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Samson group

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Samson Paper Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0731)



Interim Report 2013/14

The board of directors (the “Board”) of Samson Paper Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013 together with comparative figures for the corresponding period in 2012, and the unaudited condensed consolidated balance sheet of the Group as at 30 September 2013 with audited comparative figures as at 31 March 2013. The unaudited condensed consolidated interim financial statements have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited	
		Six months ended 30 September	
		2013	2012
		HK\$'000	HK\$'000
Revenue	4	2,571,314	2,419,228
Cost of sales		<u>(2,338,629)</u>	<u>(2,201,700)</u>
Gross profit		232,685	217,528
Other gains and income, net		16,430	42,155
Selling expenses		(89,435)	(86,404)
Administrative expenses		(93,698)	(95,190)
Other operating income/(expenses)		<u>19,244</u>	<u>(2,690)</u>
Operating profit	5	85,226	75,399
Finance costs		<u>(51,157)</u>	<u>(42,593)</u>
Profit before taxation		34,069	32,806
Taxation	6	<u>(6,797)</u>	<u>(6,593)</u>
Profit for the period		<u>27,272</u>	<u>26,213</u>
Attributable to:			
Owners of the Company		26,525	25,287
Non-controlling interests		<u>747</u>	<u>926</u>
		<u>27,272</u>	<u>26,213</u>
Earnings per share			
— Basic	7	<u>HK2.2 cents</u>	HK2.1 cents
— Diluted	7	<u>HK2.1 cents</u>	HK2.0 cents
Interim dividend per share		<u>HK0.4 cent</u>	HK0.4 cent
Interim dividends	8	<u>5,092</u>	<u>5,092</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period	27,272	26,213
Other comprehensive income		
Item that may be reclassified subsequently to profit and loss:		
— Currency translation differences	<u>15,771</u>	<u>2,170</u>
Other comprehensive income for the period, net of tax	<u>15,771</u>	<u>2,170</u>
Total comprehensive income for the period	<u>43,043</u>	<u>28,383</u>
Total comprehensive income attributable to:		
— Owners of the Company	41,182	27,458
— Non-controlling interests	<u>1,861</u>	<u>925</u>
Total comprehensive income for the period	<u>43,043</u>	<u>28,383</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2013

		Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	9	1,732,393	1,695,826
Prepaid premium for land leases	9	156,879	157,483
Investment properties		163,601	163,601
Intangible assets	10	46,627	47,536
Available-for-sale financial assets		5,373	5,624
Non-current deposit		6,527	8,165
Deferred tax assets		8,988	8,249
		<u>2,120,388</u>	<u>2,086,484</u>
Current assets			
Inventories		675,168	704,536
Accounts receivable, deposits and prepayments	11	1,876,851	1,768,326
Financial assets at fair value through profit or loss		740	675
Taxation recoverable		2,619	890
Restricted bank deposits		223,392	182,948
Bank balances and cash		397,648	392,307
		<u>3,176,418</u>	<u>3,049,682</u>
Non-current asset held for sale		<u>110,000</u>	<u>110,000</u>
		<u>3,286,418</u>	<u>3,159,682</u>
Current liabilities			
Accounts payable and other payables	12	1,530,151	1,339,738
Trust receipt loans	13	693,884	774,408
Taxation payable		20,686	12,523
Derivative financial instruments		511	769
Borrowings	13	710,823	680,482
		<u>2,956,055</u>	<u>2,807,920</u>
Net current assets		<u>330,363</u>	<u>351,762</u>
Total assets less current liabilities		<u>2,450,751</u>	<u>2,438,246</u>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 September 2013

		Unaudited	Audited
		30 September	31 March
		2013	2013
	Note	HK\$'000	HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital	14	127,315	127,315
Reserves		1,512,736	1,476,646
Proposed dividend		5,092	14,005
		1,517,828	1,490,651
		1,645,143	1,617,966
Non-controlling interests		109,307	107,446
		1,754,450	1,725,412
Total equity		1,754,450	1,725,412
Non-current liabilities			
Accounts payable	12	1,486	1,486
Borrowings	13	627,006	641,581
Deferred tax liabilities		67,809	69,767
		696,301	712,834
		2,450,751	2,438,246

