



**China Optoelectronics Holding Group Co., Limited**

(Incorporated in Bermuda with limited liability)

Stock Code: 1332

INTERIM  
REPORT  
2015

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## DIRECTORS

### **Executive directors**

Ms. Poon Ho Yee Agnes (*Managing Director*)  
Mr. Lo Yuen Wa Peter  
Ms. Sun Dixie Hui

### **Non-executive director**

Dr. Lam How Mun Peter (*Chairman*)

### **Independent non-executive directors**

Mr. Chan Sze Hung  
Mr. Cheung Wing Ping  
Mr. Ha Kee Choy Eugene  
Mr. Man Wai Chuen  
Mr. To Shing Chuen

## AUDIT COMMITTEE

Mr. Ha Kee Choy Eugene (*Chairman*)  
Mr. Chan Sze Hung  
Mr. Cheung Wing Ping  
Mr. Man Wai Chuen  
Mr. To Shing Chuen

## NOMINATION COMMITTEE

Dr. Lam How Mun Peter (*Chairman*)  
Ms. Poon Ho Yee Agnes  
Mr. Chan Sze Hung  
Mr. Cheung Wing Ping  
Mr. Ha Kee Choy Eugene  
Mr. Man Wai Chuen  
Mr. To Shing Chuen

## REMUNERATION COMMITTEE

Mr. Chan Sze Hung (*Chairman*)  
Dr. Lam How Mun Peter  
Mr. Cheung Wing Ping  
Mr. Ha Kee Choy Eugene  
Mr. Man Wai Chuen  
Mr. To Shing Chuen

## AUTHORISED REPRESENTATIVES

Ms. Poon Ho Yee Agnes  
Ms. Sun Dixie Hui

## COMPANY SECRETARY

Ms. Fung Pui Ling

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor  
China United Centre  
28 Marble Road  
North Point, Hong Kong

## INDEPENDENT AUDITORS

Ernst & Young  
*Certified Public Accountants*

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
BNP Paribas, Hong Kong Branch

## SHARE REGISTRARS AND TRANSFER OFFICES

### **Principal share registrar and transfer office**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

### **Hong Kong branch share registrar and transfer office**

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

## WEBSITE

[www.chnoe.com](http://www.chnoe.com)

## STOCK CODE

1332

On behalf of the Board of Directors (the “Directors” or the “Board”) of China Optoelectronics Holding Group Co., Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015.

## BUSINESS REVIEW

During the period under review, the principal activities of the Group were the manufacture and sale of packaging products and point-of-sale display units, and treasury investment. The profit attributable to shareholders for the period was HK\$341.4 million (six months ended 30 June 2014: HK\$2.3 million). The substantial increase was mainly due to gains totalling HK\$349.4 million resulting from the disposals of interests in subsidiaries and associates. Revenue for the Group was HK\$84.9 million (six months ended 30 June 2014: HK\$191.3 million), mainly contributed by the packaging business of HK\$175.2 million but offset by the disposal loss on equity investments at fair value through profit or loss of HK\$91.6 million. This investment loss was also the cause of the Group’s gross loss of HK\$60.7 million (six months ended 30 June 2014: gross profit of HK\$30.7 million) after deducting it significantly from the gross profit generated from the packaging business of HK\$29.7 million.

For the first half of 2015, the global economy grew slowly but still remained weak. Economic growth in the United States had a weak start coupled with progressive European sovereign debt crisis and slowdown in China growth. Faced with uncertainty in the economic outlook, the consumers were likely to reduce their purchases of luxury goods, which in turn caused the weak and unstable demand for packaging products. Nevertheless, the revenue of the Group’s packaging business remained moderately stable through strengthening marketing and promotion strategies in satisfying customers’ requirements.

During the period, the Group has streamlined the manufacturing activities to dispose of its entire interest of 51% in Theme Production House Limited (“TPH”) and 30% in Technical International Holdings Limited with a total gain of HK\$11.2 million. The disposal has enabled the Group to reallocate its available resources to existing and prospective businesses.

In line with the Group’s long-term business plans and strategies to rationalize its assets by increasing their returns, the Group disposed of two office premises by selling the property holding companies to recognize the fair value gains of HK\$338.3 million and redeployed the proceeds in stronger potential opportunities. Furthermore, the Group has recently started treasury investment activities including securities investment and trading and money lending for the purpose of capturing investment opportunities and diversifying the sources of income.

