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# CHEONG MING INVESTMENTS LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1196)

## 2013/14 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Cheong Ming Investments Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**
*for the six months ended 30 September 2013*

| | | **For the six months ended 30 September** | |
|---|---|---|---|
| | | **2013** | 2012 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **Revenue** | 3 | **300,007** | 243,701 |
| Cost of sales | | **(217,914)** | (180,984) |
| **Gross profit** | | **82,093** | 62,717 |
| Other operating income | 6 | **8,352** | 8,177 |
| Selling and distribution costs | | **(7,037)** | (6,190) |
| Administrative expenses | | **(60,115)** | (48,597) |
| Other operating expenses | | **(1,999)** | (1,433) |
| Profit from operations | 5 | **21,294** | 14,674 |
| Finance costs | 7 | **(344)** | (335) |
| **Profit before income tax** | | **20,950** | 14,339 |
| Income tax expense | 8 | **(3,277)** | (2,863) |
| **Profit for the period** | | **17,673** | 11,476 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **17,673** | 11,476 |
| **Earnings per share for profit attributable to the equity holders of the Company during the period** | 10 | | |
| Basic | | **HK2.78 cents** | HK1.80 cents |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the six months ended 30 September 2013*

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Profit for the period** | **17,673** | 11,476 |
| **Other comprehensive income** | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| Exchange gain on translation of financial statements of foreign operations | **299** | 46 |
| Other comprehensive income for the period, net of tax | **299** | 46 |
| **Total comprehensive income for the period** | **17,972** | 11,522 |
| **Total comprehensive income attributable to equity holders of the Company** | **17,972** | 11,522 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*as at 30 September 2013*

| | Notes | **As at 30 September 2013 (Unaudited) *HK$'000*** | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **181,956** | 180,674 |
| Prepaid lease payments | | **2,685** | 2,727 |
| Investment properties | | **115,327** | 104,260 |
| Deposit paid for acquisition of an investment property | | **–** | 11,098 |
| Other asset | | **1,100** | 1,100 |
| Deferred tax assets | | **318** | 251 |
| | | **301,386** | 300,110 |
| **Current assets** | | | |
| Inventories | | **28,504** | 32,149 |
| Trade receivables | 11 | **151,610** | 80,771 |
| Prepayments, deposits and other receivables | 12 | **51,094** | 10,518 |
| Financial assets at fair value through profit or loss | 13 | **87,196** | 86,107 |
| Cash and cash equivalents | | **112,853** | 103,261 |
| Tax recoverable | | **138** | 1,192 |
| | | **431,395** | 313,998 |
| **Non-current assets held for sale** | 14 | **–** | 65,000 |
| | | **431,395** | 378,998 |
| **Current liabilities** | | | |
| Trade payables | 15 | **72,374** | 48,020 |
| Accrued liabilities and other payables | | **48,382** | 36,297 |
| Financial liabilities at fair value through profit or loss | 13 | **604** | 550 |
| Interest-bearing borrowings | | **34,485** | 24,504 |
| Tax payable | | **9,098** | 7,678 |
| | | **164,943** | 117,049 |
| **Net current assets** | | **266,452** | 261,949 |
| **Total assets less current liabilities** | | **567,838** | 562,059 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

*as at 30 September 2013*

| | Notes | As at 30 September 2013 (Unaudited) HK$'000 | As at 31 March 2013 (Audited) HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **39,882** | 39,368 |
| **Net assets** | | **527,956** | 522,691 |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 16 | **63,535** | 63,535 |
| Reserves | | **464,421** | 446,449 |
| Proposed dividends | 9 | **–** | 12,707 |
| **Total equity** | | **527,956** | 522,691 |

# NOTES TO THE INTERIM FINANCIAL INFORMATION

*for the six months ended 30 September 2013*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of Cheong Ming Investments 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 interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2013, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, as disclosed in note 2 to this interim financial information.

This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013.

The interim financial information for the six months ended 30 September 2013 was approved by the board of directors on 22 November 2013.

## 2. IMPACT OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied, for the first time, the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 April 2013.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs 2009-2011 Cycle |
| Amendments to HKFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 1 (Revised) | Presentation of Items of Other Comprehensive Income |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HKAS 19 (Revised) | Employee Benefits |
| HKAS 27 (2011) | Separate Financial Statements |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures |

Other than as noted below, the adoption of the new or amended HKFRSs had no material impact on the Group's financial statements.