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	148,851	(27,639)
Net cash outflow from investing activities	(40,866)	(151,255)
Net cash outflow from financing activities	<u>(104,739)</u>	<u>(1,476)</u>
Net increase/(decrease) in cash and cash equivalents	3,246	(180,370)
Cash and cash equivalents at 1 April	389,452	763,675
Effect of change in exchange rate on cash and cash equivalents	<u>3,936</u>	<u>5,585</u>
Cash and cash equivalents at 30 September	<u><u>396,634</u></u>	<u><u>588,890</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	397,648	590,172
Bank overdrafts	<u>(1,014)</u>	<u>(1,282)</u>
	<u><u>396,634</u></u>	<u><u>588,890</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Unaudited Attributable to owners of the Company				Non- controlling interests	Total
	Share capital	Other reserves	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	127,315	712,874	682,252	1,522,441	104,801	1,627,242
Comprehensive income						
Profit for the period	—	—	25,287	25,287	926	26,213
Other comprehensive income						
Currency translation differences	—	2,171	—	2,171	(1)	2,170
Total comprehensive income	—	2,171	25,287	27,458	925	28,383
Transactions with owners						
2011–2012 final dividend payable	—	—	(12,477)	(12,477)	—	(12,477)
Proposed 2012–2013 interim dividend	127,315	715,045	689,970	1,532,330	105,726	1,638,056
	—	—	5,092	5,092	—	5,092
At 30 September 2012	127,315	715,045	695,062	1,537,422	105,726	1,643,148
At 1 April 2013	127,315	753,435	737,216	1,617,966	107,446	1,725,412
Comprehensive income						
Profit for the period	—	—	26,525	26,525	747	27,272
Other comprehensive income						
Currency translation differences	—	14,657	—	14,657	1,114	15,771
Total comprehensive income	—	14,657	26,525	41,182	1,861	43,043
Transactions with owners						
2012–2013 final dividend payable	—	—	(14,005)	(14,005)	—	(14,005)
Proposed 2013–2014 interim dividend	127,315	768,092	744,644	1,640,051	109,307	1,749,358
	—	—	5,092	5,092	—	5,092
At 30 September 2013	127,315	768,092	749,736	1,645,143	109,307	1,754,450

Other reserves comprise share premium, assets revaluation reserve, capital reserve and exchange fluctuation reserve.

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing, trading and marketing of paper products. The Group is also engaged in the trading of consumable aeronautic parts and marine services. Detailed analysis of these business segments are set out in note 4 to the accounts.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is 3/F Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim accounts are presented in Hong Kong dollars, unless otherwise stated. These unaudited condensed consolidated interim accounts have been approved for issue by the Board of Directors on 29 November 2013.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim accounts for the six months ended 30 September 2013 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited condensed consolidated interim accounts should be read in conjunction with the annual consolidated accounts for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except as described below, the accounting policies adopted are consistent with those of the annual consolidated accounts for the year ended 31 March 2013, as described in those annual consolidated accounts.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amendments to standard are mandatory for the first time for the financial year beginning 1 April 2013 and adopted by the Group:

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvement Project	Annual improvements 2009–2011 Cycle

The adoption of the above new and revised standards and interpretation has no significant impact to the Group’s financial position for all periods presented in this report.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The following new and revised standards and interpretation have been issued but are not effective for the financial year beginning on 1 April 2013 and have not been early adopted by the Group:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ¹
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK (IFRIC) — Int 21	Levies ¹

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

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

The directors of the Company are currently assessing the impact on their adoption and the impact of adoption of these new standards, revised standards and amendments and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest-rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2013. There have been no significant changes in the risk management policies since the year end.

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (continued)

The following table presents the Group's assets/(liabilities) that are measured at fair value at 30 September 2013.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
— Trading securities	740	—	—	740
Available-for-sale financial assets				
— Insurance policy	—	—	4,204	4,204
— Other investment	—	—	1,169	1,169
	—	—	5,373	5,373
Derivative financial instruments				
— Interest rate swap	—	(511)	—	(511)
	740	(511)	5,373	5,602

The following table presents the Group's assets/(liabilities) that were measured at fair value at 31 March 2013.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
— Trading securities	675	—	—	675
Available-for-sale financial assets				
— Insurance policy	—	—	4,204	4,204
— Other investment	—	—	1,420	1,420
	—	—	5,624	5,624
Derivative financial instruments				
— Interest rate swap	—	(769)	—	(769)
	675	(769)	5,624	5,530

There has been no transfer of financial assets and liabilities between levels 1, 2 and 3 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value as instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. There is no quoted market price in an active market for certain financial assets and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed without incurring excessive costs.

The following table presents the changes in level 3 instruments:

	Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
Opening	5,624	5,258
Additions	—	252
Disposals	(251)	—
Net changes in fair value transferred to equity	—	114
Closing	<u>5,373</u>	<u>5,624</u>

The carrying amount of receivables, bank balances, payables and bank borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Executive Directors.