To diversify its core business into environmental protection industry, the Group has entered into a conditional sale and purchase agreement with an independent third party, pursuant to which the Group has agreed to purchase the entire equity interest in a company whose group has principally invested in research, development, production and distribution of light-emitting diode (“LED”) chips and solid-state lighting products in the PRC at a consideration of HK\$496.2 million. A refundable deposit of HK\$49.6 million has been paid and the balance of the consideration in the sum of HK\$446.6 million will be paid by the Group upon completion to be satisfied either by way of cash or the issue of promissory note, or both. As at this reporting date, the acquisition has yet to be completed.

## FINANCIAL REVIEW

### Packaging Business

The revenue of the packaging business during the period under review decreased by 8.5% to HK\$175.2 million (six months ended 30 June 2014: HK\$191.3 million) by virtue of reduced sales in the point-of-sale display units which were mainly produced by TPH and the restructuring through disposal of this business unit in late-May 2015 as described in the “Business Review” above.

Sales to Hong Kong and Mainland China contributed 43.3% to the revenue while sales to Europe and North and South America accounted for 31.4% and 16.7% respectively.

Despite the increase of labour costs and manufacturing overheads in Mainland China, the gross profit margin improved from 16.0% to 16.9%, mainly due to the decline in material costs and implementation of stringent cost controls.

Profit recorded was HK\$10.7 million, an increase of HK\$2.0 million largely due to the gain on disposal of interest in TPH which amounted to HK\$5.4 million, and was partially set off by the provision for impairment of trade receivables of HK\$3.3 million.

## Treasury Investment

In view of insignificant interest return on bank deposits and the launch of Shanghai-Hong Kong Stock Connect, the Group has been actively looking for opportunities for diversification since the period under review, and utilizing its surplus fund to treasury investment in seeking better return of assets employed. As at 30 June 2015, the Group held a portfolio of listed securities with a market value of HK\$93.7 million issued by companies listed on The Stock Exchange of Hong Kong Limited. For the six months ended 30 June 2015, the disposal loss and fair value gain on equity investments at fair value through profit or loss were HK\$91.6 million and HK\$41.5 million respectively. Furthermore, the gain on disposal of available-for-sale listed equity investments was HK\$34.6 million and the interest income from provision of finance was HK\$1.3 million.

## Liquidity and Financial Resources

The Group's liquidity and financial resources remain strong. As at 30 June 2015, the Group had no outstanding bank borrowing (31 December 2014: Nil) and had cash in hand of HK\$371.9 million (31 December 2014: HK\$40.1 million). The gearing ratio (bank borrowings to shareholders' equity) was zero as at 30 June 2015 (31 December 2014: Zero).

In June 2015, the Company had issued unlisted 575,063,972 warrants with mandatory exercise rights at the unit price of HK\$0.01, upon which a fair value gain of HK\$4.7 million was recognized. After full exercise of the subscription rights attached to the warrants at respective subscription prices of HK\$0.56 or HK\$0.608 per warrant share within two years, the Company will raise capital up to the maximum of HK\$324.6 million. The net proceeds from the subscription will provide the Group with general working capital requirement, the acquisition of the LED business, and additional investment flexibility.

In respect of the surplus of liquid assets on hand and mandatory exercise of warrants within two years from the issue, the Group has adequate financial resources to meet the funding request for future business development and ongoing operational requirements.

## Pledge of Assets

As at 30 June 2015, the Group did not have any charge on its assets (31 December 2014: HK\$37.4 million).

## Contingent Liabilities

As at 30 June 2015, the Group did not have any contingent liabilities (31 December 2014: HK\$4.5 million).

## Foreign Exchange Risk

Sales and purchases transactions of the Group were primarily denominated in US dollars and Hong Kong dollars. The exposure to foreign exchange risk is thus minimal. However, the Group was indirectly exposed to currency risk of RMB, arising from the payment of manufacturing expenses incurred in Mainland China. The Group monitors fluctuations in exchange rates closely and will consider hedging significant foreign exchange risk where it is necessary.

## EMPLOYEES

As at 30 June 2015, the Group had a total workforce of approximately 971 employees in Hong Kong and Mainland China. The Group remunerates the employees based on their merit, qualification and competence. The Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. Other benefits include provident fund contributions, medical and life insurances.

## PROSPECTS

Looking forward, the United States has shown signs of constrained economic growth while in Europe economic growth appears to be gaining momentum. Retail spending will benefit from improving consumer confidence, which may have a positive prospect for the global demand of consumer products. However, the Group is still affected by cost pressures in the light of labour shortages, raised minimum wages and other staff fringe benefits in Mainland China. Nevertheless, the Group is actively broadening the customer base, and striving for improved profit margins and cost efficiency in the rest of the year.

