

ESSEX

ESSEX BIO-TECHNOLOGY LIMITED

億勝生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)



INTERIM REPORT 2013

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ngiam Mia Je Patrick (*Chairman*)
Fang Haizhou (*Managing Director*)
Zhong Sheng

Independent Non-executive Directors

Fung Chi Ying
Mauffrey Benoit Jean Marie
Yeow Mee Mooi

Audit Committee

Fung Chi Ying (*Chairman*)
Mauffrey Benoit Jean Marie
Yeow Mee Mooi

Remuneration Committee

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Mauffrey Benoit Jean Marie

Nomination Committee

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Mauffrey Benoit Jean Marie

Corporate Governance Committee

Yeow Mee Mooi (*Chairperson*)
Zhong Sheng
Fung Chi Ying
Mauffrey Benoit Jean Marie

Company Secretary

Yau Lai Man *MBA, ACA, CPA (practising)*

Authorised Representatives

Zhong Sheng
Yau Lai Man

Auditor

BDO Limited

Website Address

www.essexbio.com

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 2818
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Headquarter in the PRC

No.88
Keji 6th Road
Hi-Tech Zone
Zhuhai
Guangdong, China

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Share Registrar

Hong Kong Registrars Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications
China Merchants Bank
Industrial and Commercial Bank of China
(Asia) Limited

Stock Code

01061

The board of directors of Essex Bio-Technology Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 and the relevant explanatory notes as set out below.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2013 (Unaudited) HK\$'000	For the six months ended 30 June 2012 (Unaudited) HK\$'000
	Notes		
Turnover	2	165,150	127,439
Cost of sales		(14,879)	(11,169)
Gross profit		150,271	116,270
Other revenue	2	216	135
Distribution and selling expenses		(102,958)	(81,588)
Administrative expenses		(10,894)	(10,132)
Finance costs		(1,153)	(1,014)
Profit before income tax expense	4	35,482	23,671
Income tax expense	5	(8,609)	(3,990)
Profit for the period		26,873	19,681
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		2,943	642
Total comprehensive income for the period		29,816	20,323
Profit attributable to:			
Owners of the Company		26,873	19,681
Total comprehensive income attributable to:			
Owners of the Company		29,816	20,323
Earnings per share – Basic and diluted	7	HK4.83 cents	HK3.53 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	161,582	149,127
Land use rights		7,604	7,363
Goodwill		2,571	2,507
Other intangible assets		11,491	9,715
Deposits and prepayments		3,244	–
Deferred tax assets		1,686	1,650
Convertible note receivable		–	2,700
Total non-current assets		188,178	173,062
Current assets			
Inventories		3,704	4,309
Trade and other receivables	9	118,957	93,214
Deposits and prepayments		2,337	1,328
Convertible note receivable		2,700	–
Cash and cash equivalents		56,608	59,831
		184,306	158,682
Total assets		372,484	331,744
Current liabilities			
Trade and other payables	10	75,273	55,847
Bank borrowings	11	69,113	73,819
Taxation		3,796	1,683
		148,182	131,349
Net current assets		36,124	27,333
Total assets less current liabilities		224,302	200,395
Non-current liabilities			
Trade and other payables	10	1,909	1,969
Deferred tax liabilities		1,871	2,153
		3,780	4,122
Total liabilities		151,962	135,471
NET ASSETS		220,522	196,273
Capital and reserves attributable to owners of the Company			
Share capital		55,675	55,675
Reserves		164,847	140,598
TOTAL EQUITY		220,522	196,273