The Executive Directors consider the performance of the Group from the perspective of the nature of products and services. The chief operating decision-maker assesses the performance of the operating segments based on a measure of segment profit/loss without allocation of finance costs which is consistent with that in the accounts.

As at 30 September 2013, the Group is organised on a worldwide basis into three main business segments:

- (1) Paper trading: trading and marketing of paper products;
- (2) Paper manufacturing: manufacturing of paper products in Shandong, the People's Republic of China (the "PRC");
- (3) Others: including trading and marketing of aeronautic parts and provision of related services and the provision of marine services to marine, oil and gas industries.

Segment assets consist primarily of property, plant and equipment, prepaid premium for land leases, investment properties, intangible assets, inventories, receivables, financial instruments, non-current asset held for sale and operating cash. They exclude deferred tax assets and taxation recoverable.

4. SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 September 2013 and as at 30 September 2013 are as follows:

	Unaudited			
	Six months ended 30 September 2013			
	Paper trading	Paper manufacturing	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT RESULTS				
Total segment revenue	2,264,038	376,257	72,926	2,713,221
Inter-segment revenue	(12,454)	(126,040)	(3,413)	(141,907)
Revenue from external customers	2,251,584	250,217	69,513	2,571,314
Reportable segment results	66,731	21,241	2,070	90,042
Corporate expenses				(4,816)
Operating profit				85,226
Finance costs				(51,157)
Profit before taxation				34,069
Taxation				(6,797)
Profit for the period				27,272
OTHER PROFIT AND LOSS ITEMS				
Depreciation	5,206	21,361	4,261	30,828
Amortisation charges	857	1,788	38	2,683
SEGMENT ASSETS				
Reportable segment assets	3,075,334	2,152,433	166,140	5,393,907
Taxation recoverable				2,619
Deferred tax assets				8,988
Corporate assets				1,292
Total assets				5,406,806

4. SEGMENT INFORMATION (CONTINUED)

The Group's three operating segments operate in the following geographical areas, even though they are managed on a worldwide basis.

An analysis of the Group's revenue for the period by geographical areas is as follows:

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Hong Kong	494,837	617,600
The PRC (<i>note</i>)	1,683,992	1,503,199
Singapore	65,252	61,874
Korea	270,073	203,155
Malaysia	51,971	31,350
USA	5,189	2,050
	<u>2,571,314</u>	<u>2,419,228</u>

Note: The PRC, for the presentation purpose in these accounts, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan.

5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Crediting		
Fair value gain on investment properties	—	22,304
Interest income	5,149	9,482
Provision for impairment on inventories written back	4,720	—
Provision for impairment on receivables written back	<u>16,710</u>	<u>1,365</u>
Charging		
Depreciation of property, plant and equipment	30,828	26,201
Amortisation of prepaid premium for land leases	2,238	2,140
Amortisation of intangible assets	445	314
Provision for impairment on inventories	—	4,188
Provision for impairment on receivables	<u>3,555</u>	<u>3,318</u>

6. TAXATION

Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Hong Kong profits tax	4,356	1,872
Overseas taxation	2,441	4,575
Deferred taxation relating to origination and reversal of temporary differences	—	146
	<u>6,797</u>	<u>6,593</u>

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company less preference dividends of HK\$25,072,000 (2012: HK\$23,993,000) by the weighted average number of 1,141,076,000 (2012: 1,141,076,000) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: preference shares. The Company has a share option scheme but no share option (2012: Nil) has been granted under the scheme.

	Unaudited	
	Six months ended 30 September	
	2013	2012
Profit attributable to owners of the Company (HK\$'000)	<u>26,525</u>	<u>25,287</u>
Weighted average number of ordinary shares in issue ('000)	1,141,076	1,141,076
Adjustments for:		
— Assumed conversion of preference shares ('000)	<u>132,065</u>	<u>132,065</u>
Weighted average number of shares for diluted earnings per share ('000)	<u>1,273,141</u>	<u>1,273,141</u>
Diluted earnings per share	<u>HK2.1 cents</u>	<u>HK2.0 cents</u>

8. INTERIM DIVIDENDS

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Proposed — HK\$0.004 (2012: HK\$0.004) per ordinary share	4,564	4,564
Proposed — HK\$0.004 (2012: HK\$0.004) per preference share	528	528
	5,092	5,092
	5,092	5,092

At a meeting held on 29 November 2013, the Directors proposed an interim dividend of HK\$0.004 per share. This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2014.

