



Interim Report
2013

BEAUTIFUL CHINA HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 706

Contents

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
11	Management Discussion and Analysis
14	Other Information Provided in Accordance with the Listing Rules

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover	3	4,738	6,270
Cost of sales		–	–
Gross profit		4,738	6,270
Other income	4	1,837	2,532
Administrative expenses		(26,934)	(30,769)
Loss from operations		(20,359)	(21,967)
Finance costs	5	(92)	(136)
Loss before income tax		(20,451)	(22,103)
Income tax credit	6	196	219
Loss for the period	7	(20,255)	(21,884)
Loss per share	9		
Basic (cents)		(0.95)	(1.02)
Diluted (cents)		(0.95)	(1.02)
Loss for the period		(20,255)	(21,884)
Other comprehensive income/(loss) for the period, net of tax			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		2,553	(1,863)
Total comprehensive income/(loss) for the period		17,702	(23,747)

The notes on pages 6 to 10 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Note</i>	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		10,980	16,491
Intangible assets		8,352	9,395
		19,332	25,886
Current assets			
Trade and other receivables	10	42,847	28,611
Bank and cash balances		105,598	131,108
		148,445	159,719
Current liabilities			
Trade and other payables	11	10,025	9,524
Finance lease payables		905	876
		10,930	10,400
Net current assets			
		137,515	149,319
Total assets less current liabilities			
		156,847	175,205
Non-current liabilities			
Finance Lease payables		1,895	2,355
Deferred tax liabilities		1,036	1,232
		2,931	3,587
NET ASSETS			
		153,916	171,618
Capital and reserves			
Share capital	12	213,808	213,808
Reserves		(59,892)	(42,190)
TOTAL EQUITY			
		153,916	171,618

The notes on pages 6 to 10 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	(Unaudited)					
	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Share option reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	213,808	489,081	40,393	7,578	(540,173)	210,687
Other comprehensive loss for the period	-	-	(1,863)	-	-	(1,863)
Loss for the period	-	-	-	-	(21,884)	(21,884)
At 30 June 2012	213,808	489,081	38,530	7,578	(562,057)	186,940
At 1 January 2013	213,808	489,081	41,727	7,498	(580,496)	171,618
Other comprehensive income for the period	-	-	2,553	-	-	2,553
Loss for the period	-	-	-	-	(20,255)	(20,255)
At 30 June 2013	213,808	489,081	44,280	7,498	(600,751)	153,916

The notes on pages 6 to 10 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash used in operating activities	(28,650)	(19,822)
Net cash generated from investing activities	1,733	1,577
Net cash used in financing activities	(523)	(538)
Net decrease in cash and cash equivalents	(27,440)	(18,783)
Effect of foreign exchange rate changes	1,930	(1,316)
Cash and cash equivalents at 1 January	131,108	148,262
Cash and cash equivalents at 30 June	105,598	128,163

The notes on pages 6 to 10 form part of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1 BASIS OF PREPARATION

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

The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2012 annual financial statements, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2013. The adoption of these new or revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies of the Group.

3 SEGMENT INFORMATION

The Group operates one business segment, which is the provision of "automatic teller machines" services. No separate segment information is prepared according to HKFRS 8 "operating segments".

All operating assets and operations of the Group during the periods ended 30 June 2013 and 2012 were substantially located and carried out in the PRC.

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer ("CEO") (being the chief operating decision maker) to make strategic decisions about resources allocation and performance assessment.

The Group's CEO assesses the performance of the operating segment based on a measure of earnings before interest, tax, depreciation and amortisation. This measurement basis of segment results excludes the effects of non-recurring expenditures from the operating segment such as gain on disposal of property, plant and equipment and loss on write-off of property, plant and equipment.

