scheme was conditionally approved and adopted.

Pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme, the Board of Directors may, at its discretion, grant share options to any director, employee, consultant, professional, customer, supplier, agent, partner or advisor of or contractor to our Group or their trustee subject to the terms and conditions stipulated therein.

Movements in the number of share options of the Pre-IPO Share Option Scheme outstanding and the average exercise prices are as follows:

	(Unaudited) 2016		(Unaudited) 2015	
	Average exercise price in HK\$ per share	Number of shares under options (in thousands)	Average exercise price in HK\$ per share	Number of shares under options (in thousands)
At 1 January	1.0	10,528	1.0	12,636
Exercised	1.0	–	1.0	(244)
Lapsed	1.0	(544)	1.0	(1,164)
At 30 June		9,984		11,228

On 11 June 2014, options over 12,636,000 shares were conditionally granted under the Pre-IPO Share Option Scheme and the exercisable period is from 4 January 2015 (six months following the Listing Date of the Company) to 4 July 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 SHARE BASED PAYMENTS (Continued)

The outstanding share options under the Pre-IPO Share Option Scheme have the following expiry date and exercise price:

Expiry date	Exercise price Per share HK\$	Share options	
		30 June 2016 (in thousands)	31 December 2015 (in thousands)
4 July 2017	1.0	9,984	10,528
		9,984	10,528

The significant inputs into the Binomial Option Valuation Model were share price of HK\$1.3 (being the upper-point of the Company's offer price range), volatility of the underlying stock of 33% (being the volatility of the stock returns of listed companies in the beverage industry in Hong Kong), risk-free interest rate of 0.78% (being the yield of 3-year fund note issued by the Hong Kong Monetary Authority) and suboptimal exercise factor of 2.88 (being the factor to account for the early exercise behavior of the share option). Options are conditional on the employees completing six months' service (the vesting period).

The fair value of options granted during the year ended 31 December 2014 determined using the Binomial Option Valuation Model was HK\$5,528,000 and had been recognised as an expense in full in the consolidated statement of comprehensive income for the year ended 31 December 2014.

Options exercised during the six months ended 30 June 2015 resulted in the issuance of 244,000 shares, with exercise proceeds of HK\$244,000.

No option exercised during the six months ended 30 June 2016.

During the six months period ended 30 June 2016, 544,000 share options were lapsed as a result of the cessation of employment of certain employees (30 June 2015: 1,164,000).

16 TRADE PAYABLES

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade payables, based on invoice date is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
0 – 30 days	18,023	13,169
31 – 60 days	12,040	13,239
61 – 90 days	4,287	2,498
Over 90 days	633	19
	34,983	28,925

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



17 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Accruals for employee benefit expenses	23,468	25,860
Accruals for marketing and promotional expenses	2,086	1,697
Accruals for sales rebate	1,203	1,100
Rental and other store expenses payable	10,122	11,559
Office and utilities expenses payable	3,514	2,774
Deferred revenue	895	717
Consideration payable for property, plant and equipment acquired	3,912	5,041
Other accruals and other payables	15,236	17,028
	60,436	65,776

18 PROVISION FOR REINSTATEMENT COSTS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current		
Provision for reinstatement costs	3,769	4,027
Current		
Provision for reinstatement costs	2,472	2,233
	6,241	6,260

Movements on the Group's provision for reinstatement costs are as follows:

	(Unaudited) Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
At 1 January	6,260	7,176
Additional provision during the period	148	198
Utilisation	(167)	(1,237)
At 30 June	6,241	6,137

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RECEIPTS IN ADVANCE

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Receipts in advance	121,558	122,743

Movements on the Group's receipts in advance are as follows:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
Note	HK\$'000	HK\$'000
At 1 January	122,743	116,252
Receipt from sales of pre-paid coupons and credits during the period	145,241	131,361
Revenue recognised upon the redemption of products by customers	(a) (137,906)	(129,050)
Revenue recognised upon expiry of pre-paid coupons and credits	(b) (8,462)	(7,377)
Exchange difference	(58)	37
At 30 June	121,558	111,223

Note:

- (a) The amounts represent revenue recognised in condensed consolidated interim statement of comprehensive income as a result of redemption of products by customers during the period.
- (b) The amounts represent revenue recognised in condensed consolidated interim statement of comprehensive income for pre-paid coupons and credits expired in accordance with the contractual periods stipulated in the respective terms and conditions.

