



CLIMAX INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 439)

INTERIM REPORT
2012-13

CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	25
Directors' and Chief Executive's Interests in Shares	30
Substantial Shareholders' Interests in Shares	31
New Share Option Scheme	32
Corporate Governance and Other Information	33

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

WONG Hin Shek (*Chief Executive Officer*)
NG Man Chan

Non-executive Director

WONG Hung Ki

Independent Non-executive Directors

LAU Man Tak
MAN Kwok Leung
WONG Yun Kuen

COMPANY SECRETARY

CHAN Ming Kei

AUDIT COMMITTEE

LAU Man Tak (*Chairman*)
MAN Kwok Leung
WONG Yun Kuen

REMUNERATION COMMITTEE

LAU Man Tak (*Chairman*)
MAN Kwok Leung
WONG Yun Kuen

NOMINATION COMMITTEE

WONG Yun Kuen (*Chairman*)
LAU Man Tak
MAN Kwok Leung

AUDITOR

SHINewing (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 906, 9/F
Wings Building
110–116 Queen's Road Central
Central
Hong Kong

Tel: (852) 3970 4060
Fax: (852) 3970 4065
Website: www.climaxintl-co.com

REGISTRARS

Hong Kong

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Bermuda

Codan Services Limited
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Company Limited

STOCK CODE

439

The board of directors (the “Board”) of Climax International Company Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 September	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Continuing operations			
Turnover	3	45,375	–
Cost of sales		(33,192)	–
Gross profit		12,183	–
Other gains	4	983	492
Selling expenses		(1,390)	–
Administrative expenses		(6,346)	(1,199)
Gain on changes in fair value of held for trading investments		30	327
Finance costs	5	(387)	(1)
Profit/(loss) before tax		5,073	(381)
Income tax expense	6	(1,176)	–
Profit/(loss) for the period attributable to owners of the Company from continuing operations	7	3,897	(381)
Discontinued operation			
Loss for the period attributable to owners of the Company from discontinued operation		–	(115)
Profit/(loss) for the period and other comprehensive income/(expense) for the period attributable to owners of the Company		3,897	(496)
			(restated)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (in Hong Kong cents)	8		
— From continuing operations		0.38	(0.39)
— From discontinued operation		–	(0.11)
		0.38	(0.50)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	10	34,343	627
Investment property	11	12,496	–
Prepaid lease payment	12	9,098	–
Goodwill	16	84,054	–
		139,991	627
Current assets			
Inventories		14,237	–
Trade receivables	13	19,482	–
Deposits and prepayments		470	15,225
Amount due from a related company		14,054	–
Held for trading investments		5,157	5,127
Bank balances and cash		76,172	46,760
		129,572	67,112
Current liabilities			
Trade and other payables	14	75,103	4,216
Amounts due to related companies		131	–
Obligations under finance leases			
— amount due within one year		1,546	6
Bank and other borrowings		3,859	–
Income tax payable		3,651	–
		84,290	4,222
Net current assets		45,282	62,890
Total assets less current liabilities		185,273	63,517
Non-current liabilities			
Obligations under finance leases			
— amount due after one year		3,641	12
Deferred tax liabilities		95	–
Net assets		181,537	63,505
Capital and reserves			
Share capital	15	12,079	574
Reserves		169,458	62,931
Total equity attributable to owners of the Company and total equity		181,537	63,505

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2011 (audited)	11,486	131,205	2,260	17,900	103,941	(198,497)	68,295
Loss for the period and other comprehensive expense for the period	-	-	-	-	-	(496)	(496)
At 30 September 2011 (unaudited)	11,486	131,205	2,260	17,900	103,941	(198,993)	67,799
At 1 April 2012 (audited)	574	131,205	-	17,900	103,941	(190,115)	63,505
Profit for the period and total comprehensive income for the period	-	-	-	-	-	3,897	3,897
Issue of shares (Note 15)	11,505	102,630	-	-	-	-	114,135
At 30 September 2012 (unaudited)	12,079	233,835	-	17,900	103,941	(186,218)	181,537

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 September	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
CASH FROM (USED IN)			
OPERATING ACTIVITIES		4,611	(120)
INVESTING ACTIVITIES			
Net cash outflow on acquisition of a subsidiary	16	(17,585)	–
Net cash outflow on acquisition of a land use right	12	(9,204)	–
Acquisition of an investment property		(12,496)	–
Purchase of plant and equipment		(2,051)	(1,000)
Interest received		337	406
Dividend received		94	86
NET CASH USED IN INVESTING ACTIVITIES		(40,905)	(508)
FINANCING ACTIVITIES			
Proceeds from issue of shares		90,947	–
Share issuing expenses		(574)	–
Repayments of bank borrowings		(6,955)	–
Principal repayment for obligations under finance leases		(643)	(3)
Repayments to related parties		(16,714)	–
Interests paid		(355)	(1)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		65,706	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		29,412	(632)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		46,760	60,078
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by			
Bank balances and cash		76,172	59,446

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for an investment property and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

During the current interim period, the Group has completed the acquisitions of assets (see Notes 11 and 12) and a subsidiary (see Note 16) and accordingly has adopted the following accounting policies.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which it is derecognised.