Oriented to the Group's business diversification, the contemplated LED business may be a significant addition to the Group's principal activities. To reflect on this new business for the Group, the Company's name has been changed to "China Optoelectronics Holding Group Co., Limited" and the Chinese secondary name "中國光電控股集團有限公司" has been adopted. The acquisition will allow the Group to tap into the LED business which has been expanding rapidly in the PRC. Immediate returns are expected to come from this new business with strong potential growth.

After the reporting period, the Group has acquired 3.45% of the issued share capital of Freewill Holdings Limited ("FHL"), an investment holding company engaged in financial services related business. With this transaction, the Group will utilize FHL's management expertise in the financial sector service which provides an operational platform to integrate and optimize the Group's treasury investment activities.

## INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

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

#### Long positions in shares of the Company

Name of directors	Capacity in which interests are held	Number of shares held	(Note) Approximate percentage
Dr. Lam How Mun Peter	Beneficial owner	398,150	0.01
Ms. Poon Ho Yee Agnes	Beneficial owner	130,000	0.00

Note: Approximate percentage refers to the number of shares which a director held expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any interests or short positions 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) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTIONS

The Company adopted a share option scheme on 18 May 2012, details of which were disclosed in the Company's prospectus dated 28 June 2012 and are set out in note 14 to these unaudited interim condensed consolidated financial statements. No share option has been granted since its adoption.

### DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2015, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage <sup>2</sup>
Ms. Lo Ki Yan Karen	Interest of controlled corporation	1,459,641,400 <sup>1</sup>	40.61
Amazing Bay Limited	Beneficial owner	1,459,641,400 <sup>1</sup>	40.61

Notes:

- Those shares were held through Amazing Bay Limited, a company wholly-owned by Ms. Lo Ki Yan Karen ("Ms. Lo"). Accordingly, Ms. Lo was deemed to be interested in the same number of shares held through Amazing Bay Limited.
- Approximate percentage refers to the number of shares which a shareholder held expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2015.
- All the interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2015, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

## UPDATE ON DIRECTOR’S INFORMATION

Mr. Ha Kee Choy Eugene ceased to be an Independent Non-executive Director of Heritage International Holdings Limited, the shares of which are listed on the Stock Exchange, with effect from 17 April 2015.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2015.

## REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group’s unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015.

## APPRECIATION

On behalf of the Board, I would like to express our utmost gratitude to our customers, bankers, suppliers, strategic partners and most valued shareholders for their continued support. We also wish to thank the Group’s management and staff for their professionalism, loyalty and contribution to the Group.

By order of the Board  
**Lam How Mun Peter**  
*Chairman*

Hong Kong, 24 August 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	4	84,859	191,348
Cost of sales		(145,516)	(160,651)
Gross profit/(loss)		(60,657)	30,697
Other income and gains	4	389,526	845
Fair value gain on listed equity investments at fair value through profit or loss, net		41,525	–
Selling and distribution expenses		(6,559)	(7,128)
Administrative expenses		(18,634)	(18,808)
Other expenses		(3,285)	(388)
Share of profits and losses of associates		–	(905)
PROFIT BEFORE TAX	5	341,916	4,313
Income tax expense	6	(598)	(804)
PROFIT FOR THE PERIOD		341,318	3,509
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		42,252	–
Reclassification adjustment for gains included in profit or loss as a result of disposal		(34,953)	–
Exchange differences on translation of foreign operations		(35)	(97)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		7,264	(97)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		348,582	3,412
Profit attributable to:			
Owners of the parent		341,374	2,257
Non-controlling interests		(56)	1,252
		341,318	3,509
Total comprehensive income attributable to:			
Owners of the parent		348,638	2,160
Non-controlling interests		(56)	1,252
		348,582	3,412
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	8		(Restated)
Basic		HK9.50 cents	HK0.06 cents
Diluted		HK9.37 cents	HK0.06 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	54,552	85,505
Prepaid land lease payments		12,337	12,538
Available-for-sale investments	10	41,370	77,416
Deposit paid		49,625	–
<b>Total non-current assets</b>		<b>157,884</b>	175,459
<b>CURRENT ASSETS</b>			
Prepaid land lease payments		402	402
Inventories		31,807	37,759
Trade and bills receivables	11	40,033	50,361
Prepayments, deposits and other receivables		13,155	7,579
Listed equity investments at fair value through profit or loss		52,355	–
Tax recoverable		24	1,108
Pledged deposits		–	3,023
Cash and cash equivalents		371,903	37,034
		<b>509,679</b>	137,266
Assets of a disposal group classified as held for sale		–	32,817
<b>Total current assets</b>		<b>509,679</b>	170,083
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	24,009	37,867
Other payables and accruals		19,054	30,228
Financial liability at fair value through profit or loss		1,029	–
Tax payable		1,403	870
		<b>45,495</b>	68,965
Liabilities directly associated with the assets classified as held for sale		–	580
<b>Total current liabilities</b>		<b>45,495</b>	69,545
<b>NET CURRENT ASSETS</b>		<b>464,184</b>	100,538
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>622,068</b>	275,997
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		375	968
<b>Net assets</b>		<b>621,693</b>	275,029
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	13	35,941	14,377
Reserves		585,752	258,678
		<b>621,693</b>	273,055
<b>Non-controlling interests</b>		–	1,974
<b>Total equity</b>		<b>621,693</b>	275,029

