



Interim Report 2017

realord

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

(Incorporated in Bermuda with limited liability)

Stock Code: 1196

CONTENTS

	Page
Corporate Information	2
Condensed Consolidated Statement of Profit or Loss	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Cash Flows	7
Condensed Consolidated Statement of Changes in Equity	8
Notes to the Interim Financial Information	9
Management Discussion and Analysis	33
Dividends	38
Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company or any Associated Corporations	39
Substantial Shareholders	40
Corporate Governance	43



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lin Xiaohui (*Chairman*)

Su Jiaohua (*Chief Executive Officer*)

Lin Xiaodong

Independent Non-executive Directors

Yu Leung Fai

Fang Jixin

Li Jue

COMPANY SECRETARY

Chan Ying Kay

LEGAL ADVISERS

Michael Li & Co.

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

35/F One Pacific Place

88 Queensway

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2403-2410

24/F, Jardine House

1 Connaught Place

Central, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

China Merchants Bank

AUDIT COMMITTEE

Yu Leung Fai (*Chairman*)

Fang Jixin

Li Jue

REMUNERATION COMMITTEE

Li Jue (*Chairman*)

Lin Xiaohui

Yu Leung Fai

NOMINATION COMMITTEE

Lin Xiaohui (*Chairman*)

Yu Leung Fai

Fang Jixin

STOCK CODE

1196

COMPANY WEBSITE

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2017

		For the six months ended	
		30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
	Notes		
REVENUE	3	216,233	92,844
Cost of sales		(163,953)	(51,170)
Gross profit		52,280	41,674
Other income, gains and losses	5	156,561	192,131
Selling and distribution expenses		(2,141)	(1,969)
Administrative expenses		(63,697)	(58,520)
Finance costs	6	(13,517)	(5,809)
PROFIT BEFORE TAX	7	129,486	167,507
Income tax expense	9	(42,395)	(85,818)
PROFIT FOR THE PERIOD		87,091	81,689
Attributable to:			
Owners of the Company		84,273	81,689
Non-Controlling interests		2,818	–
		87,091	81,689
Earnings per share attributable to owners of the Company			
– Basic	11	HK7.33 cents	HK7.08 cents
– Diluted	11	HK7.26 cents	HK7.08 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	For the six months ended	
	30 June	30 June
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	87,091	81,689
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	21,289	(6,083)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	108,380	75,606
Attributable to:		
Owners of the Company	105,463	75,606
Non-Controlling interests	2,917	–
	108,380	75,606

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

		As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		97,833	78,649
Investment properties	12	1,273,376	1,106,525
Prepaid lease payments		5,177	–
Goodwill		34,440	2,100
Other intangible asset	13	4,400	4,400
Finance lease receivables		5,575	6,401
Available-for-sale investments		13,844	13,844
Deferred tax assets		188	188
Prepayments and deposits		36,460	36,460
Total non-current assets		1,471,293	1,248,567
CURRENT ASSETS			
Inventories		107,650	6,999
Prepaid lease payments		115	–
Trade receivables	14	71,662	127,171
Receivables arising from securities broking	14	132,623	119,560
Prepayments, deposits and other receivables		87,514	16,644
Amount due from a related party	15	21,568	–
Finance lease receivables		2,779	2,619
Tax recoverable		47	42
Equity investments at fair value through profit or loss	16	25,550	18,648
Bank balance held on behalf of clients		16,406	11,634
Restricted bank balance		4,312	4,171
Cash and cash equivalents	17	82,294	51,791
Total current assets		552,520	359,279
CURRENT LIABILITIES			
Trade payables	18	45,416	5,548
Payables arising from securities broking	18	36,189	19,884
Other payables and accruals		89,907	20,221
Interest-bearing bank borrowings	20	270,248	250,288
Tax payable		3,000	3,240
Total current liabilities		444,760	299,181

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2017

		As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
NET CURRENT ASSETS		107,760	60,098
TOTAL ASSETS LESS CURRENT LIABILITIES		1,579,053	1,308,665
NON-CURRENT LIABILITIES			
Deferred tax liabilities		216,751	168,972
Loans from ultimate holding company	21	322,255	241,596
Other payable		12,775	–
Total non-current liabilities		551,781	410,568
Net assets		1,027,272	898,097
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	115,000	115,000
Reserves		892,373	783,097
		1,007,373	898,097
Non-Controlling interests		19,899	–
Total equity		1,027,272	898,097

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Net cash inflows/(outflows) from:		
Operating activities	41,080	(51,566)
Investing activities		
– Acquisition of subsidiaries	(15,295)	(307,948)
– Other investing activities	(991)	587
	(16,286)	(307,361)
Financing activities		
– Proceeds received from loans from ultimate holding company	80,659	250,930
– Other financing activities	(88,625)	(27,645)
	(7,966)	223,285
Increase/(Decrease) in cash and cash equivalents	16,828	(135,642)
Cash and cash equivalents at beginning of period	43,192	210,541
Effect of foreign exchange rate changes	3,123	(597)
Cash and cash equivalents at end of period	63,143	74,302
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	82,294	82,090
Bank overdrafts	(19,151)	(7,788)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	63,143	74,302

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Equity attributable to equity holders of the Company							Non-controlling Interest	Total equity
	Share capital	Share premium account	Share option reserve	Asset revaluation reserve	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	115,349	607,797	6,876	28,274	(6,005)	102,121	854,412	-	854,412
Profit for the period	-	-	-	-	-	81,689	81,689	-	81,689
Other comprehensive expense:									
Exchange differences on translation of foreign operations	-	-	-	-	(6,083)	-	(6,083)	-	(6,083)
Total comprehensive (expense)/ income for the period	-	-	-	-	(6,083)	81,689	75,606	-	75,606
Equity-settled share option arrangements	-	-	5,644	-	-	-	5,644	-	5,644
At 30 June 2016 (Unaudited)	115,349	607,797	12,520	28,274	(12,088)	183,810	935,662	-	935,662
At 1 January 2017	115,000	590,590	15,796	28,274	(35,470)	183,907	898,097	-	898,097
Profit for the period	-	-	-	-	-	84,273	84,273	2,818	87,091
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	21,190	-	21,190	99	21,289
Total comprehensive income for the period	-	-	-	-	21,190	84,273	105,463	2,917	108,380
Acquisition of subsidiaries	-	-	-	-	-	-	-	16,982	16,982
Equity-settled share option arrangements	-	-	3,813	-	-	-	3,813	-	3,813
At 30 June 2017 (Unaudited)	115,000	590,590	19,609	28,274	(14,280)	268,180	1,007,373	19,899	1,027,272

NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2017

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2016, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, as disclosed in note 2.