## 2. IMPACT OF NEW OR AMENDED HKFRSs (Continued)

**Annual Improvements to HKFRSs 2009 – 2011 Cycle**

*HKAS 34 Interim Financial Reporting*

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and now also discloses segment liabilities in note 4.

**Amendments to HKAS 1 (Revised) – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income**

These amendments require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future and those that may not. The new presentation of other comprehensive income has been adopted retrospectively.

**HKFRS 10 – Consolidated Financial Statements**

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the presentation of consolidated financial statements and HK(SIC) Int 12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

**HKFRS 12 – Disclosure of Interests in Other Entities**

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interest in subsidiaries and associates. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial information as a result of adopting HKFRS 12.

**HKFRS 13 – Fair Value Measurement**

HKFRS 13 replaces previous guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial information. The Group has provided those disclosures in note 21.

3. **REVENUE**

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

4. **SEGMENT INFORMATION**

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

(a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products;

(b) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment produces hangtags, labels, shirt paper boards and plastic bags products for sale principally to manufacturers of consumer products;

(c) the commercial printing segment provides financial printing, digital printing and other related services; and

(d) the food and beverage segment engages in the operations of restaurants.

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

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

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

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

## 4. SEGMENT INFORMATION (Continued)

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

| | Manufacture and sale of paper cartons, packaging boxes and children's novelty books For the six months ended 30 September | | Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags For the six months ended 30 September | | Commercial printing For the six months ended 30 September | | Food and beverage For the six months ended 30 September | | Eliminations For the six months ended 30 September | | Consolidated For the six months ended 30 September | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Reportable segment revenue: | | | | | | | | | | | | |
| Sales to external customers | **247,536** | 195,098 | **8,585** | 14,952 | **39,939** | 33,651 | **3,947** | – | **–** | – | **300,007** | 243,701 |
| Intersegment sales | **1,507** | 3,017 | **464** | 18 | **174** | 219 | **–** | – | **(2,145)** | (3,254) | **–** | – |
| Total | **249,043** | 198,115 | **9,049** | 14,970 | **40,113** | 33,870 | **3,947** | – | **(2,145)** | (3,254) | **300,007** | 243,701 |
| Reportable segment results | **13,996** | 6,783 | **211** | 1,457 | **4,972** | 2,171 | **(1,909)** | – | **–** | – | **17,270** | 10,411 |
| Unallocated income/(expenses): | | | | | | | | | | | | |
| Interest income | | | | | | | | | | | **3,448** | 1,753 |
| Dividend income from financial assets at fair value through profit or loss | | | | | | | | | | | **367** | 427 |
| Rental income | | | | | | | | | | | **2,197** | 1,784 |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | | | | | | | | | | | **(1,081)** | 914 |
| (Loss)/Gain on disposal of financial assets at fair value through profit or loss | | | | | | | | | | | **(894)** | 1,190 |
| Impairment loss on amount due from a former associate | | | | | | | | | | | **–** | (474) |
| Others | | | | | | | | | | | **(13)** | (1,331) |
| Profit from operations | | | | | | | | | | | **21,294** | 14,674 |
| Finance costs | | | | | | | | | | | **(344)** | (335) |
| Profit before income tax | | | | | | | | | | | **20,950** | 14,339 |
| Income tax expense | | | | | | | | | | | **(3,277)** | (2,863) |
| Profit for the period | | | | | | | | | | | **17,673** | 11,476 |