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2012	55,675	970	362	17,148	14,579	74,526	163,260
Profit for the period	-	-	-	-	-	19,681	19,681
Other comprehensive income	-	-	-	-	642	-	642
Total comprehensive income for the period	-	-	-	-	642	19,681	20,323
Dividend paid	-	-	-	-	-	(6,681)	(6,681)
Appropriation of profits	-	-	-	2,338	-	(2,338)	-
At 30 June 2012 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>19,486</u>	<u>15,221</u>	<u>85,188</u>	<u>176,902</u>
At 1 January 2013	55,675	970	362	24,308	15,277	99,681	196,273
Profit for the period	-	-	-	-	-	26,873	26,873
Other comprehensive income	-	-	-	-	2,943	-	2,943
Total comprehensive income for the period	-	-	-	-	2,943	26,873	29,816
Dividend paid	-	-	-	-	-	(5,567)	(5,567)
Appropriation of profits	-	-	-	3,058	-	(3,058)	-
At 30 June 2013 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>27,366</u>	<u>18,220</u>	<u>117,929</u>	<u>220,522</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2013 (Unaudited) HK\$'000	For the six months ended 30 June 2012 (Unaudited) HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	23,377	15,652
NET CASH USED IN INVESTING ACTIVITIES	(16,004)	(30,540)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(11,785)	30,206
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,412)	15,318
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	59,831	36,812
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,189	152
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>56,608</u>	<u>52,282</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES	<u>56,608</u>	<u>52,282</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements have been prepared under the historical cost basis.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2012 (“2012 Financial Statements”), except for the amendments and interpretations of Hong Kong Financial Reporting Standards (“New HKFRSs”) issued by HKICPA which have become effective in this period as detailed in note 2 of the 2012 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s interim financial statements for the period.

2. TURNOVER AND OTHER REVENUE

Turnover, which is also the revenue, represents sales value of biopharmaceutical products supplied to customers less discounts, returns, value added tax and other applicable local taxes.

The analysis of the Group’s turnover and other revenue is as follows:

	2013 (Unaudited) HK\$’000	For the six months ended 30 June 2012 (Unaudited) HK\$’000
Turnover:		
Sales of biopharmaceutical products	<u>165,150</u>	<u>127,439</u>
Other revenue:		
Bank interest income	116	135
Others	<u>100</u>	<u>–</u>
	<u>216</u>	<u>135</u>
	<u>165,366</u>	<u>127,574</u>

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

No separate business segment information is presented as the Group has only one business segment which is the manufacture and sale of biopharmaceutical products.

(b) Geographical information

For the six months ended 30 June 2013 and 2012, the Group’s revenue from external customers was derived solely from its operations in the People’s Republic of China (“PRC”). As at 30 June 2013 and 31 December 2012, non-current assets other than financial instruments and deferred tax assets, were located in the PRC.

4. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2013 (Unaudited) HK\$'000	For the six months ended 30 June 2012 (Unaudited) HK\$'000
Cost of inventories recognised as expenses	14,879	11,169
Amortisation of other intangible assets	62	62
Amortisation of land use rights	82	82
Depreciation of property, plant and equipment	603	489
Staff cost excluding directors' remuneration:		
Salaries and allowances	12,566	10,572
Pension fund contributions	130	86
Auditor's remuneration:–		
Current year	260	235
Underprovision in the previous year	50	–
Research and development expenses	4,414	3,941

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had incurred losses for Hong Kong profits tax purpose.

The Group's major operating subsidiary in Zhuhai, the PRC, was established and carries on business in the Special Economic Zones of the PRC as a high technology enterprise. This subsidiary has obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy the enterprise income tax at the concessionary rate of 15% up to 31 December 2013.

A unified enterprise income tax rate of 25% is applied to the other operating subsidiary in Zhuhai, the PRC, for the current period under review (2012: 25%).

6. DIVIDENDS

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

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to owners of the Company for the period of HK\$26,873,000 (2012: HK\$19,681,000), and the weighted average of 556,750,000 (2012: 556,750,000) ordinary shares in issue during the period.

During the six months ended 30 June 2013 and 2012, the diluted earnings per share is the same as basic earnings per share as there was no potential ordinary shares in issue during these two periods.