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

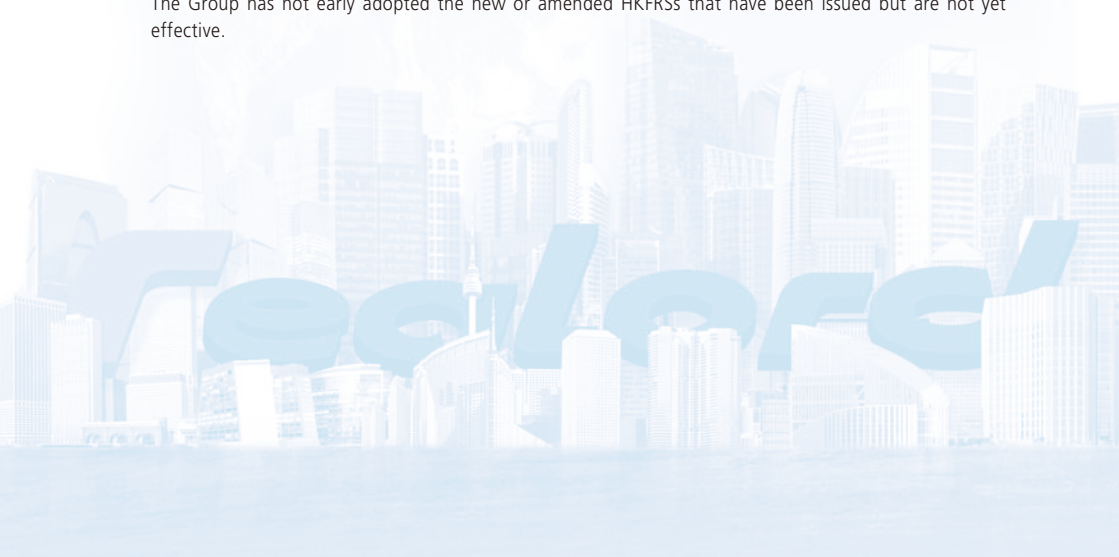
Adoption of new or amended HKFRSs

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 January 2017.

Amendments to HKAS 12	Income taxes
Amendments to HKAS 7	Statement of cash flows
Amendment to HKFRS 12	Disclosure of interest in other entities

The adoption of the amendments to HKFRS had no material impact on the Group's financial statements.

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



3. REVENUE

Revenue represents the invoiced value of goods sold, after allowances for returns and trade discounts, the value of services rendered, commission income from securities broking, interest income from margin financing and rental income during the period.

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Sales of goods	162,837	43,618
Rendering of services	38,872	38,428
Commission income from securities broking	1,021	1,119
Interest income from margin financing	4,427	4,219
Rental income	9,076	5,460
	216,233	92,844

4. SEGMENT INFORMATION

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and for their review of these components' performance. During the period under review, as a result of acquisition of subsidiaries, the Group has reassessed its operating segment, which resulted in separate disclosure of its environmental protection segment.

The business components in the internal reporting to the executive directors are determined following the Group's operating segments, which are the same as the Group's reportable segments:

- (a) provision of financial printing, digital printing and other related services ("Commercial Printing Segment");
- (b) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products ("Hangtag Segment");
- (c) distribution and sales of motor vehicle parts ("Motor Vehicle Parts Segment");
- (d) provision of securities brokerage services and margin financing ("Financial Services Segment");
- (e) trading of electronic products and computer components ("Trading Segment");
- (f) property investment ("Property Investment Segment"); and
- (g) dismantling and trading of scrap materials and acting as an agent by sourcing scrap materials ("Environmental Protection Segment").

4. SEGMENT INFORMATION (Continued)

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that bank interest income, fair value gains on equity investment at fair value through profit or loss, gain on disposal of equity investment at fair value through profit or loss, revaluation surplus on property, plant and equipment, corporate expenses, as well as finance costs are excluded from such measurement.

Segment assets exclude available-for-sale investments, deferred tax assets, tax recoverable, pledged time deposit, restricted bank balance, cash and cash equivalents, equity investments at fair value through profit or loss, and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude loans from ultimate holding company, interest-bearing bank borrowings except for import invoice financing and overdraft, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the prevailing market prices.



4. SEGMENT INFORMATION (Continued)

	Commercial Printing (Unaudited) HK\$'000	Hangtag (Unaudited) HK\$'000	Motor Vehicle Parts (Unaudited) HK\$'000	Financial Services (Unaudited) HK\$'000	Trading (Unaudited) HK\$'000	Property Investment (Unaudited) HK\$'000	Environmental Protection (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
As at 30 June 2017									
Segment assets	20,307	1,587	129,195	163,631	8	1,304,395	165,462	1,784,585	
Reconciliation:									
Corporate and unallocated assets									239,228
Total assets									<u>2,023,813</u>
Segment liabilities	17,341	730	54,696	37,408	-	3,496	96,420	210,091	
Reconciliation:									
Corporate and unallocated liabilities									786,450
Total liabilities									<u>996,541</u>
Other segment information:									
Depreciation	788	52	123	81	15	26	325	1,410	
Fair value gain on investment properties	-	-	-	-	-	(144,070)	-	(144,070)	
Capital expenditure*	559	-	66	-	-	-	331	956	

* Capital expenditure consists of additions to property, plant and equipment.