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
					for-sale					
					investment revaluation reserve (Unaudited) HK\$'000					
At 1 January 2014	14,377	18,733	45,291	(12,861)	-	59	195,602	261,201	933	262,134
Profit for the period	-	-	-	-	-	-	2,257	2,257	1,252	3,509
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(97)	-	(97)	-	(97)
Total comprehensive income for the period	-	-	-	-	-	(97)	2,257	2,160	1,252	3,412
At 30 June 2014	14,377	18,733	45,291	(12,861)	-	(38)	197,859	263,361	2,185	265,546

	Attributable to owners of the parent										
	Notes	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
						for-sale					
						investment revaluation reserve (Unaudited) HK\$'000					
At 1 January 2015		14,377	18,733	45,291	(12,861)	1,522	42	205,951	273,055	1,974	275,029
Profit for the period		-	-	-	-	-	-	341,374	341,374	(56)	341,318
Other comprehensive income for the period:											
Available-for-sale investments:											
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	42,252	-	-	42,252	-	42,252
Reclassification adjustment for gains included in profit or loss as a result of disposal		-	-	-	-	(34,953)	-	-	(34,953)	-	(34,953)
Exchange differences on translation of foreign operations		-	-	-	-	-	(35)	-	(35)	-	(35)
Total comprehensive income for the period		-	-	-	-	7,299	(35)	341,374	348,638	(56)	348,582
Disposal of a subsidiary	15(c)	-	-	-	-	-	-	-	-	(1,918)	(1,918)
First Bonus Issue	13(b)	14,376	-	-	(14,376)	-	-	-	-	-	-
Second Bonus Issue	13(c)	7,188	-	-	(7,188)	-	-	-	-	-	-
At 30 June 2015		35,941	18,733*	45,291*	(34,425)*	8,821*	7*	547,325*	621,693	-	621,693

\* These reserve accounts comprise the consolidated reserves of HK\$585,752,000 (31 December 2014: HK\$258,678,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Cash generated from operations		<b>145,913</b>	2,500
Interest received		<b>1,333</b>	53
Profits tax refund		<b>63</b>	–
<b>Net cash flows from operating activities</b>		<b>147,309</b>	2,553
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment	9	<b>(179)</b>	(173)
Proceeds from disposal of items of property, plant and equipment		<b>89</b>	40
Purchase of an available-for-sale investment		<b>(131)</b>	–
Proceeds from disposal of available-for-sale investments		<b>78,063</b>	–
Disposal of subsidiaries	15	<b>95,246</b>	–
Disposal of associates		<b>5,744</b>	–
Decrease in pledged time deposits		<b>3,023</b>	4,524
<b>Net cash flows from investing activities</b>		<b>181,855</b>	4,391
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Proceeds from issue of unlisted warrants		<b>5,751</b>	–
<b>Net cash flows from a financing activity</b>		<b>5,751</b>	–
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>37,034</b>	80,502
Effect of foreign exchange rate changes, net		<b>(46)</b>	(68)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>371,903</b>	87,378

## 1. CORPORATE INFORMATION

China Optoelectronics Holding Group Co., Limited (the “Company”) (formerly known as Qualipak International Holdings Limited) was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability on 24 October 2011. The principal place of business of the Company is located at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

The principal activities of the Company are investment holding and provision of corporate management services. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units; securities investment and trading business as well as money lending business.

### 2.1 BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do 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 December 2014.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of (i) accounting for financial assets at fair value through profit or loss, and revenue recognition; and (ii) the new and revised HKFRSs as disclosed in note 2.2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and equity instruments which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

### (i) Investments and other financial assets

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

#### *Revenue recognition of financial assets at fair value through profit or loss*

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Income from the sale of equity and debt securities is recognised on a trade-date basis.

