21 Holdings Limited
21 控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 1003)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of 21 Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014. The consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**96,637**	27,343
Cost of sales and service rendered		**(81,815)**	(17,134)
Gross profit		**14,822**	10,209
Investment and other income	*4*	**913**	8,634
Other gains (losses)	*5*	**103**	(2,046)
Selling and distribution costs		**(866)**	(414)
Administrative expenses		**(16,599)**	(20,152)
Amortisation of intangible assets		**–**	(5,727)
Impairment loss on intangible assets		**–**	(9,321)
Impairment loss on goodwill		**–**	(12,252)
Finance costs	*6*	**(1,197)**	(2)
Loss before tax		**(2,824)**	(31,071)
Income tax (expense) credit	*7*	**(244)**	3,761
Loss for the period from continuing operations	*8*	**(3,068)**	(27,310)

* *For identification purposes only*

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Discontinued operation			
Loss for the period from discontinued operation		**–**	(1,055)
Loss for the period		**(3,068)**	(28,365)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		**117**	395
Total comprehensive expense for the period		**(2,951)**	(27,970)
Loss attributable to owners of the Company			
— from continuing operations		**(3,068)**	(27,310)
— from discontinued operation		**–**	(633)
Loss for the period attributable to owners of the Company		**(3,068)**	(27,943)
Loss attributable to non-controlling interests			
— from continuing operations		**–**	–
— from discontinued operation		**–**	(422)
Loss for the period attributable to non-controlling interests		**–**	(422)
		(3,068)	(28,365)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(2,951)**	(27,548)
Non-controlling interests		**–**	(422)
		(2,951)	(27,970)
Loss per share			
From continuing and discontinued operations			
— Basic *(HK dollar)*	*10*	**(0.01)**	(0.08)
From continuing operations			
— Basic *(HK dollar)*	*10*	**(0.01)**	(0.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,403**	1,845
Note receivable		**–**	9,827
Goodwill		**7,059**	7,059
		8,462	18,731
CURRENT ASSETS			
Trade and other receivables	*11*	**115,700**	75,771
Investments held for trading		**–**	41,639
Financial assets at fair value through profit or loss		**–**	9,150
Bank balances and cash		**395,863**	120,238
		511,563	246,798
CURRENT LIABILITIES			
Trade and other payables	*12*	**99,293**	56,666
Amount due to a director	*13*	**27,150**	–
Loan payables	*14*	**44,800**	–
Tax payable		**1,424**	1,180
		172,667	57,846
NET CURRENT ASSETS		**338,896**	188,952
NET ASSETS		**347,358**	207,683
CAPITAL AND RESERVES			
Share capital		**5,771**	3,208
Reserves		**341,587**	204,475
TOTAL EQUITY		**347,358**	207,683

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities;
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities;
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets;
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting; and
HK(IFRIC)-INT 21	Levies

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

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments, based on information provided to the chief operating decision maker ("CODM") representing the executive directors of the Company, for the purpose of resource allocation and assessment of segment performance on types of services provided and goods sold. This is also the basis upon which the Group is arranged and organised.

The Group's operations are currently organised into three operating and reportable segments as follows:

Property agency in Hong Kong	—	Provision of property agency and related services, and franchise services in Hong Kong
Property agency in the People's Republic of China (the "PRC")	—	Provision of property agency and related services, and leasing management services in the PRC
Securities trading and investments	—	Securities trading and investments

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segments:

Six months ended 30 June 2014 (Unaudited)

Continuing operations:

	Property agency		**Securities trading and investments**	**Consolidated**
	Hong Kong	**PRC**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue				
— External sales	**96,608**	**29**	**–**	**96,637**
Segment profit (loss)	**1,848**	**(1,579)**	**862**	**1,131**
Unallocated corporate income				**6**
Unallocated corporate expenses				**(2,764)**
Finance costs				**(1,197)**
Consolidated loss before tax				**(2,824)**
Other information (included in measure of segment profit (loss))				
Investment and other income	**46**	**5**	**857**	**908**
Depreciation of property, plant and equipment	**226**	**186**	**13**	**425**
Additions to non-current assets during the period	**6**	**–**	**–**	**6**