4. SEGMENT INFORMATION (Continued)

	Commercial Printing (Audited) HK\$'000	Hangtag (Audited) HK\$'000	Motor Vehicle Parts (Audited) HK\$'000	Financial Services (Audited) HK\$'000	Trading (Audited) HK\$'000	Property Investment (Audited) HK\$'000	Total (Audited) HK\$'000
As at 31 December 2016							
Segment assets	12,417	1,921	137,828	146,530	103	1,136,472	1,435,271
Reconciliation:							
Corporate and unallocated assets							172,575
Total assets							<u>1,607,846</u>
Segment liabilities	12,882	1,007	55,115	20,994	10	4,831	94,839
Reconciliation:							
Corporate and unallocated liabilities							614,910
Total liabilities							<u>709,749</u>
Other segment information:							
Depreciation	1,560	28	243	161	31	59	2,082
Fair value gain on investment properties	-	-	-	-	-	(270,479)	(270,479)
Gain on disposal of items of property, plant and equipment	-	(5)	-	-	-	-	(5)
Capital expenditure*	556	469	39	42	-	309,597	310,703

* Capital expenditure consists of additions to property, plant and equipment.

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Other income		
Interest income	30	961
Finance lease interest income	369	247
Others	1,532	98
	1,931	1,306
Gains and losses		
Gain on disposal of items of property, plant and equipment	–	32
Fair value gain on investment properties	144,070	176,005
Revaluation surplus on property, plant and equipment	1,860	1,555
Gain on disposal of equity investments at fair value through profit or loss – held for trading	2,015	–
Fair value gain on equity investments at fair value through profit or loss – held for trading	9,909	8,542
Exchange (loss)/gain, net	(3,224)	4,691
	154,630	190,825
	156,561	192,131

6. FINANCE COSTS

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Interest charges on bank loans, overdrafts and other borrowings	3,001	1,487
Interest charges on loans from ultimate holding company	10,516	4,322
	13,517	5,809

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Depreciation	5,096	3,977
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	23	23
Employee benefit expense (including directors' emoluments)	32,010	27,839
Equity-settled share option expenses	3,813	5,644
Minimum lease payments under operating leases	10,762	10,583

8. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES**For the six months ended 30 June 2016**

- (a) On 26 January 2016, the Group acquired 100% equity interest in Excellent Well (H.K.) Limited ("Excellent Well"), from an independent third party, at a cash consideration of HK\$25,834,000. Excellent Well is engaged in investment holding.
- (b) On 24 June 2016, the Group completed the acquisition of Citibest Global Limited and its subsidiary ("Citibest Group"), from an independent third party, at a cash consideration of HK\$284,553,000. Citibest Group is engaged in investment holding.

All of the above transactions were accounted for as purchases of assets and liabilities rather than as business combinations because Excellent Well and Citibest Group have not carried out any significant business transactions prior to the date of acquisition.



8. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)
For the six months ended 30 June 2016 – continued

The assets and liabilities acquired in the above acquisitions are as follows:

Excellent Well

	(Audited) HK\$'000
Investment property	25,800
Prepayments and deposits	34
Net assets	25,834
Satisfied by cash	25,834
Net outflow of cash and cash equivalents	(25,834)

Citibest Group

	(Audited) HK\$'000
Investment property	283,797
Cash and bank balances	2,439
Shareholder's loan	(35,354)
Other payables and accruals	(1,683)
Net assets	249,199
Assignment of shareholder's loan	35,354
Satisfied by cash	284,553
Cash consideration	(284,553)
Cash and bank balances acquired	2,439
Net outflow of cash and cash equivalents	(282,114)

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the six months ended 30 June 2017. Taxes on estimated assessable profits elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Current tax – Hong Kong	774	390
Current tax – Mainland China	69	89
Deferred tax	41,552	85,339
	42,395	85,818

10. DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (2016: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all dilutive potential ordinary shares arising from share options into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June 2017 (Unaudited) HK\$'000	Six months ended 30 June 2016 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculations	84,273	81,689

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

	Number of shares	
	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	1,150,001,398	1,153,491,398
Effect of dilution – weighted average number of ordinary shares:		
Share options	10,160,000	–
	1,160,161,398	1,153,491,398

The Company's share options have no dilutive effect for the six months ended 30 June 2016 because the exercise price of the Company's share options was higher than the average market price of the Company's share during the period.

12. INVESTMENT PROPERTIES

	HK\$'000
Carrying amount at 1 January 2016	552,900
Acquisition of assets through acquisition of subsidiaries (note 8)	309,597
Fair value gain	270,479
Exchange realignment	(26,451)
Carrying amount at 31 December 2016 (Audited)	1,106,525
Fair value gain	144,070
Exchange realignment	22,781
Carrying amount at 30 June 2017 (Unaudited)	1,273,376

At 30 June 2017, the Group's investment properties with a carrying value of HK\$421,650,000 (31 December 2016: HK\$396,325,000) were pledged to secure general banking facilities granted to the Group; while the Group's investment properties with a carrying value of HK\$280,453,000 (31 December 2016: Nil) was pledged to secure general banking facilities granted to a company jointly owned by Dr. Lin Xiaohui ("Dr. Lin") and Madam Su Jiaohua ("Madam Su"), both being the directors of the Group, in return for unsecured loan facilities provided by the ultimate holding company of the Group. Details of the arrangement are set out in note 24(b).

13. OTHER INTANGIBLE ASSET

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Trading right	4,400	4,400

The trading right has been considered to have an indefinite life because it is expected to contribute net cash inflow to the Group indefinitely, and is not amortised.

14. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Trade receivables	71,662	127,171
Impairment	–	–
	71,662	127,171
Receivables arising from securities broking conducted in the ordinary course of business:		
Cash clients	20,717	9,033
Loans to margin clients	111,906	110,527
Clearing house	–	–
Receivables arising from securities broking	132,623	119,560
Total trade receivables and receivables arising from securities broking	204,285	246,731

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods are generally one month to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

14. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING (Continued)

An aged analysis of trade receivables and receivables arising from securities broking as at the end of the reporting period, based on the invoiced date and net of provisions, is as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Current to 30 days	35,739	42,014
31 to 60 days	5,306	9,257
61 to 90 days	9,334	7,473
Over 90 days	42,000	77,460
	92,379	136,204
Loans to margin clients [#]	111,906	110,527
	204,285	246,731

[#] The loans to margin clients are secured by the underlying pledged securities, are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing. As at 30 June 2017, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK\$282,510,000 (31 December 2016: HK\$326,083,000).