### (ii) The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKAS 19 <i>Annual Improvements</i> <i>2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of HKFRSs
<i>Annual Improvements</i> <i>2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of the new and revised HKFRSs but is not yet in a position to state whether the new and revised HKFRSs would have a potential impact on its results of operations and financial position.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

Manufacturing of packaging products segment – Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units

Treasury investment segment – Investments and trading in securities and money lending business

During the period, the board of directors of the Company has decided to develop the securities investment and trading business as well as money lending business in order to capture business and investment opportunities on a timely basis and accordingly, the treasury investment business is redesignated by the board of directors as one of the principal activities of the Group. The results of the treasury investment business are also separately reviewed and evaluated for management reporting purposes. Accordingly, the presentation of segment information for the six months ended 30 June 2014 has been restated to reflect this change of segment composition.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that head office and corporate income and expenses are excluded from such measurement.

Information regarding the reportable segments is presented below.

### Reportable segment information

For six months ended 30 June 2015 – unaudited

	Manufacturing of packaging products HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue	175,176	(90,317)	84,859
Other revenue	5,871	76,112	81,983
Total	181,047	(14,205)	166,842
Segment results	10,746	(14,498)	(3,752)
Corporate and unallocated income			349,068
Corporate and unallocated expenses			(3,400)
Profit before tax			341,916

**3. OPERATING SEGMENT INFORMATION** *(Continued)***Reportable segment information** *(Continued)*

For six months ended 30 June 2014 – unaudited

	Manufacturing of packaging products HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue	191,348	–	191,348
Other revenue	333	–	333
Total	191,681	–	191,681
Segment results	8,745	–	8,745
Corporate and unallocated income			512
Corporate and unallocated expenses			(4,944)
Profit before tax			4,313

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; gain/loss on disposal of listed equity investments at fair value through profit or loss, net; and interest income earned from money lending business.

An analysis of the Group's revenue, other income and gains is as follows:

	Note	Six months ended 30 June 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>			
Sale of packaging products		175,176	191,348
Loss on disposal of listed equity investments at fair value through profit or loss, net		(91,577)	–
Interest income from money lending business		1,260	–
		<b>84,859</b>	191,348
<b>Other income and gains</b>			
Bank interest income		73	53
Sale of scrap materials		177	199
Fair value gain on financial liability at fair value through profit or loss		4,722	–
Foreign exchange differences, net		154	–
Gain on disposal of items of property, plant and equipment		89	40
Gain on disposal of subsidiaries	15	343,697	–
Gain on disposal of associates		5,744	–
Gain on disposal of available-for-sale investments		34,587	–
Gross rental income		240	480
Others		43	73
		<b>389,526</b>	845

## 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation	<b>1,678</b>	2,574
Amortisation of prepaid land lease payments	<b>201</b>	201
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	<b>37,664</b>	41,625
Pension scheme contributions	<b>4,378</b>	5,181
	<b>42,042</b>	46,806
Foreign exchange differences, net	<b>(154)</b>	(316)*
Impairment of trade receivables	<b>3,285*</b>	–
Fair value loss on a derivative financial instrument	<b>–</b>	704*

\* These items are included in "Other expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current charge for the period		
Hong Kong	<b>582</b>	744
Mainland China	<b>–</b>	50
Deferred	<b>16</b>	10
Total tax charge for the period	<b>598</b>	804

## 7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity holders of the parent of HK\$341,374,000 (six months ended 30 June 2014: HK\$2,257,000), and the weighted average number of ordinary shares of 3,594,149,825 (six months ended 30 June 2014: 3,594,149,825, as restated) in issue during the period ended 30 June 2015, as adjusted to reflect the Share Subdivision, the First Bonus Issue and the Second Bonus Issue (as defined in note 13 to these unaudited interim condensed consolidated financial statements) during the period.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity holders of the parent, adjusted to reflect the fair value gain on the unlisted warrants. The weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share has been retrospectively adjusted to reflect the impact of the Share Subdivision, the First Bonus Issue and the Second Bonus Issue taken place during the period.

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in calculation of basic earnings per share calculation	<b>341,374</b>	2,257
Less: Fair value gain on the unlisted warrants	<b>(4,722)</b>	–
Profit attributable to ordinary equity holders of the parent before the fair value gain on the unlisted warrants	<b>336,652</b>	2,257
<b>Number of shares</b>		
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>(Unaudited)</b>	<b>(Restated)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	<b>3,594,149,825</b>	3,594,149,825
Effect of dilution – weighted average number of ordinary shares: unlisted warrants	<b>83,609</b>	–
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	<b>3,594,233,434</b>	3,594,149,825

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group incurred HK\$179,000 (six months ended 30 June 2014: HK\$173,000) on the acquisition of items of property, plant and equipment. Property, plant and equipment with carrying amount of HK\$29,454,000 (six months ended 30 June 2014: Nil) were disposed of in relation to the Group's disposal of Empire New Assets (note 15(b)) and TPH (note 15(c)) during the six months ended 30 June 2015.

