CHINA TYCOON BEVERAGE HOLDINGS LIMITED
中國大亨飲品控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 209)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board of Directors (the "Board") of China Tycoon Beverage Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*6*	**120,787**	139,001
Cost of sales		**(106,777)**	(133,933)
Gross profit		**14,010**	5,068
Other revenue and other net income	*6*	**5,280**	2,788
Selling and distribution costs		**(5,623)**	(8,915)
Administrative expenses		**(29,043)**	(34,883)
Net (loss)/gain on trading securities at fair value through profit or loss	*7*	**(28,277)**	2,561
Other operating expenses		**(512)**	(458)
Loss from operations		**(44,165)**	(33,839)
Finance costs	*8*	**(2,266)**	(2,485)
Loss before taxation	*7*	**(46,431)**	(36,324)
Income tax	*9*	**(196)**	(426)
Loss for the period		**(46,627)**	(36,750)

	Notes	Six months ended 30 June **2013** ***HK$'000*** **(unaudited)**	 2012 *HK$'000* (unaudited)
Attributable to:			
Owners of the Company		**(45,480)**	(33,822)
Non-controlling interests		**(1,147)**	(2,928)
Loss for the period		**(46,627)**	(36,750)
Loss per share			
Basic	*10*	**(HK2.70 cents)**	(HK2.01 cents)
Diluted	*10*	**(HK2.70 cents)**	(HK2.01 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(46,627)**	(36,750)
Other comprehensive income/(loss) for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**4,919**	(741)
Other comprehensive income/(loss) for the period, net of tax	**4,919**	(741)
Total comprehensive loss for the period, net of tax	**(41,708)**	(37,491)
Attributable to:		
Owners of the Company	**(40,900)**	(34,504)
Non-controlling interests	**(808)**	(2,987)
	(41,708)	(37,491)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	**As at 30 June 2013** *HK$'000* **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**138,498**	140,180
Prepaid land premiums		**4,775**	4,851
Intangible assets		**2,297**	2,626
Goodwill		**834**	834
Interests in associates		**–**	–
		146,404	148,491
Current assets			
Trading securities		**123,041**	151,067
Inventories		**149,874**	100,938
Prepaid land premiums		**152**	152
Trade receivables	*12*	**23,687**	30,644
Prepayments, deposits and other receivables		**12,039**	16,625
Loan receivable		**7,500**	–
Derivative financial instruments		**2,297**	–
Pledged bank deposits		**2,997**	2,996
Cash and cash equivalents		**98,377**	130,246
		419,964	432,668
Current liabilities			
Trade payables	*13*	**45,585**	43,493
Other payables		**69,037**	70,824
Bank overdrafts		**89**	–
Interest-bearing bank borrowings		**115,965**	88,760
Tax payable		**4,336**	5,030
		235,012	208,107
Net current assets		**184,952**	224,561
Total assets less current liabilities		**331,356**	373,052
Non-current liabilities			
Deferred tax liabilities		**7,016**	7,004
		7,016	7,004
Net assets		**324,340**	366,048
Equity			
Equity attributable to owners of the Company			
Share capital		**168,641**	168,641
Reserves		**170,485**	211,385
		339,126	380,026
Non-controlling interests		**(14,786)**	(13,978)
Total equity		**324,340**	366,048

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Suite 1004, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are manufacturing and trading of hard and stuffed toys, manufacturing and sales of beverage products and securities investments. The Group's operations are based in Hong Kong and the People's Republic of China, excluding Hong Kong and Macau (the "PRC").

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard No. 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2012, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

The measurement basis used in the preparation of these financial statements is the historical cost basis except for leasehold buildings, derivative financial instruments and equity instruments at fair value through profit or loss, which have been measured at fair values. These financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all amounts are rounded to the nearest thousand except where otherwise indicated.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are first effective for the current accounting period.

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The adoption of the amendments has had no material impact on the disclosure in these condensed consolidated financial statements.