9. PROPERTY PLANT AND EQUIPMENT AND PREPAID PREMIUM FOR LAND LEASES

	Unaudited		
	Property, plant and equipment	Prepaid premium for land leases	Construction in progress
	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 September 2012			
Opening net book amount at 1 April 2012	1,194,666	159,762	326,660
Currency translation differences	97	(118)	757
Additions	23,842	—	137,165
Disposals	(2,520)	—	—
Depreciation and amortisation	(30,232)	(2,350)	—
	1,185,853	157,294	464,582
Closing net book amount at 30 September 2012	1,185,853	157,294	464,582
Six months ended 30 September 2013			
Opening net book amount at 1 April 2013	1,324,080	157,483	371,746
Currency translation differences	12,851	1,634	3,857
Additions	20,775	—	34,298
Transfer	1,316	—	(1,316)
Disposals	(1,057)	—	—
Depreciation and amortisation	(34,157)	(2,238)	—
	1,323,808	156,879	408,585
Closing net book amount at 30 September 2013	1,323,808	156,879	408,585

10. INTANGIBLE ASSETS

Unaudited
HK\$'000

Six months ended 30 September 2012

Opening net book amount at 1 April 2012	44,653
Currency translation differences	974
Additions	3,121
Amortisation	(314)
	<u>48,434</u>
Closing net book amount at 30 September 2012	<u>48,434</u>

Six months ended 30 September 2013

Opening net book amount at 1 April 2013	47,536
Currency translation differences	(485)
Additions	21
Amortisation	(445)
	<u>46,627</u>
Closing net book amount at 30 September 2013	<u>46,627</u>

11. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Unaudited	Audited
	30 September 2013	31 March 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable — net of provision	1,347,819	1,100,971
Other receivables, deposits and prepayments	529,032	667,355
	<u>1,876,851</u>	<u>1,768,326</u>

The carrying values of the Group's accounts and other receivables approximate their fair values.

The Group normally grants credit to customers ranging from 30 to 90 days.

The aging analysis of accounts receivable is as follows:

	Unaudited	Audited
	30 September 2013	31 March 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 60 days	1,055,512	838,037
61 to 90 days	151,806	136,097
Over 90 days	140,501	126,837
	<u>1,347,819</u>	<u>1,100,971</u>

There was no concentration of credit risk with respect to accounts receivable as the Group had a large number of customers, which were widely dispersed within Hong Kong, the PRC and other countries.

12. ACCOUNTS PAYABLE AND OTHER PAYABLES

	Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
Accounts and bills payables	1,395,836	1,154,538
Accruals and other payables	121,796	186,686
Dividend payable	14,005	—
	1,531,637	1,341,224
Less: non-current portions:		
Accounts payable	(1,486)	(1,486)
	1,530,151	1,339,738

The carrying values of the gross accounts payable and other payables approximate their fair values.

The aging analysis of accounts and bills payables is as follows:

	Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
Current to 60 days	1,071,848	922,722
61 to 90 days	180,840	126,027
Over 90 days	143,148	105,789
	1,395,836	1,154,538

13. BORROWINGS

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Non-current		
Bank loans — unsecured	546,363	595,770
Bank loans — secured (note 17)	76,107	41,484
Finance lease liabilities	4,536	4,327
	<u>627,006</u>	<u>641,581</u>
Total non-current borrowings	<u>627,006</u>	<u>641,581</u>
Current		
Trust receipt loans — unsecured	538,061	703,220
Trust receipt loans — secured (note 17)	155,823	71,188
	<u>693,884</u>	<u>774,408</u>
Bank loans — unsecured	678,268	646,146
Bank loans — secured (note 17)	29,262	29,227
Bank overdrafts	1,014	2,855
Finance lease liabilities	2,279	2,254
	<u>710,823</u>	<u>680,482</u>
Total current borrowings	<u>1,404,707</u>	<u>1,454,890</u>
Total borrowings	<u>2,031,713</u>	<u>2,096,471</u>

13. BORROWINGS (CONTINUED)

The Group's bank loans, overdrafts and trust receipt loans were repayable as follows:

	Bank overdrafts		Bank loans		Trust receipt loans	
	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within one year	1,014	2,855	707,530	675,373	693,884	774,408
In the second year	—	—	346,846	263,100	—	—
In the third to fifth years inclusive	—	—	275,624	374,154	—	—
	<u>1,014</u>	<u>2,855</u>	<u>1,330,000</u>	<u>1,312,627</u>	<u>693,884</u>	<u>774,408</u>

The effective interest rates at the balance sheet date on bank loans, bank overdrafts and trust receipt loans ranged from 1.9% to 7.4% per annum (31 March 2013: 1.6% to 7.0% per annum).