15. AMOUNT DUE FROM A RELATED PARTY

Amount due from a related party is unsecured, non-interest bearing and repayable on demand. The related party is a non-controlling shareholder of the Group who is a director of a subsidiary of the Company.

16. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Listed equity investments, at market value	25,550	18,648

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Cash and bank balance	81,999	55,962
Time deposits	4,607	–
	86,606	55,962
Less: Restricted bank balance*	(4,312)	(4,171)
Cash and cash equivalents	82,294	51,791

* Bank balance of HK\$4,312,000 (31 December 2016: HK\$4,171,000) was restricted as to use as a result of a freezing injunction granted by a court in the PRC, following a legal action taken by a third party.

18. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Trade payables	45,416	5,548
Payables arising from securities broking conducted in the ordinary course of business:		
Cash clients accounts payable	34,074	19,667
Clearing house	2,115	217
Payables arising from securities broking	36,189	19,884
Total trade payables and payables arising from securities broking	81,605	25,432

18. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING (Continued)

An aged analysis of trade payables and payables arising from securities broking as at the end of the reporting period, based on invoice date, is as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Current to 30 days	14,056	1,424
31 to 60 days	12,746	914
61 to 90 days	13,112	368
Over 90 days	7,617	3,059
	47,531	5,765
Cash clients accounts payable	34,074	19,667
	81,605	25,432

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

Included in the cash clients accounts payable arising from dealing in securities conducted in the ordinary course of business is an amount of approximately HK\$16,821,000 (31 December 2016: HK\$12,269,000) representing those clients' undrawn monies/excess deposits placed with the Group. As at 30 June 2017, the cash clients accounts payable included an amount of HK\$132,000 (31 December 2016: HK\$132,000) in respect of certain directors' undrawn monies/excess deposits placed with the Group. The cash clients accounts payable are repayable on demand and non-interest bearing. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of dealing in securities.

19. SHARE CAPITAL

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.10 each	2,000,000	2,000,000
Issued and fully paid:		
1,150,001,398 ordinary shares of HK\$0.10 each	115,000	115,000

20. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2017			As at 31 December 2016		
	Effective interest rate (%)	Maturity	(Unaudited) HK\$'000	Effective interest rate (%)	Maturity	(Audited) HK\$'000
Current Bank loan – secured	Loan Prime Rate (“LPR”) +2.1% p.a.	Within 1 year	25,339	LPR +2.1% p.a.	Within 1 year	24,549
Bank loan – secured	Fixed Rate 5.22% to 5.65%	Within 1 year	19,580	N/A	N/A	–
Bank loans – secured	Hong Kong Interbank Offered Rate (“HIBOR”) +1.4% to 1.5% p.a.	Within 1 year or on demand	206,178	HIBOR +1.25% to 1.5% p.a.	Within 1 year or on demand	217,140
Bank overdraft – secured	HIBOR +1.5% p.a.	Within 1 year or on demand	19,151	HIBOR +1.5% p.a.	Within 1 year or on demand	8,599
			270,248			250,288
				As at 30 June 2017 (Unaudited) HK\$'000		As at 31 December 2016 (Audited) HK\$'000

Analysed into:

Bank loans and overdraft repayable:
Within one year or on demand

270,248 250,288

Notes:

- The Group's banking facilities amounted to HK\$336,369,000 (31 December 2016: HK\$315,999,000), of which HK\$270,248,000 (31 December 2016: HK\$250,288,000) had been utilised as at the end of the reporting period.
- Certain of the Group's bank loans and overdraft were secured by the Company's guarantee of up to HK\$291,450,000 (31 December 2016: HK\$291,450,000) and a mortgage over the Group's investment properties situated in Hong Kong, which had a carrying value at the end of the reporting period of HK\$421,650,000 (31 December 2016: HK\$396,325,000) and mortgages over the Group's leasehold land and buildings with a carrying value at the end of the reporting period of HK\$48,259,000 (31 December 2016: HK\$45,812,000).
- Certain of the Group's bank loans amounted to HK\$19,580,000 were secured by the personal guarantee given by the third parties and the mortgage of their personal properties.
- Except for the secured bank loan of HK\$44,919,000 (31 December 2016: HK\$24,549,000) which is denominated in RMB, all bank borrowings are denominated in Hong Kong dollars.

21. LOANS FROM ULTIMATE HOLDING COMPANY

The loans from ultimate holding company were unsecured, interest bearing at 8.2% per annum and not repayable within 12 months from the end of the reporting period.

22. OPERATING LEASE COMMITMENTS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within one year	18,386	18,640
In the second to fifth year, inclusive	7,390	17,184
	25,776	35,824

23. CAPITAL COMMITMENTS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Contracted for but not provided:		
– Equity investment	403,116	390,594
– Investment property	1,955	1,955
	405,071	392,549

24. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

(i) The Group had finance lease receivables due from a company jointly owned by Dr. Lin and Madam Su, both of whom are directors and substantial shareholders of the Company. The Group received interest income arising from such finance lease receivables amounting to HK\$369,000 during the six months ended 30 June 2017, (2016: HK\$247,000) which was based on the prevailing market rate.

(ii) The Group had loans from ultimate holding company, Manureen Holdings Limited ("MHL"), which is jointly owned by Dr. Lin and Madam Su, both of whom are directors of the Company. The Group paid interest expenses arising from such loans amounting to HK\$10,516,000 during the six months ended 30 June 2017 (2016: HK\$4,322,000), which was based on the prevailing market rate.