## 10. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Listed equity investments, at fair value:		
Hong Kong	<b>41,370</b>	77,416

During the period, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK\$42,252,000 (six months ended 30 June 2014: Nil), of which HK\$34,953,000 (six months ended 30 June 2014: Nil) was reclassified from other comprehensive income to the statement of profit or loss for the period.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

## 11. TRADE AND BILLS RECEIVABLES

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Trade and bills receivables	<b>43,658</b>	50,701
Impairment	<b>(3,625)</b>	(340)
	<b>40,033</b>	50,361

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period generally ranges from 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

## 11. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within 1 month	<b>20,538</b>	25,566
1 to 2 months	<b>10,540</b>	13,673
2 to 3 months	<b>5,461</b>	6,919
Over 3 months	<b>3,494</b>	4,203
	<b>40,033</b>	50,361

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Neither past due nor impaired	<b>30,570</b>	34,469
Less than 1 month past due	<b>5,495</b>	9,858
Over 1 month past due	<b>3,968</b>	6,034
	<b>40,033</b>	50,361

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 12. TRADE AND BILLS PAYABLES

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

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within 1 month	<b>20,987</b>	29,160
1 to 2 months	<b>1,962</b>	6,688
2 to 3 months	<b>978</b>	1,843
Over 3 months	<b>82</b>	176
	<b>24,009</b>	37,867

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

## 13. SHARE CAPITAL

### Shares

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Authorised:		
10,000,000,000 (31 December 2014: 1,000,000,000) ordinary shares of HK\$0.01 each (31 December 2014: HK\$0.10 each)	<b>100,000</b>	100,000
Issued and fully paid:		
3,594,149,825 (31 December 2014: 143,765,993) ordinary shares of HK\$0.01 each (31 December 2014: HK\$0.10 each)	<b>35,941</b>	14,377

## 13. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2015	143,765,993	14,377	18,733	33,110
Share Subdivision (note (a))	1,293,893,937	-	-	-
First Bonus Issue (note (b))	1,437,659,930	14,376	-	14,376
Second Bonus Issue (note (c))	718,829,965	7,188	-	7,188
At 30 June 2015	3,594,149,825	35,941	18,733	54,674

Notes:

- (a) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting of the Company held on 31 December 2014, every one issued and unissued existing ordinary share of HK\$0.10 in the share capital of the Company was subdivided into ten subdivided shares of HK\$0.01 each (the "Share Subdivision"). The Share Subdivision has been completed on 2 January 2015.
- (b) Pursuant to another resolution passed by the shareholders of the Company at the same special general meeting of the Company held on 31 December 2014, the shareholders of the Company also approved a bonus issue (the "First Bonus Issue") of the new subdivided shares on the basis of one bonus share for every one subdivided share held by qualifying shareholders whose names appear on the register of members of the Company on the record date, being the date for determining the entitlement to the First Bonus Issue. The First Bonus Issue has been completed on 15 January 2015.
- (c) Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 18 May 2015, the shareholders of the Company approved a bonus issue (the "Second Bonus Issue") of the shares on the basis of one bonus share for every four shares held by qualifying shareholders whose names appear on the register of members of the Company on the record date, being the date for determining the entitlement to the Second Bonus Issue. The Second Bonus Issue has been completed on 3 June 2015.
- (d) Pursuant to a conditional placing agreement dated 21 April 2015 and three supplemental agreements dated 29 April 2015, 15 May 2015 and 8 June 2015 entered into between the Company and the placing agent, which the Company agreed to grant and the placing agent agreed to procure not less than six placees to subscribe for 287,531,980 unlisted warrants with mandatory exercise rights, on a fully-underwritten basis, at the placing price of HK\$0.01 per warrant (the "First Warrant Share"). The subscription price is HK\$0.56 per First Warrant Share. Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 287,531,980 new shares will be issued and allotted.
- (e) Pursuant to conditional placing agreement dated 13 May 2015 and a supplemental agreement dated 8 June 2015 entered into between the Company and the placing agent, which the Company agreed to grant and the placing agent agreed to procure not less than six placees to subscribe for 287,531,992 unlisted warrants with mandatory exercise rights, on a fully-underwritten basis, at the placing price of HK\$0.01 per warrant (the "Second Warrant Share"). The subscription price is HK\$0.608 per Second Warrant Share. Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 287,531,992 new shares will be issued and allotted.