## 4. SEGMENT INFORMATION (Continued)

| | Manufacture and sale of paper cartons, packaging boxes and children's novelty books | | Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags | | Commercial printing | | Food and beverage | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **30 September 2013 (Unaudited)** | 31 March 2013 (Audited) | **30 September 2013 (Unaudited)** | 31 March 2013 (Audited) | **30 September 2013 (Unaudited)** | 31 March 2013 (Audited) | **30 September 2013 (Unaudited)** | 31 March 2013 (Audited) | **30 September 2013 (Unaudited)** | 31 March 2013 (Audited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Reportable segment assets | **350,372** | 282,317 | **4,479** | 3,628 | **15,225** | 18,547 | **5,318** | – | **375,394** | 304,492 |
| Unallocated assets: | | | | | | | | | | |
| Investment properties | | | | | | | | | **115,327** | 104,260 |
| Deposit paid for acquisition of an investment property | | | | | | | | | **–** | 11,098 |
| Other asset | | | | | | | | | **1,100** | 1,100 |
| Non-current assets held for sale | | | | | | | | | **–** | 65,000 |
| Other receivable | | | | | | | | | **40,000** | – |
| Financial assets at fair value through profit or loss | | | | | | | | | **87,196** | 86,107 |
| Cash and cash equivalents | | | | | | | | | **112,853** | 103,261 |
| Others | | | | | | | | | **911** | 3,790 |
| Total assets | | | | | | | | | **732,781** | 679,108 |
| Reportable segment liabilities | **98,984** | 68,933 | **3,292** | 3,051 | **16,821** | 13,383 | **1,659** | – | **120,756** | 85,367 |
| Unallocated liabilities: | | | | | | | | | | |
| Interest-bearing borrowings | | | | | | | | | **34,485** | 24,504 |
| Financial liabilities at fair value through profit or loss | | | | | | | | | **604** | 550 |
| Deferred tax liabilities | | | | | | | | | **39,882** | 39,368 |
| Others | | | | | | | | | **9,098** | 6,628 |
| Total liabilities | | | | | | | | | **204,825** | 156,417 |

## 5. PROFIT FROM OPERATIONS

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Profit from operations is arrived at after charging/(crediting): | | |
| Amortisation of prepaid lease payments | **42** | 42 |
| Depreciation of property, plant and equipment | **7,074** | 7,192 |
| Gain on disposal of property, plant and equipment | **(164)** | (927) |
| Staff costs (including directors' emoluments) | **71,501** | 55,051 |
| (Reversal of provision)/Provision for slow moving inventories | **(1,435)** | 896 |
| Reversal of allowance for impairment of trade receivables | **–** | (56) |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | **1,081** | (914) |
| Loss/(Gain) on disposal of financial assets at fair value through profit or loss | **894** | (1,190) |
| Impairment loss on amount due from a former associate | **–** | 474 |
| Exchange loss, net | **288** | 167 |

## 6. OTHER OPERATING INCOME

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest income | **3,448** | 1,753 |
| Dividend income from financial assets at fair value through profit or loss | **367** | 427 |
| Fair value gain on financial assets at fair value through profit or loss | **–** | 914 |
| Gain on disposal of property, plant and equipment | **164** | 927 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | 1,190 |
| Rental income | **2,197** | 1,784 |
| Reversal of provision for slow moving inventories | **1,435** | – |
| Others | **741** | 1,182 |
| | **8,352** | 8,177 |

## 7. FINANCE COSTS

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest charges on overdrafts, bank and other borrowings repayable within five years | **344** | 335 |

## 8. INCOME TAX EXPENSE

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| The tax charge comprises: | | |
| Current tax – Hong Kong | **2,166** | 944 |
| Current tax – overseas | **591** | 2,042 |
| | **2,757** | 2,986 |
| Deferred tax expense/(credit) | **520** | (123) |
| | **3,277** | 2,863 |

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the six months ended 30 September 2013. Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the group entities operate.

## 9. DIVIDENDS

### (a) Dividends attributable to the period

The directors do not recommend the payment of interim dividend for the period (2012: Nil).

### (b) Dividends attributable to the previous financial year, approved and paid during the period

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Final dividend of HK2 cents (2012: HK2 cents) per ordinary share for financial year 2013 paid during the period | **12,707** | 12,707 |

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited consolidated profit attributable to equity holders of the Company for the period ended 30 September 2013 of approximately HK$17,673,000 (2012: HK$11,476,000) of weighted average 635,353,119 (2012: 635,353,119) of ordinary shares in issue.

There are no dilutive potential shares in both periods of 2013 and 2012.

## 11. TRADE RECEIVABLES

| | **As at 30 September 2013 (Unaudited)** *HK$'000* | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Trade receivables | **152,607** | 81,879 |
| Less: Allowances for impairment of receivables | **(997)** | (1,108) |
| Trade receivables – net | **151,610** | 80,771 |

Trade receivables generally have credit terms of 30 to 120 days (31 March 2013: 30 to 120 days).