20 BANK BORROWINGS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current	28,624	37,722
Current	19,701	47,861
	48,325	85,583

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



20 BANK BORROWINGS (Continued)

Movements in bank borrowings are analysed as follows:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
At 1 January	85,583	65,252
Repayments of bank borrowings	(70,258)	(30,428)
Proceeds from bank borrowings	33,000	35,000
At 30 June	<u>48,325</u>	<u>69,824</u>

The bank borrowings facilities granted to the Group are secured by the following:

- (a) Corporate guarantees given by the Company and certain subsidiaries of the Company;
- (b) Pledge of time deposit; and
- (c) Plant and machinery and motor vehicles with net carrying amount of HK\$3,343,000 (31 December 2015: HK\$3,558,000) and HK\$276,000 (31 December 2015: HK\$330,000) respectively.

The carrying amounts of bank borrowings approximate their fair values.

The carrying amounts of the Group's bank borrowings are denominated in Hong Kong dollars.

21 CONTINGENT LIABILITIES

- (i) Taclon Industries Limited ("Taclon"), a subsidiary of the Company, is involved in a potential litigation with a claim amounting to approximately HK\$10.3 million ("Alleged Debt"). It is the understanding of the directors of the Company (the "Directors") that the Alleged Debt is a personal debt of Taclon's former director. The Directors are of the view that the Taclon did not or does not owe the claimant the Alleged Debt and will vigorously defend Taclon's position in the legal proceeding. Moreover, AC Alliance Investment Limited (formerly known as "Hung Fook Tong Industrial Co. Limited"), a related company outside the Group, had confirmed, covenant and undertaken to indemnify and keep indemnified fully Taclon against any cost, loss or damages arising from the litigation.
- (ii) Taclon has several pending litigations and claims with its former employees of which provision of approximately HK\$1,000,000 has been provided as at 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RELATED-PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Rental expenses paid for office premises		
— Action Rich Investment Limited	—	270
Purchase of bottled water		
— Aqua Pure Distilled Water Company Limited	—	12
Production services fee		
— Aqua Pure Distilled Water Company Limited	—	209

These transactions were made on terms mutually agreed by the relevant parties.

(b) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for their services is shown as below:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Fees, salaries, allowances and benefits in kind	7,039	7,165
Pension costs	126	107
	7,165	7,272



23 COMMITMENTS

(a) Operating leases commitments

As lessee

The Group had future aggregate minimum lease payments in relation of retail outlets, storage spaces and office premises under non-cancellable operating lease as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Not later than 1 year	94,946	86,830
Later than 1 year and no later than 5 years	88,507	62,223
	183,453	149,053

The leases have varying terms and escalation clauses. The operating lease rentals of certain outlets are based on the higher of a minimum guaranteed rental or a sales-level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

(b) Capital commitments

The Group had the following capital expenditure contracted but not yet incurred and provided for is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Contracted but not provided for property, plant and equipment	4,188	1,576

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the interests and short positions of the Directors of the Company and their associates in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be disclosed, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code") and the "Code of Conduct for Securities Transactions by Directors of the Company" adopted by the Company (the "Company's Code") were as follows:

Name of Director	Nature of Interest	Number of shares	Approximate Percentage of total issued shares (%)
Ms. Wong Pui Chu (Notes 1, 2 & 3)	Interests held jointly with other persons; Interest in a controlled corporation; Beneficial interest;	413,656,600 (L)	63.06
Mr. Tse Po Tat (Notes 1 & 4)	Interests held jointly with other persons; Interest in a controlled corporation	413,656,600 (L)	63.06
Mr. Kwan Wang Yung (Notes 1 & 5)	Interests held jointly with other persons; Interest in a controlled corporation	413,656,600 (L)	63.06
Dr. Szeto Wing Fu (Note 6)	Interest in a controlled corporation	24,704,600 (L)	3.77



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

The letter "L" denotes a Director's "long position" in such shares.