Except as described below, the application of other new and revised standards and interpretations in the current accounting period has had no material impact on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these condensed consolidated financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening consolidated statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening consolidated statement of financial position. The amendments also remove the requirement to present related notes to the opening consolidated statement of financial position when such statement is presented. The adoption of the amendments does not have any material impact on these condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "consolidated statement of profit or loss" and "consolidated statement of profit or loss and other comprehensive income" as introduced by the amendments in these condensed consolidated financial statements.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

HKFRS 10 Consolidated Financial Statements

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

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

HKFRS 11 Joint Arrangements

HKFRS 11, which replaces HKAS 31 *Interests in Joint Ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice. The adoption of HKFRS 11 does not have any material impact on these condensed consolidated financial statements.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. The adoption of the HKFRS 12 does not have any material impact on the disclosure in these condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

HKAS 19 Employee Benefits (as revised in 2011)

HKAS 19 (as revised in 2011) introduces a number of amendments to the accounting for defined benefit plans. Among them, HKAS 19 (as revised in 2011) eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 (as revised in 2011) also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of HKAS 19 (as revised in 2011) does not have any material impact on these condensed consolidated financial statements.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) of the Company for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Securities investments: this segment derives its revenue from dividends received from equity securities investments.

2. Manufacturing and trading of hard and stuffed toys: this segment derives its revenue from manufacturing and trading of hard and stuffed toys.

3. Manufacturing and sales of beverage products: this segment derives its revenue from manufacturing and sales of beverage products.

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Board for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of certain unallocated corporate assets and loan receivable.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

Segment profit or loss before taxation exclude unallocated interest income and unallocated corporate expenses which are not directly attributable to the business activities of any operating segment.

(a) Segments results, assets and liabilities

	Securities investments Six months ended 30 June		Manufacturing and trading of hard and stuffed toys Six months ended 30 June		Manufacturing and sales of beverage products Six months ended 30 June		Total Six months ended 30 June	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Reportable segment revenue								
Revenue from external customers	**–**	–	**115,044**	134,604	**5,743**	4,397	**120,787**	139,001
Reportable segment (loss)/profit before taxation	**(28,291)**	2,560	**(6,511)**	(16,737)	**(6,221)**	(16,539)	**(41,023)**	(30,716)
Other segment information:								
Depreciation	**–**	–	**(5,015)**	(4,585)	**(1,080)**	(611)	**(6,095)**	(5,196)
Amortisation of prepaid land premiums	**–**	–	**(76)**	(76)	**–**	–	**(76)**	(76)
Amortisation of intangible assets	**–**	–	**–**	–	**(62)**	(62)	**(62)**	(62)
Loss on disposal of property, plant and equipment, net	**–**	–	**(92)**	(72)	**–**	–	**(92)**	(72)
Write down of inventories, net	**–**	–	**(5,885)**	(904)	**–**	–	**(5,885)**	(904)
Impairment loss of trade receivables	**–**	–	**–**	–	**–**	(88)	**–**	(88)
Net (loss)/gain on trading securities at fair value through profit or loss	**(28,277)**	2,561	**–**	–	**–**	–	**(28,277)**	2,561
Bank interest income	**–**	–	**52**	32	**10**	29	**62**	61
Interest expense	**–**	–	**(2,265)**	(2,485)	**(1)**	–	**(2,266)**	(2,485)
Additions to non-current segment assets	**–**	–	**3,557**	2,364	**193**	162	**3,750**	2,526

	Securities investments		Manufacturing and trading of hard and stuffed toys		Manufacturing and sales of beverage products		Total	
	As at 30 June 2013	As at 31 December 2012	**As at 30 June 2013**	As at 31 December 2012	**As at 30 June 2013**	As at 31 December 2012	**As at 30 June 2013**	As at 31 December 2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
Reportable segment assets	**124,301**	153,007	**318,675**	293,560	**111,994**	114,970	**554,970**	561,537
Reportable segment liabilities	**–**	–	**(204,361)**	(175,519)	**(35,757)**	(34,785)	**(240,118)**	(210,304)