Prepaid lease payments

Prepaid lease payments represent lease prepayments paid or payable for the right to use the land on which various plants and buildings are situated for a definite period, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of prepaid lease payments is calculated on a straight-line basis over the expected period of the rights.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

Rental income from operating leases is recognised on a straight-line basis over the terms of the leases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7	<i>Financial Instruments: Disclosures — Transfers of Financial Assets; and</i>
Amendments to HKAS 12	<i>Deferred Tax: Recovery of Underlying Assets;</i>

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new and revised standards, amendments or Interpretations (“INT(s)”) that have been issued but are not yet effective.

Amendment to HKFRSs	Annual Improvements 2009 – 2011 Cycle ¹
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans ¹
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities ¹
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
HKFRS 13	Fair Value Measurement ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ³
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after 1 January 2013.

² Effective for annual periods beginning on or after 1 January 2015.

³ Effective for annual periods beginning on or after 1 July 2012.

⁴ Effective for annual periods beginning on or after 1 January 2014.

3. TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision-makers (the “CODMs”), for the purpose of resources allocation and performance assessment focuses on types of goods or services delivered or provided.

In prior years, the Group reported a single operating segment of trading of electronic products. The electronic product segment was discontinued on 31 March 2012 as trading of electronic products was ceased during the year ended 31 March 2012. Accordingly, no reportable segment for trading of electronic products is presented for the period ended 30 September 2012.

After the completion of the acquisition of Sky Will Printing and Packaging (Holdings) Limited (“Sky Will Holdings”), as disclosed in Note 16, which was completed on 3 May 2012, the Group engaged in the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials. The CODMs regard it as the principal business of the Group and as a single operating segment of paper business. In August 2012, the Group acquired an investment property for property investment and rental purposes (see Note 11). Thus, the Group has two reportable segments for financial reporting purposes, comprising paper business and property investment for the period.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segment for the period under review:

For the six months ended 30 September (Unaudited)

Continuing operations

	Paper business		Property investment		Total	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	45,370	–	5	–	45,375	–
Segment profit	7,585	–	5	–	7,590	–
Unallocated corporate income					239	819
Unallocated corporate expenses					(2,369)	(1,199)
Finance costs					(387)	(1)
Profit/(loss) before tax (continuing operations)					5,073	(381)

Segment profit represents the profit earned by each segment without allocation of central corporate expenses, dividend income and finance costs.

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets

The following is an analysis of the Group's assets by reportable and operating segment:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Unaudited)
Segment assets		
Paper business	188,089	–
Property investment	12,496	–
Total segment assets	200,585	–
Unallocated corporate assets	68,978	67,739
Consolidated total assets	269,563	67,739

4. OTHER GAINS

	Six months ended 30 September 2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Continuing operations		
Management fee income	300	–
Net foreign exchange gain	233	–
Interest income	337	406
Dividend income	94	86
Sundry income	19	–
	983	492

5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on:		
Bank and other borrowings wholly repayable within five years	258	–
Finance leases	97	1
Imputed interest on deferred consideration payable	32	–
	387	1

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax		
Hong Kong Profits Tax	822	–
PRC Enterprise Income Tax	354	–
	1,176	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25%.

7. PROFIT/(LOSS) FOR THE PERIOD

Continuing operations

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period from continuing operations has been arrived at after charging:		
Staff costs:		
Directors' remuneration	356	120
Other staff costs	13,682	295
Retirement benefit scheme contributions for staff	233	10
Total staff costs	14,271	425
Amortisation of prepaid lease payment	53	–
Depreciation of plant and equipment	2,386	173
Loss on written off of plant and equipment	–	183

Discontinued operation

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period from discontinued operation has been arrived at after charging:		
Staff costs	–	105

8. EARNINGS/(LOSS) PER SHARE

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operation attributable to owners of the Company is based on the following data:

Earnings/(loss) figures are calculated as follows:

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	3,897	(496)
Less:		
Loss for the period from discontinued operation	–	(115)
Profit/(loss) for the purpose of basic and diluted loss per share from continuing operation	3,897	(381)

	Six months ended 30 September	
	2012	2011
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share (note)	1,013,916,411	98,456,669

Note:

The weighted average of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share for the period ended 30 September 2012 and 30 September 2011 have been retrospectively adjusted for the effect of share consolidation and bonus issue completed on 29 March 2012 and 3 May 2012 respectively.