Six months ended 30 June 2013 (Unaudited)

Continuing operations:

	Property agency Hong Kong HK$'000	Property agency PRC HK$'000	Securities trading and investments HK$'000	Consolidated HK$'000
Segment revenue				
— External sales	24,795	2,548	–	27,343
Segment (loss) profit	(13,812)	(16,845)	39	(30,618)
Unallocated corporate income				5,337
Unallocated corporate expenses				(5,788)
Finance costs				(2)
Consolidated loss before tax				(31,071)
Other information (included in measure of segment (loss) profit)				
Investment and other income	109	961	2,227	3,297
Depreciation of property, plant and equipment	230	283	–	513
Impairment loss on trade receivables	–	91	–	91
Additions to non-current assets during the period	12	–	–	12
Impairment loss on goodwill	12,252	–	–	12,252
Impairment loss on intangible assets	–	9,321	–	9,321
Amortisation of intangible assets	–	5,727	–	5,727

All of the segment revenue reported above are from external customers.

Segment profit (loss) represents the profit (loss) from each segment without allocation of unallocated corporate income (which mainly includes refund of litigation cost and bank interest income), unallocated corporate expenses (which mainly include administration expenses) and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Interest on bank deposits	**242**	423
Interest on debt securities	**490**	1,456
Imputed interest on note receivable	**128**	343
Refund of litigation cost	**–**	5,332
Sundry income	**53**	1,080
	913	8,634

5. OTHER GAINS (LOSSES)

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Net losses on investments held for trading	**(1,280)**	(2,736)
Gain on disposal of note receivable	**813**	–
Gain on fair value changes of financial assets at fair value through profit or loss	**570**	690
	103	(2,046)

6. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Interest charges on finance lease	**–**	2
Interest expense on loan payables	**1,197**	–
	1,197	2

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The tax charge (credit) comprises:		
Continuing operations:		
Hong Kong Profits Tax		
— Provision for the period	**244**	1
Deferred tax	**–**	(3,762)
	244	(3,761)

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The deferred tax credit arose from the release of deferred tax liabilities upon the amortisation of and impairment on intangible assets which arose from the acquisition of subsidiaries.

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Impairment loss on trade receivables	**–**	91
Amortisation of intangible assets	**–**	5,727
Depreciation of property, plant and equipment	**425**	525
Net exchange losses (gains)	**105**	(9)
Interest income	**(860)**	(2,222)

9. DIVIDENDS

No dividends were paid, declared or proposed for the period ended 30 June 2014 and 2013, nor has any dividend been proposed since the end of both reporting periods.

10. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(3,068)**	(27,943)

	Number of ordinary shares	
	2014	2013
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purposes of basic loss per share *(Note)*	**396,374**	348,584

Note: The weighted average number of shares for the purposes of calculating basis loss per share for the six months ended 30 June 2013 was adjusted to reflect the effects of open offer of shares in June 2014.

No diluted loss per share is presented in both periods, as there were no potential ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners to the Company	**(3,068)**	(27,943)
Less: Loss for the period from discontinued operation	**–**	633
Loss for the purposes of basic loss per share from continuing operations	**(3,068)**	(27,310)

The denominators used in calculation of the basic loss per share attributable to owners of the Company from continuing operations are the same as those for loss per share for the period from continuing and discontinued operations.

From discontinued operation

For the period ended 30 June 2013, basic loss per share from discontinued operation is HK$0.002 per share, based on the loss for the period from discontinued operation of approximately HK$633,000 and the denominator detailed above for basic loss per share.