## 14. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively, the “Eligible Group”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The Scheme became effective on 18 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

“Related Group” means (i) each of the substantial shareholders of the Company, and (ii) each associate and substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the Company or of a substantial shareholder referred to in (i) above, and (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above, and (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above, and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of the special general meeting held on 11 June 2015 to approve the refreshment of the scheme mandate limit of the Scheme. The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

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

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) closing price of the Company’s shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an issued ordinary share of the Company on the date of offer of the share options.

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

No share option has been granted since the adoption of the Scheme.

At the date of approval of these unaudited interim condensed consolidated financial statements, the Company had 359,414,982 share options available for issue under the Scheme, which represented approximately 10% of the Company’s shares in issue as at that date.

## 15. DISPOSALS OF SUBSIDIARIES

- (a) On 28 November 2014, the Group entered into a conditional agreement with Sino Green Holdings Limited, an independent third party and an indirect wholly-owned subsidiary of China Jinhai International Group Limited, to dispose of the Group's entire equity interest in King Place Investments Limited ("King Place"), which is principally engaged in the holding of a property located in Hong Kong, together with the assignment of benefits and interest in the loan advanced by Qualipak Development Limited, the immediate holding company of King Place, at a consideration of HK\$92,000,000. The disposal of King Place was completed on 31 March 2015.

	<b>(Unaudited)</b> <b>HK\$'000</b>
Net assets disposed of:	
Property	29,544
Prepayments, deposits and other receivables	3,111
Tax recoverable	37
Other payables and accruals	(2)
Deferred tax liabilities	(573)
	<b>32,117</b>
Professional fees and expenses	1,121
Gain on disposal	58,762
	<b>92,000</b>
Satisfied by:	
Cash	92,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of King Place is as follows:

	<b>(Unaudited)</b> <b>HK\$'000</b>
Cash consideration	92,000
Professional fees and expenses	(1,121)
Net inflow of cash and cash equivalents in respect of the disposal of King Place	<b>90,879</b>

## 15. DISPOSALS OF SUBSIDIARIES *(Continued)*

- (b) On 16 February 2015, the Group entered into a conditional agreement with Million Brilliance Limited, an independent third party and an indirect wholly-owned subsidiary of Mission Capital Holdings Limited (“Mission Capital”), to dispose of the Group’s entire equity interest in Empire New Assets Limited (“Empire New Assets”), which is principally engaged in the holding of a property located in Hong Kong, together with the assignment of benefits and interest in the loan advanced by Qualipak Development Limited, the immediate holding company of Empire New Assets, at a consideration with a total fair value of HK\$311,850,000 consisting of HK\$10,100,000 cash and 850,000,000 consideration shares of Mission Capital with fair value of HK\$301,750,000 (HK\$79,900,000 at issue price of HK\$0.094 per consideration share). The disposal of Empire New Assets was completed on 20 May 2015.

	<b>(Unaudited) HK\$’000</b>
Net assets disposed of:	
Property	29,272
Prepayments, deposits and other receivables	3,065
Other payables and accruals	(2)
Tax payable	(66)
Deferred tax liabilities	(627)
	<b>31,642</b>
Professional fees and expenses	699
Gain on disposal	<b>279,509</b>
	<b>311,850</b>
Satisfied by:	
Cash	10,100
Consideration shares	<b>301,750</b>
	<b>311,850</b>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Empire New Assets is as follows:

	<b>(Unaudited) HK\$’000</b>
Cash consideration	10,100
Professional fees and expenses	(699)
Net inflow of cash and cash equivalents in respect of the disposal of Empire New Assets	<b>9,401</b>

## 15. DISPOSALS OF SUBSIDIARIES *(Continued)*

- (c) On 4 May 2015, the Group entered into a conditional agreement with the non-controlling shareholder of Theme Production House Limited (“TPH”) to dispose of the Group’s 51% equity interest in TPH, which is principally engaged in the trading of display units, at a consideration of HK\$7,500,000. The disposal of TPH was completed on 26 May 2015.