(b) Loans from ultimate holding company:

During the six months ended 30 June 2017, the Group entered into a loan agreement with its ultimate holding company, MHL, where MHL will provide the Group unsecured loan facilities of up to RMB450 million. At the same time, the Group has provided the corporate guarantee and property pledge to a bank in the PRC for provision of a loan facility to a company jointly owned by Dr. Lin and Madam Su. As Dr. Lin and Madam Su are the directors and controlling shareholders of the Group, it constituted a connected transaction as defined in Chapter 14A of Listing Rules. For details, it could be referred to the circular of the Group dated 27 January 2017. The carrying amounts of the balances approximately to their fair values. Terms of the loans are shown in note 21.

(c) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June	30 June
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	4,795	2,940
Post-employment benefits	27	27
Equity-settled share option expenses	1,749	2,248
	6,571	5,215

25. ACQUISITION OF REALORD ENVIRONMENTAL PROTECTION

On 28 February 2017, the Group acquired 60% equity interest in Realord Environmental Protection Industrial Company Limited ("Realord Environmental Protection") (formerly known as "Top Eagle International Trading Limited"), Realord Environmental Protection acts as an investment holding company and acts as agent of sourcing scrap materials. The acquisition was made as part of the Group's strategy to participate in the environmental protection industry and allow the Group to diversify from its existing businesses. The purchase consideration for the acquisition, in the form of cash of HK\$25,000,000 and new shares to be allotted and issued by the Company as to a maximum of HK\$35,000,000. Cash consideration was fully settled during the period.

	As at 28 February 2017 (Unaudited) HK\$'000
Assets and liabilities acquired:	
Property, plant and equipment	18,898
Prepaid lease payment	5,120
Inventories	87,750
Trade receivables	13,235
Prepayments, deposits and other receivables	65,376
Tax recoverable	3,669
Cash and cash equivalents	9,705
Amount due to a non-controlling shareholder	(66,394)
Other payables and accruals	(84,334)
Interest-bearing bank borrowings	(9,520)
Tax payables	(7,486)
Deferred tax liabilities	(827)
	<hr/>
Total identifiable net assets at fair value	35,192
Non-controlling interest	(16,982)
Goodwill on acquisition	32,340
	<hr/>
	50,550
	<hr/>
Satisfied by:	
Cash	25,000
Consideration payables	25,550
	<hr/>
	50,550
	<hr/>
An analysis of the cash flows in respect of the acquisition is as follows:	
Cash consideration	(25,000)
Cash and bank balances acquired	9,705
	<hr/>
	(15,295)
	<hr/>

26. FINANCIAL INSTRUMENTS BY CATEGORY

- (a) The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2017

Financial assets

	Financial assets at fair value through profit or loss – held for trading (Unaudited) HK\$'000	Loans and receivables (Unaudited) HK\$'000	Available- for-sale financial assets (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale investments	-	-	13,844	13,844
Trade receivables	-	71,662	-	71,662
Receivables arising from securities broking	-	132,623	-	132,623
Financial assets included in prepayments, deposits and other receivables	-	13,485	-	13,485
Finance lease receivables	-	8,354	-	8,354
Equity investments at fair value through profit or loss	25,550	-	-	25,550
Bank balance held on behalf of clients	-	16,406	-	16,406
Restricted bank balance	-	4,312	-	4,312
Cash and cash equivalents	-	82,294	-	82,294
	25,550	329,136	13,844	368,530

Financial liabilities

	Financial liabilities at amortised cost (Unaudited) HK\$'000
Trade payables	45,416
Payables arising from securities broking	36,189
Financial liabilities included in other payables and accruals	6,439
Loans from ultimate holding company	322,255
Interest-bearing bank borrowings	270,248
	680,547

26. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

(a) The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows: (Continued)

As at 31 December 2016

Financial assets

	Financial assets at fair value through profit or loss – held for trading (Audited) HK\$'000	Loans and receivables (Audited) HK\$'000	Available- for-sale financial assets (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale investments	–	–	13,844	13,844
Trade receivables	–	127,171	–	127,171
Receivables arising from securities broking	–	119,560	–	119,560
Financial assets included in prepayments, deposits and other receivables	–	21,461	–	21,461
Finance lease receivables	–	9,020	–	9,020
Equity investments at fair value through profit or loss	18,648	–	–	18,648
Bank balance held on behalf of clients	–	11,634	–	11,634
Restricted bank balance	–	4,171	–	4,171
Cash and cash equivalents	–	51,791	–	51,791
	18,648	344,808	13,844	377,300

Financial liabilities

	Financial liabilities at amortised cost (Audited) HK\$'000
Trade payables	5,548
Payables arising from securities broking	19,884
Financial liabilities included in other payables and accruals	8,743
Loans from ultimate holding company	241,596
Interest-bearing bank borrowings	250,288
	526,059

26. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**(b) Fair value measurement recognised in the condensed consolidated statement of financial position**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following tables illustrate the fair value measurement hierarchy of the Group' financial instruments:

Assets measured at fair value:

As at 30 June 2017

	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Fair value measurement using		Total (Unaudited) HK\$'000
		Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Available-for-sale investments	13,844	-	-	13,844
Equity investments at fair value through profit or loss	25,550	-	-	25,550
	39,394	-	-	39,394

26. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**(b) Fair value measurement recognised in the condensed consolidated statement of financial position (Continued)***Assets measured at fair value: (Continued)***As at 31 December 2016**

	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Fair value measurement using		Total (Audited) HK\$'000
		Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
Available-for-sale investments	13,844	-	-	13,844
Equity investments at fair value through profit or loss	18,648	-	-	18,648
	32,492	-	-	32,492

The Group did not have any financial liabilities measured at fair value as at 30 June 2017 and 31 December 2016.