Bank and cash balances held by the Group are not considered to be segment assets but rather are centrally managed by the Chief Finance Officer ("CFO") in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4 OTHER INCOME

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest income	1,833	2,532

5 FINANCE COSTS

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Finance lease charges	92	121
Interest expenses on bank overdrafts	–	15
	92	136

6 INCOME TAX CREDIT

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2012: Nil).

The PRC Corporate income tax rate for the subsidiaries in the PRC is 25% (2012: 25%).

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current tax - PRC Corporate income tax		
Tax for the period	–	–
Deferred taxation		
Origination and reversal of temporary differences	196	219
	196	219

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7 LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Amortisation of intangible assets	1,185	1,329
Depreciation:		
– Owned assets	5,518	5,803
– Leased asset	574	574
Staff costs including directors' emoluments	8,001	7,635

8 DIVIDEND

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

9 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share for the six months ended 30 June 2013 is based on the loss for the period attributable to owners of the Company of approximately HK\$20,255,000 (six months ended 30 June 2012: loss of HK\$21,884,000) and the weighted average number of ordinary shares of approximately 2,138,085,000 (six months ended 30 June 2012: 2,138,085,000) in issue during the period.

(b) Diluted

Diluted loss per share for the period ended 30 June 2013 did not assume the exercise of outstanding share options as the exercise prices of the share options of the Company are higher than the average market price per share for the period ended 30 June 2013 and 30 June 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

10 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of allowance for impairment losses for bad and doubtful debts) with the following ageing analysis:

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Current	931	722
1 to 3 months	291	416
3 to 12 months	683	942
Over 1 year	247	14
Total trade receivables	2,152	2,094
Prepayments, deposits and other receivables	40,695	26,517
Total trade and other receivables	42,847	28,611

The Group's trading terms with all customers are mainly on credit. The credit period is generally 90 days. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted in order to maintain a good relationship. Trade receivables with balances that are more than 6 months overdue are requested to settle all outstanding balances before any further credit is granted. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

11 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis:

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
1 to 3 months	392	454
3 to 12 months	908	621
Over 1 year	25	73
Total trade payables	1,325	1,148
Other payables and accrued expenses	8,700	8,376
Total trade and other payables	10,025	9,524

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

12 SHARE CAPITAL

	At 30 June 2013 (Unaudited)		At 31 December 2012 (Audited)	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	3,000,000	300,000	3,000,000	300,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	2,138,085	213,808	2,138,085	213,808

13 LEASE COMMITMENTS

At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Within one year	8,327	6,507
In the second to fifth years inclusive	4,757	3,877
	13,084	10,384

Operating lease payments represent rentals payable by the Group for its offices and ATM deployment. Leases are negotiated for a range of one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

14 CONTINGENT LIABILITIES

There were no significant contingent liabilities as at both 30 June 2013 and 31 December 2012.

15 RELATED PARTY TRANSACTIONS

There were no significant related party transactions undertaken by the Group during the six months period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FinTronics Holdings Company Limited (“FinTronics” or the “Group”) has opened a new chapter in the development of its business during the first half of 2013. It has strived to capture better investment opportunities and explore new potentially lucrative opportunities. The guideline of “Building a Beautiful Country” advanced at the 18th National Congress is intended to create momentum for the continuous rapid growth of the eco-environment construction sector in the future. To take advantage of this opportunity, the Group entered into a Memorandum of Understanding to collaborate with a Mainland China-based company principally engaged in the business of gardening and landscape construction during February 2013. This investment represents an important step for the Group to tap the potential of this sector in the PRC.

To provide the Group with a new corporate image and to reflect its business diversification strategy, in the first half of 2013, the Group has proposed to change its English name from “FinTronics Holdings Company Limited” to “Beautiful China Holdings Company Limited” and adopt the Chinese name “美麗中國控股有限公司” as its secondary name to replace “銀創控股有限公司”. The proposal has been approved by shareholders in July this year and will become effective on 9 July 2013.