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

8. EARNINGS/(LOSS) PER SHARE (Continued)

From discontinued operation

Basic and diluted loss per share for the discontinued operation was HK\$0.11 cent per share based on the loss from the discontinued operation for the six months ended 30 September 2011 of approximately HK\$115,000 and the denominators detailed above for basic and diluted loss per share.

The computation of diluted loss per share for the period ended 30 September 2011 did not assume the exercise of the Company's outstanding share options during the period ended 30 September 2011 as the exercise price of those options was higher than the average market price for shares before the suspension of trading in shares on the Stock Exchange in September 2008.

9. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend for both periods.

10. PLANT AND EQUIPMENT

For the six months ended 30 September 2012, additions of plant and equipment resulting from the acquisition of a subsidiary (see Note 16) during the period is approximately HK\$34,051,000.

For the six months ended 30 September 2012, the Group spent approximately HK\$2,051,000 (2011: HK\$1,000,000) for acquisition of assets. For the six months ended 30 September 2011, certain furniture and fixtures of approximately HK\$183,000 (2012: Nil) has been written off as no future economic benefits were expected to arise from these assets.

11. INVESTMENT PROPERTY

On 15 August 2012, Get Billion Investment Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire a residential property at cash consideration of HK\$12,000,000 and incurred transaction costs of approximately HK\$496,000. The property is accounted for as an investment property of the Group and measured using fair value model.

The directors have considered that the fair value of the investment property at the acquisition date was approximately HK\$12,000,000 and there has been no significant change from its carrying amount at 30 September 2012.

The investment property of the Group is situated in Hong Kong and held under medium-term lease.

12. PREPAID LEASE PAYMENT

On 5 July 2012, Sky Will Holdings entered into an agreement with Glory Wing Investments Limited (“Glory Wing”) to acquire the entire issued capital of Miracle True Investment Limited (“Miracle True”) at cash consideration of HK\$9,400,000. The principal asset of Miracle True is a parcel of land with area of approximately 18,246 square meters located in Huizhou City, Guangdong Province, the PRC (the “Land Use Right”) and other prepayments. The Land Use Right was granted for a term expiring in 2055 for industrial uses. The acquisition was completed on 6 July 2012. The net cash outflow arising on the acquisition was approximately HK\$9,204,000. The Land Use Right is accounted for as a prepaid lease payment which carries at cost less amortisation and any impairment loss.

Glory Wing is a related company of the Company of which Mr. Ng Man Chan, an executive director of the Company, is the beneficial owner. Thus, the acquisition was a related party transaction and also constituted a connected transaction as prescribed in the Listing Rules of The Stock Exchange of Hong Kong. The consideration was determined after arm’s length negotiation with reference to the fair value of the Land Use Right and other assets owned by Miracle True.

13. TRADE RECEIVABLES

The Group allows an average credit period of 31 to 60 days to its trade customers.

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

	30 September 2012 HK\$’000 (Unaudited)	31 March 2012 HK\$’000 (Audited)
Within 30 days	4,288	–
31–60 days	6,807	–
Over 60 days	8,387	–
	19,482	–

14. TRADE AND OTHER PAYABLES

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Trade payables	13,403	–
Deposits received from customers	3,219	–
Deferred consideration payable (note)	53,717	–
Other payables and accrued charges	4,764	4,216
	75,103	4,216

Note:

The deferred consideration payable represents provision for the promissory note. (see Note 16)

The following is an aged analysis of trade payables presented on the invoice date at the end of the period/year.

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Within 30 days	6,847	–
31–60 days	2,952	–
Over 60 days	3,604	–
	13,403	–

The average credit period on purchase of goods is 60 days.