11. TRADE AND OTHER RECEIVABLES

For property agency segment in Hong Kong, the Group allows an average credit period of 60 to 90 days to property developers whilst the individual customers are obliged to settle the amounts upon completion of the relevant agreements and generally no credit terms are granted. For franchise operation from property agency segment in Hong Kong, the Group allows an average credit period of 7 days to its franchisee. For property agency segment in the PRC, the Group allows an average credit period of 30 to 60 days to property developers.

Included in trade and other receivables are trade receivables of approximately HK$102,947,000 (31 December 2013: HK$56,485,000) and an aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
0–30 days	**24,999**	14,585
31–60 days	**10,350**	16,208
61–90 days	**12,251**	10,865
Over 90 days	**55,347**	14,827
	102,947	56,485

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are commissions payable of approximately HK$91,614,000 (31 December 2013: HK$50,002,000) mainly for the commissions payable to property consultants and cooperative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers.

13. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest-free and repayable on demand.

14. LOAN PAYABLES

The loans carry interest at fixed rate ranging from 10% to 15% and are repayable within one year. The proceeds were used to finance the general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

The property agency segment in Hong Kong reported a revenue of HK$96.6 million for the six months ended 30 June 2014, an increase of about 289.5% as compared with HK$24.8 million for the same period last year, which was contributed by active launches and re-launches of new residential projects after the developers started to get familiar with the demand-side management measure and boosted the sales by offering incentives and rebates to potential buyers. Thus, the first-hand property market rebounded during the six months period ended 30 June 2014. Nevertheless, the gross profit of this segment did not record a proportionate increase due to high commission paid to incentivise sales volume under current competitive market. Operating profit from the property agency segment in Hong Kong for the six months ended 30 June 2014 amounted to HK$1.8 million whilst the operating loss for the corresponding period in 2013 was HK$1.6 million (excluding provision for impairment loss on goodwill of HK$12.3 million).

The property market in the People's Republic of China (the "PRC") remained subdued during the six months ended 30 June 2014. In face of the unstable property market in the PRC, the Group has streamlined its operation to minimise the operating costs and focused on the property agency segment in Hong Kong. As a result, the scale of property agency segment in the PRC has significantly curtailed and the sales activities of this segment have plunged to a minimum level. The reported revenue of the property agency segment in the PRC was approximately HK$29,000 for the six months ended 30 June 2014, representing a significant decrease of HK$2.5 million or 98.9% when compared with the corresponding period in 2013. This segment recorded a loss of HK$1.6 million during the six months ended 30 June 2014, a decrease of HK$0.2 million compared to a loss of HK$1.8 million (excluding amortisation of intangible assets and provision for impairment loss on intangible assets of HK$5.7 million and HK$9.3 million respectively) for the corresponding period in 2013.

During the six months ended 30 June 2014, the Group has disposed of its securities and investments, including note receivable, investments held for trading and financial assets at fair value through profit or loss. The securities trading and investments segment reported a profit of HK$0.9 million which was mainly attributable to the interest income and net gains on disposal of securities and investments. As at 31 December 2013, the Group had note receivable, investments held for trading and financial assets at fair value through profit or loss amounting to HK$9.8 million, HK$41.6 million and HK$9.2 million respectively.

Prospects

Looking into the second half of 2014, the attractive deals on new residential projects will boost the buying sentiment in the property market of Hong Kong. It is expected that the sales of the first-hand residential projects would remain robust in near term for the rest of 2014. However, the market revival may be short-lived in light of the uncertainties of the US quantitative easing monetary policies and the influence of other cooling measures.

Uncertainties still cloud over the property market in the PRC. The management expects that the property agency segment in the PRC would continue to be restrained until significant relieve of the cooling measures by the PRC government and property market regains momentum. Looking ahead, the management will consider allocating more financial resources to Hong Kong property agency business and new business opportunities in overseas market.