The ATM operations remains as the Group’s core business. However, the operating environment of the ATM market has not shown solid improvement during 2013 and a majority of the ATM operators have delayed their network expansion. The operating data indicate that competition in ATM operations has become more intense. The traditionally high income from the ATM business has been diluted due to the newly installed ATMs by banks or other operators in the surrounding regions.

In addition, spurred by the nationwide policy of replacing bank cards with financial IC cards promoted by the People’s Bank of China, the Group has continued its progress on developing IC chip application and ATM optimisation. However, this initiative has not brought any revenue contribution to the Group to date but has resulted in expenses for hardware and software which have increased its burden on operations. At the same time, certain partners have terminated their collaboration with the Group or curtailed the scale of cooperation, which has also posed pressures on the Group’s turnover. However, capitalising on a series of effectively executed cost control measures and a strategy of optimal selection of ATM locations, the Group has managed to lower the rental and operating costs for its ATM network, thus reducing the loss.

However, the Group intends to continue to expand its business even under a difficult operating environment. It has maintained close collaboration and communication with more potential clients during the period, which better prepares us for implementing more ATM business projects. We are also negotiating with partners to shift the location of particular standalone ATMs which have a low transaction volume so as to boost the overall transaction revenue and enhance cost-effectiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to the second half of the year, the Group will continue to implement strict financial management and credit control policies to lower operating costs and maintain its healthy financial position. Meanwhile, we are optimistic about the prospects of the gardening and landscape construction sector. The Group intends to develop the eco-environment construction business in the PRC with the aim to broaden its revenue base and ultimately generate better returns for shareholders.

PROSPECTS

Facing both opportunities and challenges, the Group will continue to strictly adhere to its strategy of carefully selecting locations for ATMs as it adopts a prudent approach to advance development of its business. We will also continue to partner with selected local commercial banks to achieve a mutually beneficial result whereby the banks and the Group complement the strengths of each other.

As the operating environment of the ATM market in the PRC has become more challenging, the Group has identified the immense potential of first mover opportunities in the PRC eco-environment construction sector. This represents an outstanding opportunity to broaden its income stream and minimise the particular risks associated with its core ATM business.

In addition, the Central Government also issued guidelines on facilitating the healthy development of urban landscaping, requiring cities and counties to, among other things, complete the compilation or amendment of the planning of green area systems by the end of 2015. The guidelines stipulate the expanding of green areas, balancing the distribution of green areas and accelerate the construction of parks and green areas. In this regard, we believe the industry enjoys bright prospects and enters into a period of rapid growth in the coming few years.

Looking ahead, we place the best interest of our shareholders as our top priority as we gradually adjust and optimise our business portfolio to better address emerging market trends. With the Group's clear business development directions and healthy financial position, we are poised to deliver satisfactory returns in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had cash and bank balances of HK\$105.6 million (31 December 2012: HK\$131.1 million), of which none of the balances (31 December 2012: Nil) were pledged to banks for facilities granted to the Group.

The Group had no bank and other borrowings but finance lease payables of HK\$2.8 million as at 30 June 2013 (31 December 2012: HK\$3.2 million). As at 30 June 2013, the total asset value of the Group was HK\$167.8 million (31 December 2012: HK\$185.6 million) whereas the total liabilities was HK\$13.9 million (31 December 2012: HK\$14.0 million). The gearing ratio of the Group, calculated as total liabilities over total assets, was 8.3% (31 December 2012: 7.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintained a net cash (being the total cash and bank balances net of total bank borrowings) to equity ratio of 66.8% (31 December 2012: 74.5%) as at 30 June 2013. With net cash of HK\$102.8 million (31 December 2012: HK\$127.9 million) as at 30 June 2013, the Group's liquidity position is healthy and the directors of the Company ("Directors") believe that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

CONTINGENT LIABILITIES

There were no significant contingent liabilities as at both 30 June 2013 and 31 December 2012.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2013, the Group had approximately 47 (31 December 2012: 45) employees. Employees' costs (including directors' emoluments) amounted to approximately HK\$8,001,000 (six months ended 30 June 2012: HK\$7,635,000) for the period. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis.