15. SHARE CAPITAL

	Number of ordinary shares	Par value per ordinary share HK\$	Share capital HK\$'000
Authorised:			
At 1 April 2011 and 30 September 2011 (unaudited)	10,000,000,000	0.01	100,000
Consolidation of twenty shares of HK\$0.01 each into one share of HK\$0.20 each (note a(i))	(9,500,000,000)		–
Subdivision of one share of HK\$0.20 into twenty shares of HK\$0.01 each (note a(iii))	9,500,000,000		–
At 31 March 2012 (audited) and 30 September 2012 (unaudited)	10,000,000,000	0.01	100,000
Issued and fully paid:			
At 1 April 2011 and 30 September 2011 (unaudited)	1,148,661,140	0.01	11,486
Consolidation of twenty shares of HK\$0.01 each into one share of HK\$0.20 each (note a(i))	(1,091,228,083)		–
	57,433,057	0.20	11,486
Capital reduction (note a(ii))	–		(10,912)
At 31 March 2012 (audited)	57,433,057	0.01	574
Issue of Consideration Shares (note b)	200,000,000	0.01	2,000
Issue of Subscription Shares (note c)	450,000,000	0.01	4,500
Open Offer (note d)	459,464,456	0.01	4,595
Bonus Issue (note e)	41,023,612	0.01	410
At 30 September 2012 (unaudited)	1,207,921,125	0.01	12,079

15. SHARE CAPITAL (Continued)

Notes:

- (a) Pursuant to a special general meeting held on 28 March 2012, a capital reorganisation (“Capital Reorganisation”) was duly passed and became effective on 29 March 2012. The Capital Reorganisation involved:
 - (i) consolidation of every twenty issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.20 each;
 - (ii) reduction in the nominal value of the then issued consolidated shares from HK\$0.20 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.19 on each of the issued consolidated shares; and
 - (iii) subdivision of each authorised but unissued consolidated shares of HK\$0.20 each into twenty adjusted shares of HK\$0.01 each.
- (b) Pursuant to the sale and purchase agreement (“S&P Agreement”) entered into between the Company and Sky Will Printing & Packaging (BVI) Limited (the “Vendor”), 200,000,000 consideration shares (“Consideration Shares”) were issued at an issue price of HK\$0.10 per Consideration Share, credited as fully paid, as part of the consideration for the acquisition of equity interest in Sky Will Holdings (see Note 16). The fair value of the Consideration Shares was approximately HK\$23,762,000 as at 3 May 2012 which was determined by the directors of the Company with reference to valuation carried out by an independent valuer. The share capital and share premium of the Company increased by HK\$2,000,000 and HK\$21,762,000 respectively.
- (c) On 29 February 2012, the Company entered into a subscription agreement (the “Subscription Agreement”) with World Treasure Global Limited (“World Treasure”), in which a director of the Company has beneficial interest. Pursuant to the Subscription Agreement, the Company issued 450,000,000 subscription shares (“Subscription Shares”) to World Treasure at the subscription price of HK\$0.10 per subscription share. The gross proceed of the subscription is HK\$45,000,000. Details of the subscription were set out in the circular dated 5 March 2012. The subscription was completed on 3 May 2012.
- (d) On 29 February 2012, the Company entered into an agreement with World Treasure and Kingston Securities Limited as underwriters, whereby the Company proposed to raise gross proceeds of approximately HK\$45,947,000 before expenses, by way of open offer of 459,464,456 shares at the offer price of HK\$0.10 per offer share, on the basis of eight offer shares for every share (“Open Offer”). A sum of net amount approximately HK\$45,373,000, after deducting related expenses of approximately HK\$574,000, was raised and used as working capital of the Group. Details of the Open Offer were set out in the circular dated 5 March 2012. The Open Offer was completed on 3 May 2012.
- (e) On 3 May 2012, the Company has issued bonus shares (“Bonus Issue”) to the existing shareholders on the basis of five bonus shares for every seven shares, as a result, 41,023,612 ordinary shares were issued and share premium decreased by approximately HK\$410,000. Details of the Bonus Issue were set out in the circular of the Company dated 5 March 2012. The Bonus Issue was completed on 3 May 2012.

16. ACQUISITION OF A SUBSIDIARY

On 3 May 2012, the Company acquired the entire issued capital of Sky Will (Holdings) which is engaged in the manufacture and trading of paper packaging products, paper gift items and printing of paper promotional materials. The aggregate consideration for the acquisition was approximately HK\$112,447,000 (“Consideration”) and to be satisfied in the forms of (i) cash of HK\$35,000,000; (ii) issuance of the Consideration Shares (see Note 15(b) for details); and (iii) issuance of a promissory note (“Promissory Note”). The acquisition has been accounted for using acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK\$84,054,000.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK\$'000
Plant and equipment	34,051
Inventories	15,244
Trade and other receivables	17,852
Amount due from related companies	8,743
Bank balances and cash	2,415
Trade and other payables	(13,000)
Amount due to related companies	(10,817)
Amount due to a director	(6,028)
Obligations under finance leases	(5,812)
Bank and other borrowings	(10,814)
Deferred tax liabilities	(95)
Tax payables	(3,346)
Net identifiable assets and liabilities	28,393

Goodwill arising on acquisition:

	HK\$'000
Consideration transferred:	
— Cash	35,000
— Consideration Shares	23,762
— Promissory Note	53,685
	112,447
Less: Net assets acquired	(28,393)
Goodwill arising on acquisition	84,054

Analysis of net outflow of cash and cash equivalents in respect of the acquisition:

	HK\$'000
Cash consideration paid	35,000
Less: Deposit paid for acquisition of a subsidiary	(15,000)
Less: Bank balances and cash acquired	(2,415)
Net cash outflow in respect of the acquisition	17,585

16. ACQUISITION OF A SUBSIDIARY (Continued)

Under the terms of the Promissory Note, the Promissory Note with principal amount of HK\$55,000,000 is freely transferable, non-interest bearing and has a maturity period of 2 years from the date of issue but can be repaid in whole or in part at the discretion of the Company before maturity or at the discretion of the Promissory Note holder after 31 March 2013 but before the maturity, respectively. The Promissory Note was fair valued at initial recognition at approximately HK\$53,685,000. Pursuant to the S&P Agreement, the Vendor has undertaken to the Company that the net profit of Sky Will (Holdings) for the year ended 2012 would not be less than HK\$16,000,000 (“Profit Guarantee”). For any shortfall from HK\$16,000,000, the Consideration would be adjusted downward by an amount equal to the shortfall multiplied by 6.875 and would be offset against the Promissory Note on a dollar for dollar basis and limited to HK\$55,000,000. Upon the receipt of the audited accounts of Sky Will (Holdings) for the year ended 31 March 2012, the Profit Guarantee was met, hence, no consideration adjustment was made. Provision for the Promissory Note was accounted in other payables at the date of completion (Note 14) and the change of the carrying amount due to the discounting effect with an effective interest rate of approximately 0.14% per annum during the period is recognised as finance cost. The Promissory Note was issued subsequent to the reporting period.

The directors of the Company considered the Vendor and its beneficial owners were independent third parties to the Company before the acquisition. Upon the issuance of Consideration Shares, the Vendor became a substantial shareholder of the Company.

Since its acquisition by the Group, the acquired business contributed turnover of approximately HK\$45,375,000 and a profit of approximately HK\$6,098,000 to the Group’s turnover and profit for the period ended 30 September 2012 respectively.

Had the acquisition been completed on 1 April 2012, total Group’s turnover for the period would have been approximately HK\$48,386,000, and the Group’s profit for the period would have been approximately HK\$3,303,000.

Goodwill arose on acquisition represents the control premium.

No goodwill arising on this acquisition is expected to be deductible for tax purposes.

17. COMMITMENTS

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Capital expenditure in respect of acquisition of a subsidiary contracted but not provided in the condensed consolidated financial statements (note)	–	95,000

Note:

The acquisition has been completed as set out in Note 16.

18. RELATED PARTY TRANSACTIONS

- (i) Mr. Ng Man Chan, a director of the Company, and his spouse provided personal guarantees for the Group's other borrowings during the period.
- (ii) New Spring Label & Packaging Limited ("New Spring Label"), in which, Mr. Ng Man Chan, a director of the Company has beneficial interest, provided guarantees for the Group's bank loan during the period.
- (iii) Other than the transactions with the directors and related companies as disclosed in Notes 12, 15(c) and 15(d), the Group also entered into the following transactions with its related parties during the period:

Name of related parties	Nature	Notes	Six months ended	
			30 September 2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
New Spring Label	Sales of packaging products	(a)	10,493	–
	Management fee income	(a)	300	–
Beautiking Investments Limited	Rental expense	(a)	75	–

18. RELATED PARTY TRANSACTIONS (Continued)

Name of related parties	Nature	Notes	Six months ended	
			30 September	2011
			2012	2011
			HK\$'000	HK\$'000
			(Unaudited)	(Unaudited)
New Pearl Hot Stamping & Packaging Limited	Rental income	(a)	30	–
Kingston Property Investment Limited	Rental expense	(b)	–	100,000
Coast Holdings Limited	Rental expense	(b)	–	68,000

- (a) Mr. Ng Man Chan has beneficial interests in the related companies.
- (b) Mr. Tse On Kin, a former director of the Company who resigned on 16 November 2011, was a director of the related companies.
- (iv) The key management personnel are the directors of the Company, and amounts of their remuneration are disclosed in Note 7.
- (v) The amount due from a related company represents amount due from New Spring Label which is interest free and unsecured. The balance was arising from normal trading activity with the Group and the average credit term of the amount is generally 60 days.
- (vi) The amounts due to related companies are unsecured, interest-free and repayable on demand.
- (vii) The deferred consideration payable included in other payables represents provision for the Promissory Note (see Note 16). The amount is due to Sky Will Printing & Packaging (BVI) Limited, which has become a substantial shareholder of the Company after the Consideration Shares (see Note 15b and 16) were issued upon the completion of the acquisition.