The carrying amounts of bank loans, bank overdrafts and trust receipt loans approximate their fair values.

Finance lease liabilities

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Gross finance lease liabilities — minimum lease payments:		
Not later than 1 year	2,392	2,369
Later than 1 year but not later than 5 years	4,474	4,477
Later than 5 years	<u>280</u>	<u>54</u>
	7,146	6,900
Future finance charges on finance leases	<u>(331)</u>	<u>(319)</u>
Present value of finance lease liabilities	<u>6,815</u>	<u>6,581</u>

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
The present value of finance lease liabilities is as follows:		
Not later than 1 year	2,279	2,254
Later than 1 year and no later than 5 years	4,269	4,275
Later than 5 years	<u>267</u>	<u>52</u>
	<u>6,815</u>	<u>6,581</u>

At the balance sheet date, the carrying amounts of finance lease liabilities approximate their fair values.

14. SHARE CAPITAL

	Number of shares of HK\$0.10 each		Share capital	
	Unaudited 30 September 2013	Audited 31 March 2013	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Authorised:				
Ordinary shares				
At beginning and end of the period/year	<u>1,456,913,987</u>	<u>1,456,913,987</u>	<u>145,691</u>	<u>145,691</u>
Convertible non-voting preference shares				
At beginning and end of the period/year	<u>143,086,013</u>	<u>143,086,013</u>	<u>14,309</u>	<u>14,309</u>
Total	<u>1,600,000,000</u>	<u>1,600,000,000</u>	<u>160,000</u>	<u>160,000</u>
Issued and fully paid:				
Ordinary shares				
At beginning and end of the period/year	<u>1,141,075,827</u>	<u>1,141,075,827</u>	<u>114,108</u>	<u>114,108</u>
Convertible non-voting preference shares				
At beginning and end of the period/year	<u>132,064,935</u>	<u>132,064,935</u>	<u>13,207</u>	<u>13,207</u>
Total	<u>1,273,140,762</u>	<u>1,273,140,762</u>	<u>127,315</u>	<u>127,315</u>

The shareholders of the Company adopted a share option scheme to comply with the requirements of Chapter 17 of the Listing Rules. As at 30 September 2013 and 31 March 2013, no share option was granted or outstanding.

15. BANK GUARANTEES

As at 30 September 2013, the Company continued to provide corporate guarantees on the banking facilities granted to the Group's subsidiaries. The amount of such facilities utilised by the subsidiaries as at 30 September 2013 amounted to HK\$2,024,898,000 (31 March 2013: HK\$2,089,890,000).

16. COMMITMENTS

(a) Capital commitments

Capital expenditure committed at the balance sheet date but not yet incurred is as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Property, plant and equipment Contracted but not provided for	<u>172,369</u>	<u>176,501</u>

16. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases various warehouses under non-cancellable operating lease agreements. The lease terms are mainly between one and four years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
Not later than one year	28,712	29,674
Later than one year and not later than five years	24,933	30,852
Later than five years	2,020	2,707
	<u>55,665</u>	<u>63,233</u>

(c) Operating lease receivable

The Group leases out various warehouses under non-cancellable operating leases agreements. The lease terms are between one to five years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
Not later than one year	12,381	12,381
Later than one year and not later than five years	28,107	38,604
	<u>40,488</u>	<u>50,985</u>

17. CHARGE OF ASSETS

As at 30 September 2013, trust receipt loans of HK\$155,823,000 (31 March 2013: HK\$71,188,000) and bank loans of HK\$105,369,000 (31 March 2013: HK\$70,711,000) were secured by legal charges on the Group's land and building and investment properties with aggregate net book amount of approximately HK\$216,854,000 (31 March 2013: HK\$218,378,000) and non-current asset held for sale with aggregate net book amount of HK\$110,000,000 (31 March 2013: HK\$110,000,000).

18. RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
(a) Purchase of merchandise from a related company	<u>115,055</u>	<u>168,969</u>

The above transactions were conducted at negotiated prices between transacting parties.

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
(b) Payables to a related company	<u>79,888</u>	<u>91,505</u>

The above transactions were conducted at negotiated prices between transacting parties.

	Unaudited	
	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
(c) Key management compensation		
Key management compensation	<u>6,928</u>	<u>6,778</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Economy

During the review period, the economic conditions in Hong Kong and China remained unclear as both areas were impacted by slow world economic growth.