	<b>(Unaudited) HK\$'000</b>
Net assets disposed of:	
Property, plant and equipment	182
Deferred tax assets	17
Inventories	343
Trade receivables	5,058
Prepayments, deposits and other receivables	322
Tax recoverable	1,038
Cash and cash equivalents	7,957
Trade payables	(9,235)
Other payables and accruals	(1,767)
Non-controlling interests	(1,918)
	<b>1,997</b>
Professional fees and expenses	77
Gain on disposal	5,426
	<b>7,500</b>
Satisfied by:	
Cash	3,000
Consideration receivable	4,500
	<b>7,500</b>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of TPH is as follows:

	<b>(Unaudited) HK\$'000</b>
Cash consideration	3,000
Cash and bank balances disposed of	(7,957)
Professional fees and expenses	(77)
Net outflow of cash and cash equivalents in respect of the disposal of TPH	<b>(5,034)</b>

## 16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2015.

At 31 December 2014, the contingent liabilities of the Group not provided for in the financial statements comprised guarantees of HK\$4,500,000, in aggregate, given to a bank in connection with facilities granted to an associate, of which the banking facilities were utilised to the extent of approximately HK\$4,500,000.

## 17. PLEDGE OF ASSETS

The Group did not pledge any of its assets as at 30 June 2015.

At 31 December 2014, the Group pledged certain of its land and buildings with an aggregate carrying amount of HK\$34,355,000 as securities for general banking facilities granted to the Group.

At 31 December 2014, the Group pledged deposits with an aggregate carrying amount of HK\$3,023,000 as securities for general banking facilities granted to the Group's associates.

## 18. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leased its property under an operating lease arrangement, with the lease negotiated for a term of three years. The term of the lease generally also required the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivable under a non-cancellable operating lease with its tenant falling due as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within one year	–	508

## 18. OPERATING LEASE ARRANGEMENTS *(Continued)*

### (b) As lessee

The Group leases certain of its office premises, manufacturing plants and car parks under operating lease arrangements. The leases for the office premises, manufacturing plants and car parks are negotiated for terms of one to two years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Within one year	<b>3,971</b>	241
In the second to fifth years, inclusive	<b>2,700</b>	–
	<b>6,671</b>	241

## 19. RELATED PARTY TRANSACTIONS

- (a) During the six-months period ended 30 June 2014, the Group entered into a transaction with a related party as follows:

	<b>Six months ended 30 June 2015 (Unaudited) HK\$'000</b>	2014 (Unaudited) HK\$'000
Rental income received from an entity which is under common control of the then controlling shareholder of the Company	–	480

Note:

On 20 June 2012, a subsidiary of the Group entered into a three-year agreement which ended on 11 July 2015 with C C Land Management Limited (“CCLM”), a company under common control of the then controlling shareholder of the Company, to lease office premises in Hong Kong.

On 29 September 2014, CCLM ceased to be a related party of the Group, as Mr. Cheung Chung Kiu, the then controlling shareholder, had disposed of 40.61% of the entire issued share capital of the Company, and this transaction ceased to constitute a related party transaction from 29 September 2014 onwards.

**19. RELATED PARTY TRANSACTIONS** *(Continued)***(b) Compensation of key management personnel of the Group**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short term employee benefits	<b>1,990</b>	1,871

**20. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

Except for available-for-sale investments, listed equity investments at fair value through profit or loss and financial liability at fair value through profit or loss which are measured at fair value, the financial assets and liabilities of the Group as at 30 June 2015 and 31 December 2014 are loans and receivables, and financial liabilities at amortised cost, respectively.

**21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and cash equivalents, the current portion of trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The directors believe that the estimated fair values, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

**21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS***(Continued)***Assets measured at fair value:**

Fair value measurement using quoted prices in active markets (Level 1)

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Available-for-sale investments:		
Listed equity investments	<b>41,370</b>	77,416
Listed equity investments at fair value through profit or loss	<b>52,355</b>	–
	<b>93,725</b>	77,416

**Liabilities measured at fair value:**

Fair value measurement using significant observable inputs (Level 2)

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Financial liability at fair value through profit or loss	<b>1,029</b>	–

During the six months ended 30 June 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2014: None).

**22. EVENT AFTER REPORTING PERIOD**

On 17 July 2015, the Group entered into a share subscription agreement with Freewill Holdings Limited (“FHL”), pursuant to which FHL has conditionally agreed to issue, and the Group has conditionally agreed to subscribe 14,550,000 FHL shares at the consideration of HK\$80,025,000. The 14,550,000 FHL shares represent approximately 3.57% of the issued share capital of FHL as at the date of the share subscription agreement and approximately 3.45% of the enlarged issued share capital of FHL. The transaction was completed on 17 July 2015.

Details of the subscription of FHL shares are set out in the Company’s announcement dated 17 July 2015.

**23. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited interim condensed consolidated financial statements was approved and authorised for issue by the board of directors on 24 August 2015.