At 30 September 2013, the aging analysis of the trade receivables based on invoiced date and net of allowance, is as follows:

| | **As at 30 September 2013 (Unaudited)** *HK$'000* | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Current to 30 days | **50,850** | 42,975 |
| 31 to 60 days | **44,083** | 17,059 |
| 61 to 90 days | **38,067** | 11,982 |
| Over 90 days | **18,610** | 8,755 |
| | **151,610** | 80,771 |

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 September 2013, prepayments, deposits and other receivables included a loan of HK$40,000,000 (the "Loan Receivable") to Fullpower as a result of the Repurchase as stated in note 14.

The Loan Receivable is interest bearing at the rate of 10% per annum and repayable on 31 December 2013, with personal guarantee given by Mr. Wong and secured by 16,667 shares of Fullpower held by Mr. Wong, representing approximately 33.33% of the entire issued share capital in Fullpower held by Mr. Wong, and 28,600,000 shares of the Company held by Fullpower.

## 13. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| Financial assets | **As at 30 September 2013 (Unaudited)** ***HK$'000*** | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Hong Kong listed equity investments | **2,324** | 2,610 |
| Hong Kong unlisted debt investments | **55,927** | 46,142 |
| Hong Kong unlisted currency notes | **55** | 61 |
| Hong Kong unlisted equity linked notes | **–** | 1,957 |
| Hong Kong unlisted commodity linked notes | **1,206** | 1,458 |
| Overseas listed equity investments | **1,777** | 1,693 |
| Overseas unlisted funds investments | **17,997** | 18,932 |
| Overseas unlisted debt investments | **7,910** | 13,254 |
| | **87,196** | 86,107 |

| Financial liabilities | **As at 30 September 2013 (Unaudited)** ***HK$'000*** | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Hong Kong unlisted currency notes | **(604)** | (550) |

## 14. NON-CURRENT ASSETS HELD FOR SALE

| | **As at 30 September 2013 (Unaudited)** ***HK$'000*** | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| At end of period/year | **–** | 65,000 |

Non-current assets are classified as assets held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Impairment losses on non-current assets held for sale are recognised in the profit or loss.

## 14. NON-CURRENT ASSETS HELD FOR SALE (Continued)

On 26 March 2011, the Group entered into an acquisition agreement (the "Acquisition Agreement") with Fullpower Investment Holdings Corp. ("Fullpower") to conditionally acquired 25% equity interest in Suntap Enterprises Ltd. ("Suntap"), which indirectly holds two coalbed methane gas projects in the PRC, at a consideration comprising HK$41,000,000 in cash and the issuance of 28,600,000 new shares to Fullpower by the Company. Details of the acquisition are laid out in the announcement made by the Company on 28 March 2011. As part and parcel of the acquisition of the interest in Suntap, the Group had advanced a loan of RMB20,000,000 (the "Loan") to Suntap after the acquisition.

According to the Acquisition Agreement, a repurchase option was granted to Fullpower pursuant to which Fullpower has the right to repurchase the 25% equity interest in Suntap sold to the Group, together with the Loan, at a total consideration of HK$65,000,000 in cash, in certain circumstances, including but not limited to, the Company demanding for the repayment of the Loan from Suntap. On 30 March 2012, Fullpower exercised the right stated in the Acquisition Agreement to repurchase the interest in Suntap, together with the Loan, at a total consideration of HK$65,000,000 (the "Repurchase"). The Repurchase had not been completed as at 31 March 2012 and the carrying amount of the interest in this associate of HK$56,413,000 and the Loan of HK$24,630,000 were classified as a disposal group held for sale. Accordingly, an impairment loss of HK$16,043,000 was charged to the profit or loss during the year ended 31 March 2012. Details of the Repurchase are laid out in the annual report of the Company for the year ended 31 March 2013.

The Repurchase was completed on 26 April 2013 with settlement by HK$25,000,000 in cash and HK$40,000,000 in a loan granted to Fullpower. In conjunction with the completion of the Repurchase of the 25% equity interest in and the Loan to Suntap, the Group, Fullpower and a shareholder of Fullpower, Mr. Wong Sin Hua ("Mr. Wong") entered into the loan agreement of HK$40,000,000 (i.e. the Loan Receivable in note 12) with interest bearing at the rate of 10% per annum to facilitate the completion of the Repurchase. The Loan Receivable is repayable on 31 December 2013, with personal guarantee given by Mr. Wong and secured by 16,667 shares of Fullpower held by Mr. Wong, representing approximately 33.33% of the entire issued share capital in Fullpower held by Mr. Wong, and 28,600,000 shares of the Company held by Fullpower. The Company received the cash consideration of HK$25,000,000 which is equivalent to RMB20,060,000 on 26 April 2013. Details of completion of the Repurchase are laid out in the announcement made by the Company on 28 April 2013.