27. CONTINGENT LIABILITIES

Citibest and Guan Zhang, subsidiaries of the Group, are currently defendants in a lawsuit brought by a third party, 深圳市沪田利商貿有限公司 (Shenzhen Shi Hui Tian Li Business Trading Company Limited), alleging that Citibest and Guan Zhang are liable to settle an outstanding payment of approximately RMB25 million and interest accrued thereon. As the litigation is awaiting for trial by the court in the PRC, the directors have not provided for any claim arising from the litigation, other than the related legal and other costs.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Recent Development

The principal activities of the Group during the period under review included the provision of financial printing, digital printing and other related services ("Commercial Printing Segment"), manufacture and sale of hangtags, labels, shirt paper boards and plastic bags ("Hangtag Segment"), distribution and sale of motor vehicle parts ("Motor Vehicle Parts Segment"), provision of securities brokerage services and margin financing ("Financial Services Segment"), trading of electronic products, computer equipment and consumer products ("Trading Segment"), property investment ("Property Investment Segment"), and dismantling and trading of scrap materials and acting as an agent by sourcing scrap material ("Environmental Protection Segment").

On 23 May 2016, the Group entered into an agreement with 5 other independent third parties, pursuant to which the parties agreed to set up a security company ("Security Company") in Guangzhou Pilot Free Trade Zone, Nanshan area in the PRC, to carry out securities businesses in the PRC. Pursuant to the agreement, upon establishment of the Security Company, the Group agreed to subscribe for 350,000,000 shares of the Security Company in cash, representing 10% equity interests thereof, at an aggregate subscription price of RMB350 million. The establishment of the Security Company is pending for the approval of the China Securities Regulatory Commission and other relevant regulatory authorities in the PRC.

On 5 September 2016, the Group and Fortune Victory Asia Corporation ("Fortune Victory"), an independent third party, entered into an acquisition agreement, pursuant to which the Group has conditionally agreed to acquire, and Fortune Victory has conditionally agreed to sell 60% of the issued share capital of Top Eagle International Trading Limited, which in turn holds the entire equity interest in 廣西梧州市通寶再生物資有限公司 (Guangxi Wuzhou City Tong Bao Renewable Materials Limited*) ("Tong Bao"), which is principally engaged in the business of dismantling and trading of scrap materials. The acquisition was completed on 28 February 2017.

As disclosed in the announcement of the Company dated 8 June 2017, the Group and 梧州進口再生資源加工園區管理委員會 (Wuzhou Import Renewable Resources Processing Park Management Committee*) ("Park Management Committee") entered into the investment agreement pursuant to which the Group will design, develop and build a processing plant for the recycling and production of aluminium ingots on the site in the 梧州進口再生資源加工園區 (Wuzhou Import Renewable Resources Processing Park*) located in Wuzhou City, Guangxi Province, the PRC. The target annual production capacity of the project will reach 100,000 tonnes to be ramped up in two phases. The total investment amount as indicated in the investment agreement for the project is approximately RMB350 million (equivalent to approximately HK\$401.80 million), including all cost but not limited to acquisitions of the site, construction of the processing plant and office premises, plant and machinery acquisitions.

*For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (Continued)

General Review

During the period under review, as a result of the completion of the acquisition of Tong Bao as mentioned in the "Recent Development" section, the management had separately disclosed the Environmental Protection Segment due to the new operation and also increase in trading income received by the Group.

For the period under review, the Group recorded a turnover of approximately HK\$216.2 million for the six months ended 30 June 2017, representing a significant increase by 133.0% compared with the turnover of approximately HK\$92.8 million recorded for the six months ended 30 June 2016. Gross profit margin of the Group decreased from approximately 44.9% for the six months ended 30 June 2016 to approximately 24.2% for the period under review. The Group's results increased from profit of approximately HK\$81.7 million for the six months ended 30 June 2016 to profit of approximately HK\$87.1 million for the period under review.

The increase in the turnover of the Group was primarily due to the Group consolidating the operating performance attributable to the Environmental Protection Segment, amounted to approximately HK\$141.9 million since the acquisition of Realord Environmental Protection. The overall decrease in the gross margin was due to the low gross profit margin achieved by Environmental Protection Segment, which contributed the majority part of the turnover of the Group. The increase in profit attributable to the equity holders was mainly due to the fair value gain on investment properties amounted to approximately HK\$144.1 million, but partly offset by the related deferred taxation of the fair value gain of approximately HK\$41.6 million and also the increase in corporate expenses.

Business Operation

The Commercial Printing Segment recorded a revenue of approximately HK\$38.9 million during the period under review, representing 18.0% of the total revenue of the Group. There was a slight increase in segment revenue of 1.2% to approximately HK\$38.9 million as compared to approximately HK\$38.4 million in the last corresponding period. However, the inflating operating cost resulted in similar level of operating profit of approximately HK\$0.4 million for the period under review and the last corresponding period.

The Hangtag Segment recorded a revenue of approximately HK\$1.6 million during the period under review, representing 0.7% of the total revenue of the Group. The segment revenue decreased significantly of 66.3% from the last corresponding period of approximately HK\$4.8 million to approximately HK\$1.6 million for the period under review. Through implementation of continuing cost control measures, including outsourcing part of manufacturing processes, the loss from this segment remained at a low level of HK\$0.1 million during the period under review comparing to approximately HK\$0.4 million in the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (Continued)

Business Operation (Continued)

The Motor Vehicle Parts Segment recorded a revenue of approximately HK\$19.3 million during the period under review, representing 9.0% of the total revenue of the Group. With a view of tightening the credit control policy and shortening of credit period granted to the customers, the segment revenue noted a significant decrease by 50.2% to approximately HK\$19.3 million as compared to approximately HK\$38.8 million in the last corresponding period. The segment recorded a profit of approximately HK\$0.1 million during the period under review as compared to a profit of approximately HK\$1.7 million in the last corresponding period.

The Financial Services Segment recorded a revenue of approximately HK\$5.4 million during the period under review, representing 2.5% of the total revenue of the Group. The revenue from this segment remained stable as compared from approximately HK\$5.3 million in the last corresponding period to approximately HK\$5.4 million during the period under review. The segment results increased from profit of approximately HK\$1.1 million in the last corresponding period to profit of approximately HK\$1.9 million during the period under review.

The newly acquired Environment Protection Segment recorded a revenue of approximately HK\$141.9 million during the period under review, representing 65.6% of total revenue of the Group. The segment result was profit of approximately HK\$8.0 million during the period under review.