19. EVENT AFTER THE REPORTING PERIOD

On 26 October 2012, the Company entered into an agreement with an independent third party to acquire the entire issued capital of a company (the “Acquiree”), whereas the principal asset of the Acquiree is a residential property in Hong Kong, at cash consideration of approximately HK\$12,000,000. This property is subject to a tenancy agreement until April 2013. The acquisition has been completed on 29 October 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK\$45,375,000 (six months ended 30 September 2011: Nil). For the six months ended 30 September 2012, the Group's net profit attributable to owner was approximately HK\$3,897,000 (six months ended 30 September 2011: net loss of approximately HK\$496,000).

BUSINESS REVIEW

During the period under review, the Group has completed the acquisition of paper business (the "Acquisition") in May 2012. Information about the acquired paper business were disclosed in the circular of the Company dated 5 March 2012. Upon the completion of the Acquisition, the Group has been principally engaged in the paper business including the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials. In August 2012, the Group acquired a residential property for property investment and rental purposes. Thus, the Group has two reportable segments for financial reporting purposes, comprising paper business and property investment.

Paper Business

Paper business is the principal business of the Group. The major customers are primarily distributors, manufacturers of consumer products and advertising agencies based in the USA, Europe, Hong Kong and the PRC. For the six months ended 30 September 2012, approximately HK\$45,370,000 of the Group's turnover was contributed by the paper business and segment profit before tax of approximately HK\$7,585,000 was recorded.

Property Investment

The Group intends to hold the property for investment purpose with a view that it can establish an additional stream of recurring rental income, while capture any possible future capital appreciation. For the six months ended 30 September 2012, certain part of the property has been leased, and leasing income of approximately HK\$5,000 was recognised.

OUTLOOK

The world economy continues to face exceptional uncertainties, in particular to the debt crisis in Europe and the economic slowdown in the United States of America, the market sentiments will most likely remain weak during the ensuing year. The financial year of 2012/2013 will be very significant to the revamped development of the Group as we will be faced with unpredictable and unprecedented challenges. Despite the difficulties ahead, the Group will closely monitor the conditions of paper product market and the property market and prepare to respond swiftly and take advantage of the market adversities to seize upon further suitable investment opportunities to provide tremendous value-added to shareholders.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 September 2012 (For the six months ended 30 September 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL STRUCTURE

During the six months ended 30 September 2012, the share capital of the Company had the following changes:

On 3 May 2012, 200,000,000 shares of HK\$0.01 each were issued pursuant to the sale and purchase agreement in relation to the Acquisition dated 20 January 2011 (the “S&P Agreement”) and supplemented on 30 September 2011 and 29 February 2012 respectively at the issue price of HK\$0.10 per consideration share.

On 3 May 2012, 450,000,000 shares of HK\$0.01 each were issued pursuant to the subscription agreement (the “Subscription Agreement”) dated 29 February 2012 at the subscription price of HK\$0.10 per subscription share (the “Subscription”).

On 3 May 2012, 459,464,456 shares of HK\$0.01 each were issued under the open offer at the subscription price of HK\$0.10 per offer share on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012 (the “Open Offer”).

On 3 May 2012, 41,023,612 shares of HK\$0.01 each were issued under the bonus issue on the basis of five bonus shares for every seven shares held by the qualifying shareholders on 10 April 2012 (the “Bonus Issue”).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the total shareholders’ funds of the Group amounted to approximately HK\$181,537,000 (31 March 2012: approximately HK\$63,505,000), the total assets of approximately HK\$269,563,000 (31 March 2012: approximately HK\$67,739,000) and the total liabilities of approximately HK\$88,026,000 (31 March 2012: approximately HK\$4,234,000).

As at 30 September 2012, the Group had bank balances and cash of approximately HK\$76,172,000 (31 March 2012: HK\$46,760,000). The gearing ratio as of 30 September 2012, defined as the percentage of the total interest bearing debt, including bank and other borrowings of approximately HK\$3,859,000 (31 March 2012: Nil) and obligations under finance leases of approximately HK\$5,187,000 (31 March 2012: HK\$18,000), to net asset value, was approximately 4.98% (31 March 2012: 0.03%).