## 15. TRADE PAYABLES

| | As at 30 September 2013 (Unaudited) *HK$'000* | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Trade payables | **72,374** | 48,020 |

At 30 September 2013, the aging analysis of the trade payables based on invoiced date, is as follows:

| | As at 30 September 2013 (Unaudited) *HK$'000* | As at 31 March 2013 (Audited) *HK$'000* |
|---|---|---|
| Current to 30 days | **23,713** | 24,796 |
| 31 to 60 days | **17,026** | 7,493 |
| 61 to 90 days | **18,652** | 7,678 |
| Over 90 days | **12,983** | 8,053 |
| | **72,374** | 48,020 |

## 16. SHARE CAPITAL

| | Number of shares | *HK$'000* |
|---|---|---|
| Authorised: | | |
| Ordinary shares of HK$0.10 each at 31 March and 30 September 2013 | 800,000,000 | 80,000 |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.10 each at 31 March and 30 September 2013 | 635,353,119 | 63,535 |

## 17. BANKING FACILITIES

At 30 September 2013, general banking facilities available to the Group amounted to HK$460,040,000 (31 March 2013: HK$306,275,000). The amount of banking facilities utilised by the Group amounted to HK$39,385,000 as at 30 September 2013 (31 March 2013: HK$28,229,000).

At 30 September 2013, certain of the Group's leasehold land and buildings and investment properties amounting to HK$34,370,000 and HK$27,400,000 respectively (31 March 2013: HK$34,370,000 and HK$18,700,000 respectively) were pledged to secure general banking facilities granted to the Group.

## 18. OPERATING LEASE COMMITMENTS

| | **As at 30 September 2013** | | As at 31 March 2013 | |
|---|---|---|---|---|
| | **Land and buildings (Unaudited)** | **Other assets (Unaudited)** | Land and buildings (Audited) | Other assets (Audited) |
| | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* |
| Within one year | **11,905** | **515** | 9,026 | 515 |
| In the second to fifth year, inclusive | **10,823** | **1,147** | 9,916 | 1,404 |
| After five years | **14,725** | **–** | 10,799 | – |
| | **37,453** | **1,662** | 29,741 | 1,919 |

## 19. CAPITAL COMMITMENTS

| | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contracted for but not provided: | | |
| Acquisition of property, plant and equipment | **1,464** | – |

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

| | For the six months ended 30 September | |
|---|---|---|
| | **2013** | 2012 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Related party transactions** | | |
| (a) Compensation of the directors of the Company: | | |
| Salaries and allowances | **3,311** | 3,124 |
| Pension scheme contribution | **251** | 235 |
| | **3,562** | 3,359 |
| (b) Compensation of a director's spouse: | | |
| Salaries and allowances | **360** | 228 |
| Pension scheme contribution | **12** | 10 |
| | **372** | 238 |

(c) As at 30 September 2013, Mr. Lui Shing Ming, Brian, a director of the Company, held approximately 28% of the entire issued share capital in a company which supplied food ingredient to an indirect wholly owned subsidiary of the Company. The transactions are carried at arm-length with the terms mutually agreed between the relevant parties.

| | | |
|---|---|---|
| Purchases from a related party | **1,190** | – |

**Related party balances**

As at 30 September 2013, the net amount due from a related party for provision of food ingredient was HK$36,000 (31 March 2013: Nil). The balances included in other receivables and trade payables amounted to HK$300,000 and HK$264,000 respectively which were unsecured, interest-free and repayable on demand.

## 21. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

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

| | **As at 30 September 2013** | As at 31 March 2013 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| **Financial assets** | | |
| Financial assets at fair value through profit or loss | **87,196** | 86,107 |
| Loans and receivables: | | |
| – Trade receivables | **151,610** | 80,771 |
| – Deposits and other receivables | **47,668** | 5,817 |
| Cash and cash equivalents | **112,853** | 103,261 |
| | **399,327** | 275,956 |

21. **SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)**

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

| | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Financial liabilities** | | |
| Financial liabilities at fair value through profit or loss | **604** | 550 |
| Financial liabilities measured at amortised cost: | | |
| – Trade payables | **72,374** | 48,020 |
| – Accrued liabilities and other payables | **35,263** | 28,109 |
| – Interest-bearing borrowings | **34,485** | 24,504 |
| | **142,726** | 101,183 |

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair value as at 31 March 2013 and 30 September 2013.