The Directors believe that experienced staff, in particular its technicians, are the most valuable assets of the Group. Training programs are provided to technicians, especially new recruits, to ensure their technical proficiency.

The Company operates a share option scheme (the "Scheme") whereby the Board may at their absolute discretion, grant options to employees and Directors of the Company and any of its subsidiaries to subscribe for shares in the Company. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the prescribed terms of the Scheme. During the period, no share options were granted to directors, executives and employees to their contribution to the Group.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of the Directors and Chief Executive of the Company in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Name	Name of Company	Capacity	Number and class of securities <i>(note 1)</i>
Sze Wai, Marco	The Company	Interest of controlled corporation <i>(note 2)</i>	476,909,906 ordinary shares(L)
	The Company	Beneficial owner	2,500,000 ordinary shares(L) <i>(note 3)</i>
Mao Zhenhua	The Company	Beneficial owner	2,500,000 ordinary shares(L) <i>(note 3)</i>
Chong Yiu Kan, Sherman	The Company	Beneficial owner	2,650,000 ordinary shares(L) <i>(note 4)</i>
Tan Shu Jiang	The Company	Beneficial owner	4,000,000 ordinary shares(L) <i>(note 3)</i>

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

**DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS
IN SHARES, UNDERLYING SHARES AND DEBENTURES** *(Continued)*

Notes:

1. The letter "L" represents the Director's interests in the shares and underlying shares of the Company.
2. These shares were held by Leading Value Industrial Limited and Global Prize Limited, companies wholly owned by Mr. Sze Wai, Marco.
3. These shares were the shares which would be allotted and issued upon exercise in full of the options granted to such Directors under the share option schemes of the Company.
4. Included in these shares were (i) 650,000 issued shares and (ii) 2,000,000 shares would be allotted and issued upon exercise of the options in full granted to him under the share option scheme of the Company.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interest and short positions in the shares or underlying shares of the Company or 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 Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Prior to 23 May 2002, the Company operated an option scheme whereby the Board of Directors could, at their absolute discretion, grant options to employees and executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company (the "Old Scheme"). On 23 May 2002, the Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted, whereby the Board of Directors may, at their absolute discretion, grant options to any eligible employees, non-executive directors, any suppliers and customers of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company.

For options granted before 1 September 2001, the exercise price of options was the higher of the nominal value of the shares and 80% of the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. For options to be granted after 1 September 2001, the exercise price of the options will be the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer of the options and the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the options.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

SHARE OPTION SCHEMES (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other operative share option schemes of the Group may not in aggregate exceed 105,778,000, being 10% of the shares in issue of the Company as at 30 June 2006, the date of which the resolution is passed pursuant to the share option scheme. Background of the Company's share option scheme is set out in its annual report for the financial year ended 31 December 2012.

At 30 June 2013, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share is HK\$0.125 at the balance sheet date) granted at nominal consideration of HK\$1.00 for each lot of share options granted under the share option scheme operated by the Company, each option gives the holder the right to subscribe for one share.

The following share options were outstanding under the share option schemes during the year:

Grantee	Date granted	Exercisable period	Exercise price of options HK\$	Outstanding at 1.1.2013	Number of share options		Outstanding at 30.06.2013
					Exercised during the year	Lapsed during the year	
New Scheme							
Directors							
Song Jing Sheng	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	2,000,000	-	(2,000,000)	-
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	1,500,000	-	(1,500,000)	-
Sze Wai, Marco	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	-	-	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	1,500,000	-	-	1,500,000
Tan Shu Jiang	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	4,000,000	-	-	4,000,000

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

SHARE OPTION SCHEMES (Continued)