Amidst the volatile market environment in the property agency business in Hong Kong and the PRC, the Group is expanding into a new business, namely the provision of mortgage financing. The management envisages that the introduction of the provision of mortgage financing business at this moment can elevate the Group's competitiveness in current property market in Hong Kong. The management believes that the Group could utilise its founded property agency network to build up a diverse and sizeable base of customers for the newly expanded mortgage financing business in an effective and efficient manner. Besides, the target customers of the Group's mortgage financing business will also include all property owners who are looking for cash-out refinancing services. Therefore, the Board considers that the provision of mortgage financing would diversify the income sources of the Group and improve the financial performance of the property agency segment.

In response to the rebounded property market in Hong Kong, the Group will monitor and direct resources conservatively to further strengthen and develop the Hong Kong property agency business as well as the new mortgage financing business. The Board will continue to adjust its strategies and respond promptly to the ever changing property market.

FINANCIAL REVIEW

Review of Results

For the six months ended 30 June 2014, the Group reported a revenue of HK$96.6 million, representing an increase of HK$69.3 million or 253.4% when compared with the corresponding period in last year. Gross profits increased by HK$4.6 million from HK$10.2 million for the corresponding period in last year to HK$14.8 million, principally due to the increase in property sales transaction of the property agency segment in Hong Kong.

The Group recorded other gains of HK$0.1 million for the period which was attributable to the gains on disposal of note receivable and financial assets at fair value through profit or loss (for the six months ended 30 June 2013: other losses of HK$2.0 million).

Selling and distribution costs slightly increased by HK$0.5 million, while administrative expenses decreased by HK$3.6 million.

In view of the management's expectation for market development as well as the potential profitability in the property agency market in Hong Kong, there was no provision for impairment loss on goodwill for the six months ended 30 June 2014 (for the six months ended 30 June 2013: HK$12.3 million).

Finance cost was HK$1.2 million, representing an increase of HK$1.2 million, primarily comprised of interest expenses of the funding required for purchasing the first-hand properties on behalf of customers.

The loss before interest, tax, depreciation, amortisation and impairment for the period amounted to HK$1.2 million (for the six months ended 30 June 2013: HK$4.3 million).

In combination of above factors, the Group recorded a loss of HK$3.1 million for this reporting period, a decrease of HK$25.3 million or 89.2% when compared with that of last year. This decrease is mainly attributable to the absence of amortisation of intangible assets of HK$5.7 million, impairment loss on intangible assets of HK$9.3 million and impairment loss on goodwill of HK$12.3 million recorded in the six months ended 30 June 2013.

Liquidity and Financial Resources

The Group maintained sufficient working capital as at 30 June 2014 with bank balances and cash of HK$395.9 million (31 December 2013: HK$120.2 million).

As at 30 June 2014, the Group had loan payables of HK$44.8 million (31 December 2013: HK$nil) which were denominated in Hong Kong dollars and would be due within one year. The loan payables carry interest rates at a range from 10% to 15% per annum and were secured by a director and the entire issued share capital of a subsidiary of the Group.

As at 30 June 2014, the Group had an outstanding amount due to a director of HK$27.2 million for general working capital (31 December 2013: HK$nil).

Gearing ratio, expressed as the percentage of total borrowings over total capital, of the Group as at 30 June 2014 was 17.2% (31 December 2013: nil). Total capital is calculated as total equity plus total borrowings. The increase in gearing ratio was mainly attributable to the loan payables and the amount due to a director.

Capital Structure

As at 30 June 2014, the Company has 577,138,852 ordinary shares of HK$0.01 each (the "Shares") in issue.

During the period, the share capital of the Company had the following changes:

a. On 5 May 2014, the Company allotted and issued 64,000,000 Shares at a placing price of HK$0.81 per Share (the "Placing") to not less than six individual investors, whose ultimate beneficial owners are third parties independent of and not connected with or acting in concert with the Company or the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) pursuant to the general mandate granted to the directors at the annual general meeting held on 24 May 2013 and a placing agreement dated 25 April 2014.

   The placing price of HK$0.81 per Share represented a discount of approximately 18.18% to the closing price of HK$0.99 per Share as quoted on the Stock Exchange on 25 April 2014, being the date on which the terms of the Placing were fixed. The net placing price, after deducting the relevant expenses, was approximately HK$0.78 per Share and the aggregate nominal value of the Shares issued was HK$640,000.