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

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

– Level 1: Quoted price (unadjusted) in active markets for identical assets and liabilities;

– Level 2: Inputs other than quoted prices included within Level 1 that are observable of the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) | **As at 30 September 2013 (Unaudited)** | As at 31 March 2013 (Audited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Assets** | | | | | | | | |
| Listed securities held for trading | **4,101** | 4,303 | **–** | – | **–** | – | **4,101** | 4,303 |
| Unlisted securities held for trading | **81,889** | 78,389 | **1,206** | 3,415 | **–** | – | **83,095** | 81,804 |
| **Liabilities** | | | | | | | | |
| Unlisted securities held for trading | **(604)** | (550) | **–** | – | **–** | – | **(604)** | (550) |
| Total fair values | **85,386** | 82,142 | **1,206** | 3,415 | **–** | – | **86,592** | 85,557 |

The fair values of the listed investments are determined based on the quoted bid prices on regulated exchange markets. The fair values of the unlisted debt investments and unlisted fund investments are determined by reference to the quoted bid prices from active markets with actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

In respect of other unlisted currency notes and unlisted linked notes, fair values are determined by using valuation techniques such as Monte Carlo Simulation or Binomial Option Pricing Models. These valuation techniques maximise the use of observable market data where it is available for all significant inputs and rely as little as possible on entity specific estimates. These instruments are included in Level 2.

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

## EXTRACT OF MODIFICATION TO THE CONCLUSION IN THE REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Basis for Qualified Conclusion

As stated in note 14 to the interim financial information, the Group had classified the 25% equity interest (the "Interest") in and the loan (the "Loan") to an associate, Suntap Enterprises Ltd., as a disposal group (the "Disposal Group") held for sale in the consolidated statement of financial position as at 31 March 2012 and thereafter because the vendor of the Interest, Fullpower Investment Holdings Corp. ("Fullpower"), exercised the repurchase option stated in the acquisition agreement to repurchase the Interest together with the Loan at a total consideration of HK$65 million on 30 March 2012 (the "Repurchase"). The carrying amounts before impairment loss of the Interest and the Loan were approximately HK$56.4 million and approximately HK$24.6 million, respectively. An impairment loss of approximately HK$16 million was recognised in the consolidated income statement for the year ended 31 March 2012 resulting in a net aggregate carrying amount of the Disposal Group of HK$65 million as at 31 March 2012.

In accordance with Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5"), the Interest of the Disposal Group classified as held for sale should be recognised at the lower of its carrying amount and its fair value less costs to sell whereas the Loan of the Disposal Group classified as held for sale should be measured at its amortised cost less impairment following the measurement requirements of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39").

The carrying amount of the Disposal Group as at 31 March 2013 was brought forward from the Company's consolidated financial statements for the year ended 31 March 2012 and was determined based on the agreed repurchase consideration of HK$65 million. The repurchase consideration was negotiated as part of the original acquisition agreement dated 26 March 2011. It equals the cash portion of the consideration paid by the Group to Fullpower in exchange for the Interest and the Loan advanced by the Group to the associate after the acquisition but excludes the value of the share portion of the consideration for the acquisition. The completion of the Repurchase (including the settlement of the repurchase consideration) was outstanding as at 31 March 2013.

Fullpower informed the Company that the operations of the associate remained at an early stage of exploration as at 31 March 2013 which was essentially similar to that as at 31 March 2012. The Repurchase was completed on 26 April 2013. The total consideration of HK$65 million has been settled as to (i) the payment of HK$25 million in cash by Fullpower and (ii) the remaining balance of the consideration of HK$40 million was funded by way of a loan to Fullpower by the Group. As such, the directors of the Company considered that the repurchase consideration of HK$65 million closely approximates the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013 and the costs to complete the sale were immaterial. Therefore, the

Company concluded that no adjustment to the carrying amount of the Disposal Group was necessary as at 31 March 2013 and 26 April 2013 and the Company recognised the completion of the Repurchase at no gain or loss during the six months ended 30 September 2013.