- (1) Pursuant to a deed of confirmation dated 27 March 2014 executed by Ms. Wong Pui Chu, Mr. Tse Po Tat, Mr. Kwan Wang Yung, Think Expert Investments Limited ("Think Expert"), YITAO Investments Limited ("YITAO") and Prestigious Time Limited ("Prestigious Time") (the "Controlling Shareholders"), the Controlling Shareholders have agreed to jointly control their respective interests in the Company. Decisions as to the business and operations of the Group shall be made in accordance with the unanimous consent of all the Controlling Shareholders. Each of the Controlling Shareholders shall exercise their respective voting rights in the Company in the same way. Hence, each of the Controlling Shareholders is deemed to be interested in all the Shares held by the Controlling Shareholders in aggregate by virtue of the SFO.
- (2) The Company was directly owned 0.27% (being 1,810,000 shares) by Ms. Wong Pui Chu.
- (3) The Company was directly owned as to 30.74% (being 201,638,200 shares) by Think Expert. By virtue of her 100% shareholding of Think Expert, Ms. Wong Pui Chu is deemed to be interested in the same number of shares held by Think Expert.
- (4) The Company was directly owned as to 18.16% (being 119,122,400 shares) by YITAO. By virtue of his 100% shareholding of YITAO, Mr. Tse Po Tat is deemed to be interested in the same number of shares held by YITAO.
- (5) The Company was directly owned as to 13.89% (being 91,086,000 shares) by Prestigious Time. By virtue of his 100% shareholding of Prestigious Time, Mr. Kwan Wang Yung is deemed to be interested in the same number of shares held by Prestigious Time.
- (6) The Company was directly owned as to 3.77% (being 24,704,600 shares) by Aolong Limited ("Aolong"). By virtue of his 100% shareholding of Aolong, Dr. Szeto Wing Fu is deemed to be interested in the same number of shares held by Aolong.

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and the Company's Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the shares or short positions in the shares and the underlying shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholder	Nature of Interest	Number of shares	Approximate Percentage of total issued shares (%)
Think Expert (Note 1)	Interests held jointly with other persons; Beneficial interest	413,656,600 (L)	63.06
YITAO (Note 2)	Interests held jointly with other persons; Beneficial interest	413,656,600 (L)	63.06
Ms. Chan Suk Hing Comita (Note 3)	Interest of spouse	413,656,600 (L)	63.06
Prestigious Time (Note 4)	Interests held jointly with other persons; Beneficial interest	413,656,600 (L)	63.06
Mrs. Kwan Chan Lai Lai (Note 5)	Interest of spouse	413,656,600 (L)	63.06

Notes:

The letter "L" denotes a substantial shareholder's "long position" in such Shares.

- (1) The interest of Think Expert was disclosed as the interest of Ms. Wong Pui Chu in the above section headed "Directors' Interests and Short Positions in Shares and Underlying Shares".
- (2) The interest of YITAO was disclosed as the interest of Mr. Tse Po Tat in the above section headed "Directors' Interests and Short Positions in Shares and Underlying Shares".
- (3) Ms. Chan Suk Hing Comita is the Spouse of Mr. Tse Po Tat and is therefore deemed to be interested in the shares that Mr. Tse Po Tat is interested in under the SFO.
- (4) The interest of Prestigious Time was disclosed as the interest of Mr. Kwan Wang Yung in the above section headed "Directors' Interests and Short Positions in Shares and Underlying Shares".
- (5) Mrs. Kwan Chan Lai Lai is the Spouse of Mr. Kwan Wang Yung and is therefore deemed to be interested in the shares that Mr. Kwan Wang Yung is interested in under the SFO.

Save as disclosed above, as at 30 June 2016, the Directors had not been notified of any other corporation or individual (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2016, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 11 June 2014. As at 30 June 2016, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 63,200,000 shares, being 10% of the total number of shares in issue at the time dealings in the shares first commence on the Stock Exchange. The total number of shares issued and to be issued upon the exercise of the options granted or to be granted to each eligible participant (Note 1) under the Share Option Scheme and any other schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants to (1) motivate the eligible participants to optimize their performance and efficiency for the benefit of the Group; and (2) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. The Board may, at its own discretion, grant an option to the eligible participants to subscribe for the shares of the Company at an exercise price (Note 2) and subject to the other terms of the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years from its effective date (i.e. will expire on 10 June 2024). Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

The Board confirms that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. As at 30 June 2016, no option had been granted, exercised, cancelled or lapsed under the Share Option Scheme. A total of 63,200,000 shares are available for issue under the Share Option Scheme, representing approximately 9.63% of the total issued capital of the Company as at 30 June 2016.