The reason for the Placing was to raise capital for expanding into a new business, namely the provision of mortgage financing. The aggregate net proceeds from the Placing of approximately HK$50.0 million will be utilised as working capital of the subsidiary, which engages in the provision of mortgage financing. As at 30 June 2014, the net proceeds from the Placing were remained unused and placed with licensed bank in Hong Kong.

b. On 16 June 2014, the Company further allotted and issued 192,379,617 Shares on the basis of one offer share for every two existing shares held on 21 May 2014 at a price of HK$0.50 per offer share (the "Open Offer").

   The reason for the Open Offer was to raise capital for expanding into a new business, namely the provision of mortgage financing. The aggregate net proceeds from the Open Offer of approximately HK$92.7 million will be utilised as working capital of the subsidiary, which engages in the provision of mortgage financing. As at 30 June 2014, the net proceeds from the Open Offer were remained unused and placed with licensed bank in Hong Kong.

Charges on Assets

As at 30 June 2014, certain property, plant and machinery with carrying values of approximately HK$0.1 million (31 December 2013: HK$0.2 million) represented assets held under finance leases.

Exposure to Exchange Rates

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi. The Group's exposure to United States dollars currency risk is minimal as Hong Kong dollars is pegged to United States dollars. Nevertheless, operations and performances of the Group might be affected by the fluctuation of Renminbi. Presently, the Group does not have any currency hedging policy but will closely monitor Renminbi exchange rate and take appropriate measures to minimise any adverse impact that may be caused by its fluctuation.

Contingent Liabilities

As at 30 June 2014, the Group had no significant contingent liabilities.

Employees

As at 30 June 2014, the Group had 30 employees and 300 agents. To attract, retain and motivate its employees, the Group has developed effective remuneration policies that are subject to review on regular basis. The Group's employees are remunerated with competitive packages which are in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme are also in place to recognise the outstanding employees.

CORPORATE GOVERNANCE

Corporate Governance Code and Corporate Governance Report

The Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2014, except for the following deviations:

Following the resignation of Mr. Ding Chung Keung as an independent non-executive Director, chairman of nomination committee and member of audit committee and remuneration committee effective from 27 March 2014, the Company had two independent non-executive Directors and two audit committee members, Mr. Lui Siu Tsuen, Richard and Ms. Cheung Sze Man, and therefore failed to comply with:

(1) Rule 3.10(1) of the Listing Rules which set out that the minimum number of independent non-executive directors is three;

(2) Rule 3.21 of the Listing Rules which requires that the audit committee must comprise a minimum of three members; and

(3) Code A.5.1 of the CG Code which requires that the nomination committee must be chaired by the chairman of the board of directors of the Company (the "Board") or an independent non-executive director.

Following the appointment of Ms. Chio Chong Meng, Mr. Wong Tak Chuen and Mr. Man Kong Yui as independent non-executive Directors and members of audit committee of the Company; and the appointment of Mr. Lei Hong Wai ("Mr. Lei"), the chairman of the Board, as chairman of nomination committee of the Company on 10 April 2014, the aforesaid requirements have been complied with.

Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Ng Kai Man as the Chairman of the Company on 10 April 2014. Mr. Lei has taken up the roles of the Chairman and chief executive officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

None of the non-executive Directors of the Company is appointed for specific term which is deviated from Code A.4.1 of the CG Code. However, as the Directors are subject to retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures have been in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' securities transaction. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the review period.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Review of Interim Results

The Audit Committee of the Company has reviewed with the management and the independent auditor of the Company the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

By Order of the Board
Lei Hong Wai
Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the Board comprises Mr. Lei Hong Wai (Chairman), Mr. Ng Kai Man and Mr. Cheung Kwok Fan as executive Directors and Ms. Chio Chong Meng, Mr. Wong Tak Chuen and Mr. Man Kong Yui as independent non-executive Directors.