However, we were unable to verify the management's assessment that the repurchase consideration of HK$65 million closely approximates the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013. The repurchase consideration was predetermined more than two years ago from 31 March 2013 and 26 April 2013. It might not be representative of the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013. There was no alternative evidence available to determine the fair value of the Disposal Group as the operations of the associate were at an early stage of exploration.

Accordingly, we were unable to determine whether the gain or loss arising from the completion of the Repurchase on 26 April 2013 (being the difference between the repurchase consideration and the carrying amount of the Disposal Group as at 26 April 2013), if any, was free from material misstatement. Any adjustment found to be necessary would have an impact on the Group's profit for the six months ended 30 September 2013, and would have consequential effect on the related disclosures thereof in the interim financial information for the six months ended 30 September 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Business Operation

The principal activities of the Group continue to be manufacture and sale of paper cartons, packaging boxes and children's novelty books, manufacture and sale of hangtags, labels, shirt paper boards and plastic bags, commercial printing and asset management businesses. During the period, the Group is also engaged in operations of restaurants in Hong Kong.

For the period under review, the Group recorded a turnover of approximately HK$300.0 million for the six months ended 30 September 2013, representing an increase of 23.1% compared with the turnover of approximately HK$243.7 million recorded in the corresponding period ended 30 September 2012. Gross profit margin of the Group was increased to 27.4% for the period under review from that of corresponding period of 2012 of 25.7%. The Group's profit attributable to equity holders was increased by 54.0% from that of last corresponding period of approximately HK$11.5 million, to approximately HK$17.7 million. The increase in net profit attributable to equity holders was mainly due to the recovery of export market in the packaging industry which contributed to the increase in orders of packaging boxes.

The business segment of manufacture and sale of paper cartons, packaging boxes and children's novelty books continued to be the Group's major business. For the period under review, the Group recorded total revenue of approximately HK$247.5 million from this major business segment, which was increased by about 26.9% compared to that of last corresponding period of approximately HK$195.1 million. The profit from this segment also increased from last corresponding period of approximately HK$6.8 million to approximately HK$14.0 million for the six months ended 30 September 2013. Such increase in profit was mainly attributable to increase in orders from customers caused by the recovery in the export market.

The business segment of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags, on the contrary, faced pressure of intensive competition during the period. The revenue from this business segment significantly decreased to approximately HK$8.6 million for the period under review from that of the last corresponding year of approximately HK$15.0 million. The decrease in revenue was mainly due to the weakening export market in textile industry which led to significant decrease in orders of hangtags and labels from our customers. With stringent cost management, the Group maintained a profit from this business segment of HK$0.2 million for the six months ended 30 September 2013 as compared to the last corresponding period of approximately HK$1.5 million.

The business segment of commercial printing recorded a growth in revenue of 18.4% as a result of recovery of financial markets during the period. The revenue generated in this business segment increased from HK$33.7 million to HK$39.9 million while the profit from this business segment increased from HK$2.2 million to HK$5.0 million.

The business segment of food and beverage is a new business established by the Group during the period. As of 30 September 2013, the Group has operated in catering of four restaurants in Hong Kong. The total capital investment of the four restaurants was approximately HK$3.5 million and was financed by internal funding of the Group. During the period, the food and beverage segment recorded revenue of HK$3.9 million and a loss of HK$1.9 million. The loss was mainly attributable to pre-operating expenses incurred for business development at early stage.

**Fair value of non-current assets held for sale**

For the consolidated financial statements of the Company for the period ended 30 September 2013, the independent auditor of the Company has issued a qualified conclusion in respect of the carrying amount of the 25% interest in Suntap, together with shareholder's loan (collectively the "Disposal Asset") as at 26 April 2013 and hence the gain or loss arising from the completion of the Repurchase on 26 April 2013. The basis for qualified conclusion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of the Disposal Asset) and the qualified conclusion arising from limitation of scope is set out in the section headed "Extract of Modification to the conclusion in the Report on Review of Interim Financial Information". The said qualified opinion includes basis that the repurchase consideration was predetermined more than two years ago from 31 March 2013 and 26 April 2013. It might not be representative of the fair value of the Disposal Asset as at 31 March 2013 and 26 April 2013. There was no alternative evidence available to determine the fair value of the Disposal Asset as the operations of the associate were at early stage of exploration. Consequently, the independent auditor has expressed that they were unable to determine whether the gain or loss arising from the completion of the Repurchase on 26 April 2013 (being the difference between the Repurchase consideration and the carrying amount of the Disposal Asset as at 26 April 2013), if any, was free from material misstatement.