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 January 2012	4,380	31,042	10,691	3,126	1,822	51,061
Additions	–	67,486	26,262	156	1,259	95,163
Transfer from deposits and prepayment	–	914	19,935	–	402	21,251
Disposals	–	–	–	–	(129)	(129)
Write offs	–	–	(8,963)	(1,150)	–	(10,113)
Exchange adjustment	26	158	49	16	10	259
At 31 December 2012	4,406	99,600	47,974	2,148	3,364	157,492
Additions	–	9,346	158	93	204	9,801
Reclassification	–	(96)	96	–	–	–
Write offs	–	–	–	(247)	–	(247)
Exchange adjustment	94	2,226	1,028	32	74	3,454
At 30 June 2013 (Unaudited)	<u>4,500</u>	<u>111,076</u>	<u>49,256</u>	<u>2,026</u>	<u>3,642</u>	<u>170,500</u>
Accumulated depreciation						
At 1 January 2012	4,380	–	7,207	2,485	1,387	15,459
Charge for the period	–	–	480	136	371	987
Written back on disposals	–	–	–	–	(67)	(67)
Write offs	–	–	(7,069)	(1,036)	–	(8,105)
Exchange adjustment	26	–	45	12	8	91
At 31 December 2012	4,406	–	663	1,597	1,699	8,365
Charge for the period	–	–	287	73	243	603
Write offs	–	–	–	(222)	–	(222)
Exchange adjustment	94	–	17	22	39	172
At 30 June 2013 (Unaudited)	<u>4,500</u>	<u>–</u>	<u>967</u>	<u>1,470</u>	<u>1,981</u>	<u>8,918</u>
Carrying amount						
At 30 June 2013 (Unaudited)	<u>–</u>	<u>111,076</u>	<u>48,289</u>	<u>556</u>	<u>1,661</u>	<u>161,582</u>
At 31 December 2012 (Audited)	<u>–</u>	<u>99,600</u>	<u>47,311</u>	<u>551</u>	<u>1,665</u>	<u>149,127</u>

As at 30 June 2013, the Group's construction in progress were pledged as security for bank borrowings granted by a PRC bank.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Trade receivables	116,678	91,786
Less: provision for impairment	–	–
Trade receivables – net	116,678	91,786
Other receivables	2,279	1,428
Total	<u>118,957</u>	<u>93,214</u>

The Group's policy is to allow an average credit period of 90 days to its trade customers.

The following is an ageing analysis of trade receivables, net of allowance for impairment of trade receivables, as at the end of the reporting period:

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
0-60 days	67,490	54,101
61-90 days	25,368	16,385
> 90 days	23,820	21,300
	<u>116,678</u>	<u>91,786</u>

10. TRADE AND OTHER PAYABLES

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
Non-current liabilities		
Other Payables	1,909	1,969
Current liabilities		
Trade payables	800	187
Other payables	12,481	10,226
Accruals	57,122	40,886
VAT payable	4,870	4,548
	<u>75,273</u>	<u>55,847</u>
	<u>77,182</u>	<u>57,816</u>

The following is an ageing analysis of trade payables at the end of the reporting period:

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
0-60 days	786	183
61-90 days	14	1
> 90 days	-	3
	<u>800</u>	<u>187</u>

11. BANK BORROWINGS

The bank borrowings are secured by charges over the assets of a subsidiary company.

MANAGEMENT DISCUSSION AND ANALYSIS

The vision of the Group is to be a great corporation and be socially responsible. Strategically, the Group is in pursuit of innovations in biotechnology and pharmaceuticals to enhance the efficacy of healing and wellness of patients.

Through pragmatic research and development, the Group has successfully commercialised five rb-bFGF biopharmaceuticals in the PRC, which are for the treatment and healing of surface and eye wounds.

On sales and marketing, the Group has cultivated a network of independent agents/distributors and established directly owned regional sales offices (“RSOs”). Currently, the Group has a total of 28 RSOs based in major cities and provinces in the PRC. With the RSOs, the Group is able to proactively direct its promotional programme to hospitals and educate various medical practitioners for its products. In addition, it enables real-time monitoring of clinical and sales results.

The Group remains committed to prudently and pragmatically channeling its resources and investments in new markets and products development that will contribute to near-term growth and harness long-term sustainability for its core business. In addition, the Group will continue to seek sound investment opportunities to expand its business progressively and to achieve synergistic benefits to its current operations, with a view to enhance the Group’s competitiveness and shareholders value.