The mainland economy grew by 7.8% in the third quarter of 2013, up from 7.5% in the previous quarter. The quarterly performance put the economy on course toward the official 7.5% growth target for the year. With respect to China's gross domestic product ("GDP"), a year-on-year increase of 7.7% was recorded for the first three quarters of 2013, reaching RMB38.7 trillion. The economy has reaccelerated modestly. Stimulus measures such as increased railway and utilities investment are helping to stabilize the economy.

The Hong Kong economy expanded moderately, with the real GDP in the third quarter of 2013 up by 2.9% over the preceding year, slightly slower than the 3.2% growth in the second quarter. Due to the uncertain recovery in the US and weak EU economy, the import demand from major advanced markets remained weak. Nevertheless Hong Kong's merchandise exports still attained a modest growth in the third quarter thanks to the comparatively resilient Mainland economy to act as a cushion.

The Paper Industry

For the reporting period, paper and board demand remained sluggish and most mills have taken market-related downtime. Despite a decrease in overall supply, paper and board prices are still stagnant, lingered at low levels due to continued lackluster demand amid a slowdown of the economy in China. Most grades' paper prices were stable, with producers mainly focusing on boosting sales rather than prices hikes.

Overview of Operations

Financial Performance

Facing an adverse business environment, the Group is more determined to turn the challenges into opportunities. Tapping on its strong well established sales network across various cities in the Mainland, the Group adopted flexible sales and procurement strategies to expand its business in different regions while watching closely the customer credit risk in the situation of tight money supplies in the Mainland China. During the period, the Group's turnover recorded a growth of 6.3% reaching HK\$2,571,314,000. In terms of sales volume, the growth was even as high as 14.4%.

To further wither off the unfavored market conditions, the Group continued to optimize earning quality, taking further steps to streamline the logistics and warehousing arrangement with customers and suppliers as well as bargaining favorable pricing from suppliers. The operating profit for the period increased 13% to HK\$85,226,000. Profit attributable to the owners of the Company was HK\$26,525,000 representing a modest growth of 4.9% on the last period. Basic earnings per share were HK2.2 cents compared to HK2.1 cents for the last period.

The Group has always taken relentless efforts in controlling costs, improving operational efficiency and lowering credit risk. In view of tight monetary supplies and stringent credit policies in China, the management continued to maintain an appropriate level of cash and bank balance (including restricted bank deposit), which stood at HK\$621,040,000 as at 30 September 2013. This enables the Group to leverage its robust liquidity position when necessary, bargain favorable price on procurement, lower interest costs and maintain a healthy gearing ratio — currently at approximately 44.6%. In terms of provisions for doubtful debts, it presently represents 0.14% of the Group's total revenue. All of the measures taken also serve to reflect the Group's healthy financial position.

By business segment, paper trading, paper manufacturing and other businesses represented 87.6%, 9.7% and 2.7% of the Group's total turnover respectively.

Paper Business

With sales offices in over 20 cities spreading across the PRC, the Group continued to focus to serve quality customers extensively in various cities and expanding its sales for packaging boards on indent basis. As a result, the Group's paper product business registered an increase of 6.3% in turnover from HK\$2,353,000,000 to HK\$2,502,000,000. In volume term, the tonnage has 14.4% growth from 407,900 mt to 466,400 mt. Operating profit rose 16.7% to HK\$87,972,000.

For paper trading business, the Group boosted its sales by 7.5% to HK\$2,252,000,000, with a 15.7% rise in sales tonnage, shifting its focus on expanding the sales of packaging boards in various cities in the PRC in addition to the sales of printing and writing paper.

The PRC market continued to be the main growth driver of the segment. Turnover from paper trading business in the market rose significantly by 15.2% to HK\$1,430,000,000 with a growth of 21% in volume. The Hong Kong market, the Group's second key market, represented approximately 22% of its total paper trading sales, achieved a turnover of HK\$495,000,000, a decrease of 19.9% compared to the corresponding last period resulting from the downturn of the export market to overseas. As for other Asian countries, the business grew significantly by 37.3% in sales to HK\$322,000,000 as more allocation of tonnage was obtained from mills for export in Korea office and more sales achieved on printing and writing paper products in Malaysia office for the period.

For paper manufacturing business, the segment reported a rise of 4.8% in sales tonnage, with a slight decrease of 3.6% in sales, including inter-segment revenue, to HK\$376,000,000. Operating profit increased 18.6% to HK\$21,241,000 compared to the corresponding last period with operating profit margin stood at 8.5%.