The Group’s business operations and investments are in Hong Kong and Mainland China. Most of the assets, liabilities and transactions of the Group are primarily denominated in Hong Kong dollar. In respect of the Group’s operations in Mainland China, certain fixed assets including plant and equipment and prepaid lease payment are denominated in Renminbi, apart from these, the Group does not have any material foreign exchange exposure.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

INVESTMENT POSITION AND PLANNING

On 3 May 2012, the Group has completed the acquisition of Sky Will Printing & Packaging (Holdings) Limited (“Sky Will (Holdings)”) and its subsidiary which are engaged in the manufacture and sale of paper packaging products and paper gift items and the printing of paper promotional materials at an aggregate consideration of HK\$112,447,000. Furthermore, the Company has completed the Subscription, the Open Offer and the Bonus Issue, as mentioned in the section of Capital Structure, on 3 May 2012. These transactions formed part of the resumption proposal of the Company which were approved by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 December 2011 and the shares of the Company resumed trading on the Stock Exchange on 7 May 2012.

On 6 July 2012, the Group acquired the entire issued capital of Miracle True Investment Limited (“Miracle True”) at cash consideration of HK\$9,400,000. Miracle True indirectly owns a land use right of a parcel of land with area of approximately 18,246 square meters located in Huizhou City, Guangdong Province, the PRC (the “Land”). The Group intends to use the Land for the construction and setting up of a production plant which provides the Group with additional space or future operational expansion to further enhance the Group’s manufacturing capacity.

On 15 August 2012, the Group acquired a residential property at cash consideration of HK\$12,000,000. The property is situated in Hong Kong with a saleable area of approximately 2,100 square feet. The Company intends to hold the property for investment and rental purposes.

Subsequently on 26 October 2012, the Company has entered into an agreement with an independent third party to acquire a residential property with a saleable area of approximately 932 square feet in Hong Kong, through acquiring the entire issued capital of a company, at cash consideration of approximately HK\$12,000,000. This property is subject to a tenancy agreement until April 2013. The acquisition has been completed on 29 October 2012.

The Group has invested in certain securities that are traded over the Stock Exchange. As at 30 September 2012, the Group held shares with fair value of approximately HK\$5,157,000 (31 March 2012: approximately HK\$5,127,000).

Saved as disclosed above, the Group did not have any other significant investment and there are no other material acquisition or disposal of subsidiaries and associated company during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2012, approximately HK\$7,570,000 (31 March 2012: Nil) of the Group's plant and equipment were held under finance leases.

As at 30 September 2012, the Group had no significant contingent liabilities (31 March 2012: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group had approximately 550 employees. The Group provides competitive remuneration packages to employees with attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

CONNECTED TRANSACTIONS

During the six months ended 30 September 2012, the Group had the following connected transactions:

- (i) On 29 February 2012, Sky Will (Holdings), a wholly owned subsidiary of the Company since 3 May 2012, entered into a master agreement ("Master Agreement") with New Spring Label & Packaging Limited ("New Spring Label"). New Spring Label is an associate of Mr. Ng Man Chan, who was appointed as an executive director of the Company on 16 May 2012. Therefore, transactions contemplated under the Master Agreement, following the completion of the Acquisition on 3 May 2012 and the employment of Mr. Ng Man Chan as an executive director of the Company, constitute continuing connected transactions under the Listing Rules. During the period, the Group provided printing and production of paper packaging and promotional products and materials amounted approximately HK\$10,493,000.
- (ii) On 29 February 2012, the Company entered into the Subscription Agreement with World Treasure Global Limited ("World Treasure"), being an associate of Mr. Wong Hin Shek who is an executive director of the Company. Pursuant to the Subscription Agreement, World Treasure subscribed for 450,000,000 subscription shares at the subscription price of HK\$0.10 per subscription share. The Subscription constitutes a connected transaction of the Company under the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONNECTED TRANSACTIONS (Continued)

- (iii) On 29 February 2012, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with World Treasure and an independent third party as the underwriters of the Open Offer, whereby the Company proposed an open offer of 459,464,456 offer shares at the offer price of HK\$0.10 per offer share, on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012. World Treasure has committed for 230,000,000 offer shares under the Underwriting Agreement. The underwriting arrangement under the Underwriting Agreement of the Open Offer constitutes a connected transaction of the Company under the Listing Rules.

- (iv) On 5 July 2012, Sky Will Holdings entered into an agreement with Glory Wing Investments Limited (“Glory Wing”) to acquire the entire issued capital of Miracle True Investment Limited (“Miracle True”) at cash consideration of HK\$9,400,000. The principal asset of Miracle True is a parcel of land with area of approximately 18,246 square meters located in Huizhou City, Guangdong Province, the PRC (the “Land Use Right”) and other prepayments. The acquisition was completed on 6 July 2012. Glory Wing is a related company of the Company of which Mr. Ng Man Chan, an executive director of the Company, is the beneficial owner. Thus, the acquisition constituted a connected transaction as prescribed in the Listing Rules. The consideration was determined after arm’s length negotiation with reference to the fair value of the Land Use Right and other assets owned by Miracle True. Details of the transaction are disclosed in the announcement of the Company dated 5 July 2012.