Grantee	Date granted	Exercisable period	Exercise price of options HK\$	Outstanding at 1.1.2013	Number of share options		Outstanding at 30.06.2013
					Exercised during the year	Lapsed during the year	
Independent non-executive directors							
Chong Yiu Kan, Sherman	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	500,000	-	-	500,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	1,500,000	-	-	1,500,000
Mao Zhenhua	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	-	-	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	1,500,000	-	-	1,500,000
Wong Po Yan	31 Oct 2006	1 May 2007 – 30 Oct 2016	0.250	1,000,000	-	(1,000,000)	-
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	1,500,000	-	(1,500,000)	-
Employees							
	20 Mar 2006	20 Mar 2006 – 19 Mar 2016	0.122	2,000,000	-	-	2,000,000
	04 Oct 2006	4 Apr 2007 – 3 Oct 2016	0.213	1,000,000	-	-	1,000,000
	24 Jun 2009	24 Dec 2009 – 23 Jun 2019	0.270	20,700,000	-	-	20,700,000
				40,700,000	-	(6,000,000)	34,700,000

As the Group granted no share options during the year, no share-based compensation costs have been recognized.

The share options are exercisable for a period of ten years commencing from the date of grant and subject to the vesting provisions as follows:

Date granted	Vesting period	Percentage of options vested
20.03.2006	20.03.2006 – 19.03.2016	100%
04.10.2006	04.10.2006 – 03.04.2007	Nil
	04.04.2007 – 03.10.2007	50%
	04.10.2007 – 03.10.2016	100%
31.10.2006	31.10.2006 – 30.04.2007	Nil
	01.05.2006 – 31.10.2007	50%
	01.11.2007 – 30.10.2016	100%
24.06.2009	24.06.2009 – 23.12.2009	Nil
	24.12.2009 – 23.06.2019	100%

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

SHARE OPTION SCHEMES *(Continued)*

Apart from the foregoing, at no time during the period was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Company's Directors or chief executive or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2013, the following persons and entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Number of ordinary Shares <i>(note 1)</i>	Capacity	Approximate percentage of interest
Leading Value Industrial Limited <i>(note 2)</i>	474,869,906 (L)	Beneficial owner	22.21
Global Prize Limited <i>(note 2)</i>	2,040,000 (L)	Beneficial owner	0.10

Notes:

- The letter "L" represents the entity's interests in the Shares.
- Leading Value Industrial Limited and Global Prize Limited are companies wholly owned by Sze Wai, Marco, who is an executive Director.

Save as disclosed above, as at 30 June 2013, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has complied with all Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30 June 2013, except for the deviations as mentioned below:

1. The Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Sze Wai, Marco currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective planning and execution of business decisions and long term business strategies. The Board believes that the present structure is considered to be most appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently.
2. The Code Provision A.4.1 stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election. Although the Independent Non-executive Directors are not appointed for specific term, they are subject to retirement by rotation at least once every three years in accordance with Article 111(A) of the Company’s Bye-Laws.
3. The Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Mr. Sze Wai, Marco, the Chairman of the Board was unable to attend the Company’s annual general meeting which was held on 18 June 2013 as he had an overseas engagement that was important to the Company’s business.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, as the Code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, they all confirmed that they have complied with the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company's annual report, financial statements, interim report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee comprises three Independent Non-executive Directors, namely Mr. Lai Yip Wing, Mr. Chan Ming Sun, Jonathan and Mr. Chong Yiu Kan, Sherman. Mr. Chong Yiu Kan, Sherman is the chairman of the audit committee. The audit committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters, including a review of the interim report for the six months ended 30 June 2013 with the Directors.

BOARD OF DIRECTORS

As at the date hereof, the board of directors of the Company comprises Sze Wai, Marco, Tan Shu Jiang, Mao Zhenhua and Shentu Jun as executive Directors and Lai Yip Wing, Chan Ming Sun, Jonathan and Chong Yiu Kan, Sherman as Independent Non-executive Directors.

By order of the Board
Sze Wai, Marco
Chairman

Hong Kong, 26 August 2013