Other Businesses

The aeronautic parts and services business and marine services business recorded turnover of HK\$27,594,000 and HK\$37,658,000 respectively during the period under review.

Prospects

China's economic growth gathered speed in the third quarter, this will raise confidence that the country will achieve its full year growth target of 7.5%. The outlook of the economy appears stabilized.

The government authority is working on a plan to resolve the oversupply issues. The plan's general guidelines will be to further generate domestic consumption while tapping overseas market. Mergers and acquisitions will be encouraged, and more outdated equipment will be forced to retire under stricter clean production standards. The reported pulp and paper closure results in 2011 and the targets for 2012 and 2013 so far have hit 24.47 million tonnes, far surpassing the original goal of eliminating at least 10 million tonnes in the five-year plan from 2011 to 2015. In September, the authority has released a second list for its old pulp and paper capacity closure campaign for 2013, raising its goal from 6.21 million to 7.42 million tonnes per year. The industry consolidation and the capacity closures to a great extent should bring the market into balance in the coming years.

The Group will continue to implement a series of business quality improvement measures including business restructuring, warehouse consolidation, procurement flexibility and cost controls in order to capture the opportunities arising from the market, enhance its profitability as well as position itself well once the market rebounds. We will certainly strive to deliver favorable returns to our shareholders.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK 0.4 cent (2012: HK 0.4 cent) per share for the six months ended 30 September 2013. The interim dividend will be payable to all shareholders of the Company whose names appear on the register of members of the Company on 20 December 2013. The interim dividend will be paid around 6 January 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2013 to 20 December 2013 (both days inclusive), during which period no transfers of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on 17 December 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013, the Group employed 1,810 staff members, 126 of whom are based in Hong Kong and 1,328 are based in the PRC and 356 are based in other Asian countries. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident fund, medical insurance and the use of share option scheme to reward high-calibre staff. Training for various levels of staff is undertaken on a regular basis, consisting of development in the strategic, implementation, sales and marketing disciplines.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances short term funding requirements with cash generated from operations, credit facilities available from suppliers and banking facilities (both secured and unsecured) provided by our bankers. The Group uses cash flow generated from operations, long term borrowings and shareholders' equity for the financing of long-term assets and investments. As at 30 September 2013, short term deposits plus bank balances amounted to HK\$621 million (including restricted bank deposits of HK\$223 million) and bank borrowings amounted to HK\$2,032 million.

As at 30 September 2013, the Group's gearing ratio was 44.6% (31 March 2013: 46.9%), calculated as net debt divided by total capital. Net debt of HK\$1,411 million is calculated as total borrowings of HK\$2,032 million (including trust receipt loans, short term and long term borrowings, and finance lease obligations) less cash on hand and restricted deposits of HK\$621 million. Total capital is calculated as total equity of HK\$1,754 million plus net debt. The current ratio (current assets divided by current liabilities) was 1.11 times (31 March 2013: 1.13 times).

With bank balances and other current assets of approximately HK\$3,286 million as well as available banking and trade facilities, the directors of the Company (the "Directors") believe the Group has sufficient working capital to meet its present requirement.

FOREIGN EXCHANGE RISK

The Group's transaction currencies are principally denominated in Renminbi, United States dollars and Hong Kong dollars. The Group hedged its position with foreign exchange contracts and options when considered necessary. The Group has continued to obtain Renminbi loans which provide a natural hedge against currency risks. As at 30 September 2013, bank borrowings in Renminbi amounted to HK\$455 million (31 March 2013: HK\$482 million). The remaining borrowings are mainly in Hong Kong dollars. The majority of the Group's borrowings bear interest costs which are based on floating interest rates.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

(a) Long position in shares of the Company

Ordinary shares of HK\$0.10 each

	Capacity	Number of ordinary shares beneficially held				Total	Percentage
		Personal interest	Corporate interest	Family interest			
Mr. LEE Seng Jin	Beneficial owner	128,459,688	688,533,247 (note)	33,425,112	850,418,047	74.53%	
Ms. SHAM Yee Lan, Peggy	Beneficial owner	1,145,112	32,280,000	816,992,935	850,418,047	74.53%	
Mr. CHOW Wing Yuen	Beneficial owner	1,080,000	—	—	1,080,000	0.09%	

Convertible non-voting preference shares ("CP shares") of HK\$0.10 each

	Capacity	Number of CP shares beneficially held			Total	Percentage
		Personal interest	Corporate interest	Family interest		
Mr. LEE Seng Jin	Beneficial owner	—	132,064,935 (note)	—	132,064,935	100.00%

Notes: The 688,533,247 ordinary shares and 132,064,935 CP shares are held by Quinselle Holdings Limited which is wholly owned by Mr. Lee Seng Jin. Mr. Lee Seng Jin therefore deemed under the SFO to be interested in such Shares and CP Shares.