Note: There were no inter-segment sales in both periods.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(i) Loss before taxation		
Reportable segment loss	**(41,023)**	(30,716)
Unallocated interest income	**560**	315
Unallocated corporate expenses	**(5,968)**	(5,923)
Consolidated loss before taxation	**(46,431)**	(36,324)

	As at 30 June 2013	As at 31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
(ii) Assets		
Reportable segment assets	**554,970**	561,537
Loan receivable	**7,500**	–
Unallocated corporate assets	**3,898**	19,622
Consolidated total assets	**566,368**	581,159

	As at 30 June 2013	As at 31 December 2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
(iii) Liabilities		
Reportable segment liabilities	**240,118**	210,304
Unallocated corporate liabilities	**1,910**	4,807
Consolidated total liabilities	**242,028**	215,111

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Beverage products	**5,743**	4,397
Hard and stuffed toys	**115,044**	134,604
	120,787	139,001

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets include property, plant and equipment, prepaid land premiums, intangible assets and goodwill. The geographical location of customers refers to the location at which the services were provided or the goods were delivered. The geographical locations of property, plant and equipment and prepaid land premiums are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangible assets specified are allocated.

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong (place of domicile)	**3,775**	5,681	**4,964**	8,881
The PRC	**5,743**	4,397	**141,440**	139,610
United States and Canada	**93,766**	112,050	**–**	–
Japan and Europe	**17,503**	16,873	**–**	–
	120,787	139,001	**146,404**	148,491

(e) Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group is as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The largest customer – revenue from manufacturing and trading of hard and stuffed toys	**81,911**	87,251
Second largest customer – revenue from manufacturing and trading of hard and stuffed toys	**–**	20,718

5. SEASONALITY OF OPERATION

The Group's business in manufacturing and trading of hard and stuffed toys is subject to seasonal fluctuation during a year. Generally, higher sales are experienced during the third quarter of a year in order to meet the Christmas orders before the end of each year.

The manufacturing and sales of beverage products and securities investments business have no specific seasonality factor.

6. REVENUE, OTHER REVENUE AND OTHER NET INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**120,787**	139,001
Other revenue and other net income		
Other revenue		
Bank interest income	**64**	61
Interest income from loan receivable	**558**	315
Total interest income on financial assets not at fair value through profit or loss	**622**	376
Other net income		
Fair value gain/(loss) on derivative financial instruments – transactions not qualifying as hedges	**2,297**	(930)
Loss on disposal of property, plant and equipment, net	**–**	(72)
Net foreign exchange gain	**969**	679
Recovery from bad debt written off	**–**	1,614
Mould income	**103**	546
Sublet rental income	**399**	200
Sundry income	**890**	375
	5,280	2,788

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
a) Other items		
Cost of inventories	**105,218**	132,518
Depreciation of property, plant and equipment*	**6,241**	5,240
Amortisation of intangible assets **	**62**	62
Amortisation of prepaid land premiums	**76**	76
Loss on disposal of property, plant and equipment, net **	**416**	72
Impairment loss of trade receivables **	**–**	88
b) Net loss/(gain) on trading securities at fair value through profit or loss		
Realised (gain)/loss on trading securities at fair value through profit or loss	**(200)**	10,549
Unrealised loss/(gain) on trading securities at fair value through profit or loss	**28,477**	(13,110)
	28,277	(2,561)

* Depreciation of approximately HK$2,191,000 (2012: HK$2,228,000) is also included in "Cost of sales" on the face of the condensed consolidation statement of profit or loss.

** These items are included in "Other operating expenses" on the face of the condensed consolidated statement of profit or loss.

8. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**2,266**	2,485
Total interest expenses on financial liabilities not at fair value through profit or loss	**2,266**	2,485

9. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current – Hong Kong	**–**	32
Current – The PRC	**188**	409
Deferred tax charge/(credit)	**8**	(15)
Income tax expense	**196**	426

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Enterprise Income Tax in the PRC has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2012: 25%), unless preferential rates are applicable in the locations where the subsidiaries are located.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company of approximately HK$45,480,000 (2012: HK$33,822,000) and the weighted average number of 1,686,408,729 (2012: 1,686,408,729) ordinary shares in issue during the period.

Diluted loss per share

Diluted loss per share equals to basic loss per share as there was no potential dilutive ordinary shares outstanding for both periods presented.

11. DIVIDENDS

No dividends were declared during the six months ended 30 June 2013 (2012: nil).

12. TRADE RECEIVABLES

	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
Trade receivables	**27,577**	34,467
Less: allowance for impairment	**(3,890)**	(3,823)
	23,687	30,644

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

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

	As at 30 June 2013 HK$'000 (unaudited)	As at 31 December 2012 HK$'000 (audited)
0 to 30 days	**18,851**	13,177
31 to 90 days	**3,388**	16,969
Over 90 days	**1,448**	498
	23,687	30,644

The Group's trading terms with its customers are mainly on credit with credit periods generally ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.

13. TRADE PAYABLES

The ageing analysis of the trade payables as at the end of the reporting period is as follows:

	As at 30 June 2013 *HK$'000* **(unaudited)**	As at 31 December 2012 *HK$'000* (audited)
0 to 30 days	**27,595**	18,345
31 to 90 days	**15,709**	18,508
Over 90 days	**2,281**	6,640
	45,585	43,493

The trade payables are expected to be settled within one year.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013 (30 June 2012: nil).

BUSINESS REVIEW

For the six months ended 30 June 2013, the Group reported revenue of HK$120,787,000, representing a 13% decline from the previous period (30 June 2012: HK$139,001,000), whereas the Group's gross profit was HK$14,010,000, rose by 176% from the prior period (30 June 2012: HK$5,068,000). The significant increase of the Group's gross profit was primarily attributed to the improved financial performance and profitability of the Group's toys division. Despite the increase of the Group's gross profit, the Group recorded loss for the period amounting to HK$46,627,000 (30 June 2012: HK$36,750,000), increased by 27% that was mainly due to the unsatisfactory performance of the Group's securities investments division.

Toys Division

The revenue generated by the Group's toys division for the review period was HK$115,044,000, decreased by 15% comparing to the previous period (30 June 2012: HK$134,604,000), whereas segment loss was significantly reduced by 61% to HK$6,511,000 (30 June 2012: HK$16,737,000). Despite the fact that the division was able to capture some new business opportunities from existing and new customers last year owing to exits of some toys manufacturers in the Pearl River Delta Region, orders from two major customers based in the United States dropped considerably during the current period which led to the decline of the division's revenue. Nevertheless, the division was able to better control its manufacturing costs during the review period through improved production efficiency that substantially enhanced its profitability. The division's management would continue to conduct review and analysis on the operational aspects of the toys operation with the view to improve production efficiency, and hence to save manufacturing costs as well as to enhance profitability of the division.

Beverage Division

For the review period, the division reported revenue of HK$5,743,000, increased by 31% compared to the prior period (30 June 2012: HK$4,397,000), and segment loss of HK$6,221,000 (30 June 2012: HK$16,539,000), significantly reduced by 62% from the previous period. During the last quarter of 2012, the management had decided to switch the division's business focus to beverage markets in the third and fourth tier cities from the ones in the first and second tier cities based on the expectations that competitions among beverage products were less severe, selling and distribution costs were lower and profit margins were higher in the third and fourth tier cities' beverage markets. The results so far were encouraging as revenue of the division had increased and segment loss was reduced when comparing to the previous period.