Notes:

1. "Eligible Participant" includes: (i) any Director, employee, consultant, professional, customer, supplier, agent, partner or advisor of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company ("Affiliates"), or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or advisor of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, advisor of or contractor to the Group or an Affiliate.
2. The exercise price for any share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall be not less than the highest of (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a share on the date of grant. The exercise price shall also be subject to any adjustments made in a situation contemplated under effects of alterations to capital.

OTHER INFORMATION

PRE-IPO SHARE OPTION SCHEME

On 11 June 2014, the Company adopted a pre-IPO share option scheme ("Pre-IPO Share Option Scheme"). The purpose of the Pre-IPO Share Option Scheme is to motivate the grantees of the pre-IPO share options (the "Grantees") to optimize their future contributions to the Group and to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with the Grantees who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Pursuant to the Pre-IPO Share Option Scheme, on 16 June 2014, the Company granted the pre-IPO share options to subscribe for an aggregate of 12,636,000 Shares in the Company to eligible employees, including executives and officers of the Group at nil consideration and at exercise price of HK\$1.00 per share. As at 30 June 2016, the maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme is 9,984,000 shares, representing approximately 1.52% of the Company's issued share capital.

Details of the outstanding share options under the Pre-IPO Share Option Scheme during the period as follows:

Name of Grantee	At 1 January 2016	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2016	Date of Grant	Exercisable Period	Exercise Price (HK\$)
Chan Hiu Cheuk (Note 1)	450,000	-	-	-	450,000	16.06.2014	04.01.2015-04.07.2017	1.00
Tse Kei Tai (Note 2)	20,000	-	-	-	20,000	16.06.2014	04.01.2015-04.07.2017	1.00
	<u>470,000</u>				<u>470,000</u>			
Other employees	<u>10,058,000</u>	-	-	(544,000)	<u>9,514,000</u>	16.06.2014	04.01.2015-04.07.2017	1.00
Total	<u>10,528,000</u>				<u>9,984,000</u>			

Notes:

- (1) Mr. Chan Hiu Cheuk is the son of Ms. Wong Pui Chu, one of the Controlling Shareholders and an executive Director.
- (2) Mr. Tse Kei Tai is the son of Mr. Tse Po Tat, one of the Controlling Shareholders and an executive Director.

The pre-IPO share options that are not exercised by the Grantees prior to the third anniversary of the Listing Date shall lapse and be deemed as cancelled and void.

Further details of the share options are set out in Note 15 to the condensed consolidated interim financial information.



CHANGES OF DIRECTORS' INFORMATION

Subsequent to publication of the 2015 Annual Report, notifications were received regarding the following changes of Directors' information, which are required to be disclosed pursuant to Rule 13.51(2), Rule 13.51B(1) and Rule 13.51B (2) of the Listing Rules:

1. Mr. Kiu Wai Ming, an Independent Non-executive Director of the Company:
 - (i) has resigned as an executive director and chief executive officer of Walker Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1386) with effect from 26 April 2016; and
 - (ii) has resigned as an independent non-executive director and the chairman of the remuneration committee and a member of the audit committee and the nomination committee of Man Sang International Limited, a company listed on the Stock Exchange (stock code: 938) with effect from 15 July 2016.
2. Professor Sin Yat Ming, an Independent Non-executive Director of the Company, has retired as a member of the Faculty of Business Administration of The Chinese University of Hong Kong ("CUHK"), and the professor of CUHK as well as an associate director of CUHK's Center for Hospitality and Real Estate Research with effect from 31 July 2016.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2016.

CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the "Code of Conduct") based on the required standard set out in the Model Code. For the six months ended 30 June 2016, all Directors confirmed that they have complied with the required standards set out in the Code of Conduct.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") which currently consists of all three independent non-executive Directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process, risk management and internal control systems of the Group, including the review of the unaudited interim financial information for the six months ended 30 June 2016.

PricewaterhouseCoopers, the external auditors of the Company, have reviewed the interim financial information for the six months ended 30 June 2016 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.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board of
Hung Fook Tong Group Holdings Limited
Tse Po Tat
Chairman

Hong Kong, 29 August 2016



Hung Fook Tong Group Holdings Limited
鴻福堂集團控股有限公司

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