As a result of the thin margin in Trading Segment, the Group did not generate any revenue from the segment, in both periods. Instead, the Group was in the progress to source some products with better margin and returns. The loss from this segment decreased from approximately HK\$0.4 million in the last corresponding period to approximately HK\$0.1 million during the period under review.

The Property Investment Segment recorded a revenue of approximately HK\$9.1 million during the period under review, representing 4.2% of the total revenue of the Group. The revenue from this segment recorded approximately HK\$9.1 million as compared to approximately HK\$5.5 million in the last corresponding period. The profit from this segment decreased from approximately HK\$179.1 million in the last corresponding period to approximately HK\$150.8 million during the period under review. The decrease was mainly due to the fair value gain on investment properties being recorded during the period under review amounted to approximately HK\$144.1 million was less than that in the last corresponding period.

The Group has invested in listed securities in Hong Kong for investment purpose. The financial assets of the Group recorded a total gain of HK\$11.9 million for the period under review. As at 30 June 2017, the fair value of the financial assets amounted to approximately HK\$25.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally finances its operations with internally generated cashflow, cash reserve and banking facilities and facility provided by the ultimate holding company. During the period under review, the Group was financially sound with healthy cash position. The Group's cash and bank balances and restricted bank balance amounted to approximately HK\$86.6 million as at 30 June 2017 (31 December 2016: HK\$56.0 million). Its gearing ratio as at 30 June 2017 was 57.7% (31 December 2016: 54.8%), based on the interest-bearing borrowings of approximately HK\$592.5 million (31 December 2016: HK\$491.9 million) and the total equity of approximately HK\$1,027.3 million (31 December 2016: HK\$898.1 million).

The Board believes that the Group's cash holding, liquid assets, future revenue and available banking facilities and the facility provided by the ultimate holding company will be sufficient to meet the present working capital requirement of the Group.

Exchange rate exposure

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro and Renminbi. For the six months ended 30 June 2017, the Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro and Renminbi against Hong Kong dollars. The management has continuously monitored the level of exchange rate exposure and will adopted financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose as at 30 June 2017.

Financial guarantees and charges on assets

As at 30 June 2017, corporate guarantees amounting to approximately HK\$291.5 million (31 December 2016: HK\$291.5 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$195.8 million (31 December 2016: Nil) was given to a bank in the PRC by the Company for the provision of general banking facilities granted to a company jointly owned by Dr. Lin and Madam Su. Besides, the general banking facilities granted to the subsidiaries of the Company and the company controlled by its controlling shareholders were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK\$469.9 million (31 December 2016: HK\$442.1 million) and approximately HK\$280.5 million (31 December 2016: Nil).

LITIGATION

During the period under review, Citibest and Guan Zhang, subsidiaries of the Group, are currently defendants in a lawsuit brought by a third party, 深圳市沪田利商貿有限公司 (Shenzhen Shi Hui Tian Li Business Trading Company Limited), alleging that Citibest and Guan Zhang are liable to settle outstanding payment of approximately RMB25 million and interest accrued thereon. As the litigation is awaiting for trial by the court in the PRC, the directors have not provided for any claim arising from the litigation, other than the related legal and other costs.

CONTINGENT LIABILITIES

Saved as disclosed in the "Litigation" section, the Group had no contingent liabilities.

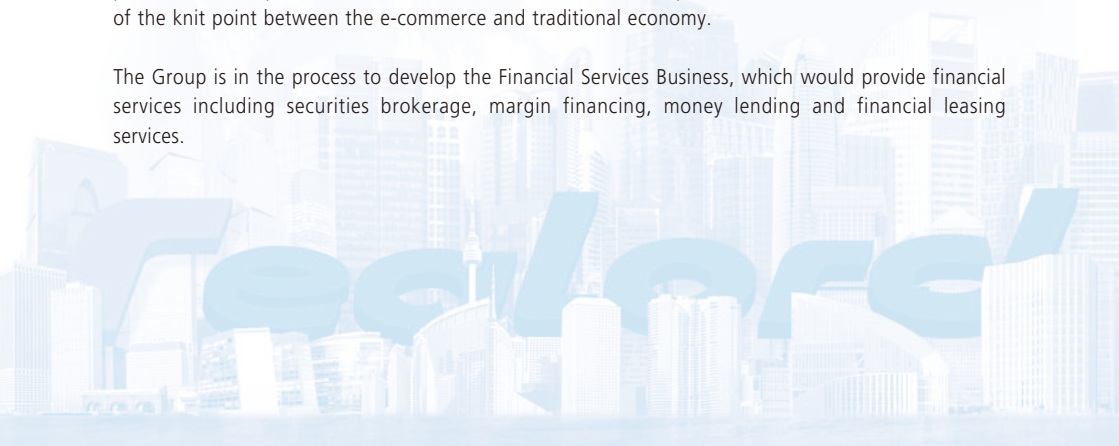
PROSPECTS

The operating environment of the commercial printing and hangtag businesses will continue to be competitive in the coming years. The Group shall strengthen its business development team to achieve sales growth and increase market share, however, the intense competition in the Commercial Printing Segment shall limit the Group to pass the inflating operating cost to customers. Due to the continuous increase in production cost in the PRC, some of the customers shifted its demand to other developing countries in Asia-Pacific region, the operating environment of Hangtag Segment is even more challenging and we foresee that customers' demand of hangtags, labels, shirt paper boards and plastic bags would keep on diminishing.

The Group is in the process to set up the PRC operations of Motor Vehicle Parts Segment in Guangzhou. We expect that the PRC operations will effectively contribute to the business expansion of the sales and distribution of motor vehicle parts business. Besides, the Group is sourcing different brands of motor vehicle parts suppliers in order to broaden the variety of products offered to our customers.

The e-commerce development in China is full of challenges and opportunities. The Group is in the process to develop the business-to-customer (B2C) e-commerce platform which involve the evaluation of the knit point between the e-commerce and traditional economy.

The Group is in the process to develop the Financial Services Business, which would provide financial services including securities brokerage, margin financing, money lending and financial leasing services.