Securities Investments

The Group's securities investments division recorded segment loss of HK$28,291,000 for the review period (30 June 2012: segment profit of HK$2,560,000) that was mainly resulted from the unrealised loss of HK$28,477,000 from holdings of listed equity securities measured at fair values at the period end. As of 30 June 2013, the Group's securities portfolio comprised listed equity securities in mining and resources company, hotel and entertainment company, industrial materials company and financial services company and was valued at fair values of HK$123,041,000 (31 December 2012: HK$151,067,000). It was mainly due to the drop in value of the Group's investments in listed shares of two mining and resources companies, which were considered under-performed financially from market expectations, that resulted in the segment loss incurred by the division during the review period.

As a whole, the Group reported a loss attributable to owners of the Company of HK$45,480,000 (30 June 2012: HK$33,822,000) and loss per share of HK2.70 cents (30 June 2012: HK2.01 cents). The Group reported total other comprehensive loss for the period, net of tax, of HK$41,708,000 (30 June 2012: HK$37,491,000) which included an exchange gain on translation of financial statements of overseas subsidiaries of HK$4,919,000 (30 June 2012: loss of HK$741,000). The Group's total comprehensive loss for the period, net of tax, attributable to owners of the Company amounted to HK$40,900,000 (30 June 2012: HK$34,504,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2013, the Group had current assets of HK$419,964,000 (31 December 2012: HK$432,668,000) comprising cash and cash equivalents of HK$98,377,000 (31 December 2012: HK$130,246,000) (excluding pledged bank deposits). The Group's current ratio, calculated as current assets divided by current liabilities of HK$235,012,000 (31 December 2012: HK$208,107,000), remained at a healthy ratio of 1.79 (31 December 2012: 2.08). The Group's bank loans as at 30 June 2013 were mainly denominated in Hong Kong dollars and United States dollars in the proportion of 98% and 2% (31 December 2012: 87% and 13%) respectively. All bank loans totalling HK$115,965,000 (31 December 2012: HK$88,760,000) would be matured within one year, out of which 98% bore fixed interest rate (31 December 2012: 87%) and the remaining 2% bore floating interest rate (31 December 2012: 13%).

The use of derivative financial instruments was strictly monitored and controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and currency exposures.

During the review period, the equity attributable to owners of the Company decreased by 11% to HK$339,126,000 (31 December 2012: HK$380,026,000) mainly as a result of the loss incurred by the Group. The Group financed its operations through a combination of bank financing and shareholder's equity. The Group's gearing ratio was determined as its net debt divided by total equity plus net debt where net debt included interest-bearing bank borrowings and overdrafts, trade payables and other payables less pledged bank deposits and cash and cash equivalents. The Group's policy was to maintain its gearing ratio below 75% to ensure a healthy financial position. The gearing ratio of the Group as at 30 June 2013 was about 29% (31 December 2012: 16%).

Despite the loss incurred by the Group, the financial position of the Group remained solid with sufficient cash and undrawn committed credit facilities to support the Group's ongoing business operations.

PROSPECTS

For the six months ended 30 June 2013, the results of the toys and beverage division had improved amid the unsatisfactory performance of the securities investments division. The management would continue to put effort to improve the results of the toys and beverage divisions through conducting review and analysis on operational aspects of the divisions including procurement and inventory control, production and logistics, sales and marketing, product research and development and human resources management. Through the above measures, the management is aiming to improve the divisions' operating efficiency and profitability and hence their financial performance in the near term.

CORPORATE GOVERNANCE

During the six months ended 30 June 2013, the Company had complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2013 have not been audited, but have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

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

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

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 8 March 2012 and will remain suspended until further notice.

By Order of the Board
Lo Ming Chi, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong, 30 April 2014

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Sue Ka Lok (Chairman); four Executive Directors, namely Mr. Lo Ming Chi, Charles (Deputy Chairman and Chief Executive Officer), Ms. Danita On (Chief Operating Officer), Ms. Chan Yuk Yee and Ms. Wang Jingyu; and three Independent Non-executive Directors, namely Mr. Kwok Ming Fai, Mr. Wong Kwok Tai and Ms. Leung Pik Har, Christine.

* *For identification purpose only*