In this respect, the Company is of the view that the Repurchase has been completed on 26 April 2013 and the total consideration of the Repurchase of HK$65 million has been settled by a payment of HK$25 million in cash by Fullpower and remaining balance of HK$40 million was funded by way of a loan to Fullpower ("Fullpower Loan"). The terms of the Fullpower Loan were arrived after arm's length negotiation between the Company, Fullpower and Mr. Wong and the provision of Fullpower Loan facilitates the completion of Repurchase, such that the Company can immediately receive (after netting off the amount of the Fullpower Loan) HK$25 million in cash. In view of the above and the fact that the Fullpower Loan is secured by collaterals provided by Fullpower and Mr. Wong, the directors consider that the terms of the Fullpower Loan agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole. On this basis, the directors consider that the carrying amount of the Disposal Asset, is representative of the fair value of it to the Company as at 31 March 2013 and 26 April 2013, therefore, no gain or loss arising from the completion of the Repurchase on 26 April 2013 should be recognised for the six months ended 30 September 2013.

## FINANCIAL REVIEW

### Liquidity and financial resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. During the period under review, the Group was financially sound with healthy cash position. The Group's cash and bank balances and short term bank deposits as at 30 September 2013 amounted to approximately HK$112.9 million (31 March 2013: HK$103.3 million). The Group's gearing ratio as at 30 September 2013 was 6.5% (31 March 2013: 4.7%), based on the interest bearing bank borrowings of approximately HK$34.5 million (31 March 2013: HK$24.5 million) and the total equity of HK$528.0 million (31 March 2013: HK$522.7 million).

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

### Exchange rate exposure

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the six months ended 30 September 2013, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system, and the Group managed the exchange rate exposures of Renminbi and Hong Kong or US dollars through entering into forward contracts in relation to US dollars and Renminbi which are included in financial assets/liabilities at fair value through profit or loss.

### Financial guarantees and charges on assets

As at 30 September 2013, corporate guarantees amounting to approximately HK$328.3 million (31 March 2013: HK$174.6 million) were given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group of approximately HK$61.8 million (31 March 2013: HK$53.1 million).

## CONTINGENT LIABILITIES

As at 30 September 2013, the Group had no contingent liabilities.

## PROSPECTS

Looking forward, it is expected that the operating environment in the printing and packaging industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and the European Union, the overseas demand for our products remains volatile. The intense competition in the printing and packaging industry also limit the Group to pass the inflating cost to customers. Due to seasonality of the printing and packaging industry, the second half of the financial year will be even more challenging. In order to tackle the anticipated challenges and stay competitive, the Group will endeavor to widen its customer bases and continue to implement stringent cost control and management strategies. These includes reducing fixed costs for manufacturing operations, effective management in purchase and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of labour and raw materials will limit the effect of cost control measures.

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

## DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil)

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices. In the opinion of the directors, the Company has compiled 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 September 2013 except for the deviation from Code provision A.4.1 in that the non-executive directors were not appointed for a specific term and Code provision A.5.1 in that no nomination committee has been established. However, as the Bye-laws of the Company stipulate that one-third of the directors shall retire from office by rotation so that each director shall be subject to retirement at least once every three years and the procedures for shareholders to elect a director has properly published in the Company's website, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the Code.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the six months ended 30 September 2013, 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 September 2013, the Group had an available workforce of approximately 1,266, of which around 1,100 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 CG 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 4 members, namely Mr. Lo Wing Man, Dr. Lam Chun Kong, Dr. Ng Lai Man, Carmen (all independent non-executive directors) and Mr. Lui Shing Ming, Brian, an executive director of the Company. This Committee is chaired by Mr. Lo Wing Man.

## 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

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 Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man. This Committee is chaired by Dr. Ng Lai Man, Carmen.

The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 September 2013.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 has been reviewed by BDO Limited, Certified Public Accountants, 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.

## 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
**Lui Shing Ming, Brian**
*Chairman*

Hong Kong, 22 November 2013

*As at the date of this announcement, the executive Directors of the Company are Mr. Lui Shing Ming Brian, Mr. Lui Shing Cheong and Mr. Lui Shing Chung Victor and the independent non-executive Directors are Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man Carmen.*