PROSPECTS (CONTINUED)

The Group had entered into an agreement with 5 other independent third parties to set up the Security Company to carry out securities businesses in the PRC. Through the Security Company, the Group could tap into the securities business in the PRC, which was considered as a strictly regulated industry. We believe the set-up of the Security Company, when materialised, represents a valuable investment opportunity for the Group to expand its securities services business and to enable the Group to exchange its business network and relationship in the PRC, and hence to gain a foothold in the PRC market.

The stock market was volatile in 2017 and was exceptionally challenging to us. With the launch of the Shenzhen-Hong Kong Stock Connect Scheme, the preferential government policies and the establishment of the Security Company, we believe the Group would sustain a long term growth in the Financial Services Business.

On 28 February 2017, the Group completed the acquisition of 60% equity interest of Realord Environmental Protection Industrial Company Limited (formerly known as Top Eagle International Trading Limited), which can diversify the business of the Group with the objective of broadening its sources of income. The Directors are optimistic about the prospects of the environmental protection industry and are of the view that it is an opportunity for the Group to further diversify the business scope of the Group through the acquisition.

Looking forward, the Group will strike to explore for any potential real estate development or property investment opportunities. For the purpose of sustaining long term growth, we will also keep on exploring all potential opportunity to develop its businesses.

DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (2016: Nil).



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

As at 30 June 2017, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO" (Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

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

Name of Directors	Number of Shares held			Total interests	Total interests as % of the issued share capital
	Spouse interests	Corporate interests	Interest from options granted under share option scheme		
Dr. Lin Xiaohui	1,080,000 (Note 3)	789,731,518 (Note 1)	1,080,000	791,891,518	68.86%
Madam Su Jiaohua	790,811,518 (Note 2)	–	1,080,000	791,891,518	68.86%
Mr. Lin Xiaodong	–	–	1,000,000	1,000,000	0.09%
Mr. Yu Leung Fai	–	–	500,000	500,000	0.04%
Mr. Fang Jixin	–	–	500,000	500,000	0.04%
Dr. Li Jue	–	–	500,000	500,000	0.04%

Notes:

- As at 30 June 2017, Manureen Holdings Limited ("MHL") was the legal and beneficial owner of 789,731,518 Shares. Since Dr. Lin Xiaohui owned 70% of the issued share capital of MHL, he was deemed to be interested in 789,731,518 Shares.
- Madam Su Jiaohua, the spouse of Dr. Lin Xiaohui, was deemed to be interested in 790,811,518 Shares which Dr. Lin Xiaohui was deemed to be interested under the SFO as at 30 June 2017.
- Dr. Lin Xiaohui, the spouse of Madam Su Jiaohua, was deemed to be interested in all the shares interested by his spouse under the SFO as at 30 June 2017.

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

Save as disclosed above, as at 30 June 2017, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Long/ Short position	Capacity	Number of Shares/ underlying Shares held	Percentage of issued capital
Manureen Holdings Limited	Long	Beneficial owner	789,731,518	68.67%

Note:

As at 30 June 2017, MHL was the legal and beneficial owner of 789,731,518 Shares. MHL was owned as to 70% by Dr. Lin Xiaohui and as to 30% by Madam Su Jiaohua.

Save as disclosed above, as at 30 June 2017, the directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and full time employees of the Group. The Scheme became effective on 10 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the Scheme on 10 August 2012. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than ten years from the date of the grant of the option but subject to the provisions for early termination of the Scheme. Unless otherwise determined by the directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

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

At the end of the reporting period, the Company had 10,160,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,160,000 additional ordinary shares of the Company and additional share capital and share premium of HK\$1,016,000 and HK\$40,741,600 (before issue expenses).

SHARE OPTION SCHEMES (CONTINUED)

At the date of the interim report, the Company had 10,110,000 share options outstanding under the Scheme, which represented approximately 0.88% of the Company's shares in issue as at that date. The total number of shares of the Company available for issue under the Scheme is 63,535,311, representing approximately 5.5% of the Company's shares in issue.

Movements of the share options under the share option scheme during the period are as follows:

Name of Grantee	Date of Grant	Exercise Period	Exercise price per share (HK\$)	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2017
Directors								
Lin Xiaohui	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,080,000	-	-	-	1,080,000
Su Jiaohua	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,080,000	-	-	-	1,080,000
Lin Xiaodong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	-	1,000,000
Yu Leung Fai	20/5/2015	20/5/2017 – 19/5/2025	4.11	500,000	-	-	-	500,000
Fang Jixin	20/5/2015	20/5/2017 – 19/5/2025	4.11	500,000	-	-	-	500,000
Li Jue	20/5/2015	20/5/2017 – 19/5/2025	4.11	500,000	-	-	-	500,000
				4,660,000	-	-	-	4,660,000
Directors' associates								
Lin Xiaohong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	-	1,000,000
Su Jiawen	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	-	1,000,000
Lin Yixin	20/5/2015	20/5/2017 – 19/5/2025	4.11	300,000	-	-	-	300,000
Lin Jingming	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	-	-	-	1,000,000
				3,300,000	-	-	-	3,300,000
Other employees								
In aggregate	20/5/2015	20/5/2017 – 19/5/2025	4.11	2,200,000	-	-	-	2,200,000
				2,200,000	-	-	-	2,200,000
				10,160,000	-	-	-	10,160,000

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

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 24 to the interim financial information, no other directors had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. In the opinion of the directors, the Company has compiled all code provisions (the "Code Provisions") in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the six months ended 30 June 2017, the Company has not redeemed any of its listed securities. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2017, the Group had an available workforce of approximately 153, of which around 48 were based in the PRC. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will also be based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance. The Group has established a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group. The Remuneration Committee comprises 3 members, namely Dr. Li Jue, Dr. Lin Xiaohui, and Mr. Yu Leung Fai. This Committee is chaired by Dr. Li Jue.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Group has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, whom are independent non-executive directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue. This Committee is chaired by Mr. Yu Leung Fai. The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2017.

APPRECIATION

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

By Order of the Board
Lin Xiaohui
Chairman

Hong Kong, 28 August 2017