The details of the Master Agreement, the Subscription Agreement and the Underwriting Agreement of the relevant connected transactions are contained in the circular of the Company dated 5 March 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2012, the following director or chief executive of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Name of director	Capacity in which the shares are held	Interest in ordinary shares held	Percentage of the issued share capital
Mr. Wong Hin Shek ("Mr. Wong")	Beneficial owner	638,981,013 (Note)	52.90%

Note: The shares are beneficially owned by World Treasure, whose entire issued share capital is wholly and beneficially owned by Mr. Wong. By virtue of the SFO, Mr. Wong is deemed to be interested in the shares held by World Treasure.

Save as disclosed above, as at 30 September 2012, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2012, the following shareholders had interests, directly or indirectly, or short positions in the shares and underlying shares of the Company would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Interest in ordinary shares held	Percentage of the issued share capital
Fung Ming	Interest of controlled corporation	200,000,000 (Note)	16.56%
Sky Will Printing & Packaging (BVI) Limited ("Sky Will BVI")	Beneficial owner	200,000,000 (Note)	16.56%

Note: Sky Will BVI is owned as to 40% by Fung Ming. By virtue of the SFO, Fung Ming is deemed to be interested in the same shares held by Sky Will BVI.

Save as disclosed above, as at 30 September 2012, the Company was not aware of any other person (other than the director or chief executive of the Company, whose interests are disclosed in the section headed "Directors' and Chief Executive's Interests in Shares") who had an interest, directly or indirectly, or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

NEW SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 31 July 2012, a new share option scheme (“New Share Option Scheme”) was adopted by the Company and the share option scheme adopted on 29 August 2002 (“Old Share Option Scheme”) was terminated. Given that the Old Share Option Scheme was to be expired on 28 August 2012, the directors considered that it is in the interest of the Company to adopt the New Share Option Scheme to replace the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employee or director of the Company or any adviser, consultant, agent, contractor, customers and supplier of any member of the Group or whom the Board in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

The total number of shares in respect of which options may be granted under the New Share Option Scheme must not in aggregate exceed 10% of the shares in issue unless approval from the Company’s shareholders has been obtained. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company’s shareholders has been obtained.

The directors have discretion to set a minimum period for which an option has to be held and the option period shall not exceed 10 years from the date of acceptance of option. HK\$1 is payable on acceptance of an option within 21 days from the date of grant.

The exercise price shall be determined by the directors of the Company, and shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares.

The New Share Option Scheme will remain valid for a period of 10 years commencing on 31 July 2012.

As at the date of this report, the total number of option available for issue under the scheme is 120,792,112 shares. During the six months ended 30 September 2012, no option was granted under the scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the six months end 30 September 2012. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code except for the deviations as explained below.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Upon the resignation of Mr. Tse On Kin on 16 November 2011, the Company does not have any officer with the title of “chairman”. Mr. Wong Hin Shek, who acts as the chief executive officer of the Company, is also responsible for the leadership of the Board in formulating corporate policies and business strategies and oversight of significant compliance matters. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company in view of the board structure and business of the Group. The roles of the respective senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. The Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer is necessary.

MODEL CODE OF SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the directors. Having made specific enquiry to the directors, the directors confirmed that they have complied with the code throughout the six months ended 30 September 2012.

CHANGES IN DIRECTORS’ INFORMATION

Changes in director’s information since the date of the 2012 annual report of the Company are set out below:

Mr. Wong Hin Shek, an executive director of the Company, resigned as an executive director of Interchina Holdings Company Limited (stock code: 202) with effect from 15 August 2012.

Mr. Man Kwok Leung, an independent non-executive director of the Company, resigned as an independent non-executive director of ZMAY Holdings Limited (stock code: 8085) with effect from 21 September 2012.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

CHANGES IN DIRECTORS' INFORMATION (Continued)

Dr. Wong Yun Kuen, an independent non-executive director of the Company, was appointed as an independent non-executive director of Sincere Watch (Hong Kong) Limited (Stock code: 444) with effect from 18 September 2012 and resigned as an independent non-executive director of ZMAY Holdings Limited (stock code: 8085) with effect from 21 September 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed with the management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgement issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2012.

On behalf of the Board
Wong Hin Shek
Executive Director

Hong Kong, 30 November 2012