Save as disclosed above, as at 30 September 2013, none of the Directors and chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of, or had been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of, the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which had been recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those interests disclosed above, the Directors and chief executives of the Company also hold shares of certain subsidiaries of the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

At no time during the period was the Company, its holding company, its subsidiaries or its associated companies a party to any arrangement to enable any Director or chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company and its associated corporations as defined in the SFO.

(b) Short positions in shares and underlying shares of the Company

None of the Directors and the chief executive of the Company or their associates had any short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(c) Share option scheme

At the Special General Meeting of the Company held on 26 February 2004, the shareholders of the Company approved the adoption of a share option scheme (the "Option Scheme") to comply with the requirements of Chapter 17 of the Listing Rules. As at 30 September 2013, no option was granted under the Option Scheme. A summary of the terms and conditions of the Option Scheme are set out below.

(1) Purpose

The purpose of the Option Scheme is to provide incentives to Participants (as defined below) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

(2) Participants

All directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any Invested Entity.

(3) *Maximum number of shares*

The number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme(s) of the Company must not exceed 10% in the nominal amount of the issued share capital of the Company as at the date of adoption of the Option Scheme. The maximum number of share available for issue under the Option Scheme is 42,925,803 as at the date of this report.

(4) *Maximum entitlement of each Participant*

The maximum number of shares issued and to be issued upon exercise of the options granted to any one Participant (including both exercised and unexercised options) in any 12-month period shall not exceed one percent of the Shares in issue as at the date of grant.

(5) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Option Scheme at any time during the period to be notified by the Board to each grantee of the option at the date of grant provided that such period shall not exceed a period of ten years from the date of grant but subject to the provisions for early termination of the option as contained in the terms of the Option Scheme.

(6) The eligible person shall pay HK\$1.0 to the Company in consideration of the grant of an option upon acceptance of the grant of option.

(7) *Exercise price*

The option price per share payable on the exercise of an option is determined by the Board and shall not be less than the highest of

- i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant;
- ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- iii) the nominal value of a share on the date of grant.

(8) *Remaining life of the Option Scheme*

The Option Scheme will remain in force until 26 February 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, the interests and short positions of the shareholders of the Company other than a Director or chief executives of the Company and their associates, in the shares and underlying shares of the Company as recorded in the register which were required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in ordinary shares of HK\$0.10 each in the Company

Name of shareholder	Number of ordinary shares	Percentage
Quinselle Holdings Limited (Note)	688,533,247	60.34%

Long position in CP shares of HK\$0.10 each in the Company

Name of shareholder	Number of CP shares	Percentage
Quinselle Holdings Limited (Note)	132,064,935	100.00%

Note: Quinselle Holdings Limited is a company wholly owned by Mr. Lee Seng Jin.

Save as disclosed above, the register which is required to be kept under Section 336 of the SFO shows that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 September 2013.

CONTINGENT LIABILITIES

The Company provided corporate guarantees on the banking facilities granted to its subsidiaries. The amount of facilities utilized by the subsidiaries as at 30 September 2013 amounted to HK\$2,025,000,000 (31 March 2013: HK\$2,090,000,000).

CHARGE OF ASSETS

As at 30 September 2013, trust receipt loans of HK\$155,823,000 (31 March 2013: HK\$71,188,000) and bank loans of HK\$105,369,000 (31 March 2013: HK\$70,711,000) were secured by legal charge on certain properties of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Committee") was set up to review and provide supervision of the Group's financial reporting process and internal controls. The Committee has reviewed the Group's unaudited interim report for the six months ended 30 September 2013 before it was tabled for the Board's approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Directors, the Company was in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six-month period ended 30 September 2013 except that the non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the bye-laws of the Company.

BOARD OF DIRECTORS

As at the date of this Report, the Board comprises five executive directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive director, Mr. LAU Wang Yip, Eric and three independent non-executive directors, namely Mr. PANG Wing Kin, Patrick, Mr. TONG Yat Chong and Mr. NG Hung Sui, Kenneth.

By Order of the Board
SHAM Kit Ying
Chairman

Hong Kong, 29 November 2013