The furnishings of the new factory in the PRC was completed in late 2012. The back office operation of the Group in China has been relocated to the new factory premises in January 2013. We are in the process of commissioning the production facilities to achieve specifications of all the original equipment manufacturers and obtaining GMP certification under the regulatory requirements of the State Food and Drug Administration of the PRC. Such works are targeted for completion by the end of 2013. The new factory offers a total manufacturing floor area of approximately 20,000 sq.m., representing an increase of approximately 15,000 sq.m. over that of the previous factory premises. The additional space and facilities at the new factory will allow for the Group’s future operational expansion, in both the research and development capability and manufacturing capacity for reaching greater competitiveness and economies of scale of the Group.

Further to the announcement issued on 8 May 2013 in respect of the increase in total investment and registered capital of a wholly-owned subsidiary in the PRC, such increase was approved by the relevant authorities in the PRC on 22 July 2013.

Business Review and Prospects

During the period under review, the Group focused primarily on manufacturing and selling of biopharmaceutical products for the treatment and healing of surface wounds and eye wounds. The Group was also engaged in the research and development of bFGF products for new indications, as well as other ophthalmic pharmaceutical projects.

The Group’s revenue for the period ended 30 June 2013 increased by 29.6% to approximately HK\$165.2 million as compared to approximately HK\$127.4 million for the period ended 30 June 2012, primarily driven by revenue growth from our flagship biopharmaceutical products, Beifushu and Beifuji. The growth is a proof of our strong distribution network and the clinically proven efficacy of the products.

Market Development

The Group established both a direct and indirect sales and distribution network in the PRC. Currently, the Group has a total of 28 regional sales offices (“RSOs”) in major cities and provinces in the PRC. Sales & marketing staff of RSOs are primarily seconded from or employed by head office. With the RSOs, the Group is able to effectively promote its products to hospitals and educate various medical practitioners. In addition, it enables real-time monitoring of clinical and sales results.

The Group’s flagship pharmaceutical products are being prescribed by not less than 2,300 hospitals in major cities and provinces in the PRC.

To cultivate wider market coverage for reaching out to potential patients of the Group’s biopharmaceutical products, the Group has conducted and/or participated in over 63 seminars and 178 market promotion activities in major cities and provinces in the PRC during the period under review, educating and briefing more than 23,000 doctors and medical practitioners on the clinical applications of the Group’s products.

Research and Development (“R&D”)

The Group’s technology platform is built upon the recombinant of DNA (“rDNA”), in particular, the basic fibroblast growth factor (“bFGF”). Proliferating new products by employing the proprietary technique on bFGF for new clinical applications and raising higher quality standards on its products for maintaining the Group’s leading position in the field.

The Group has been making relentless efforts and investments in creating a portfolio of eye care and treatment products, amongst others. It is the Group’s objective to become a key player in the eye care and treatment arena in the PRC in years to come.

The Group has five patents related to the use of bFGF as at 30 June 2013.

Financial Review

During the period ended 30 June 2013, the Group maintained its continuous growth, with a turnover for the period ended 30 June 2013 reaching approximately HK\$165.2 million, representing an increase of 29.6% as compared with approximately HK\$127.4 million in the corresponding period of previous year.

Overall gross profit for the period ended 30 June 2013 increased by approximately 29.2% to approximately HK\$150.3 million when compared to approximately HK\$116.3 million recorded in the corresponding period of previous year.

Profit attributable to owners of the Company for the period ended 30 June 2013 increased by 36.5% to approximately HK\$26.9 million as compared to approximately HK\$19.7 million in the corresponding period of previous year.

Distribution and selling expenses increased to approximately HK\$103.0 million for the period ended 30 June 2013 when compared to approximately HK\$81.6 million recorded in the corresponding period of previous year. The increase was due to higher expenses incurred in sales, marketing and promotional activities in support of the expansion of biopharmaceutical business.

Administrative expenses rose by 7.5% to approximately HK\$10.9 million in the period ended 30 June 2013 when compared to approximately HK\$10.1 million recorded in the period ended 30 June 2012. The increase was in line with the continuous expansion of the operations.

The Group had cash and cash equivalents of approximately HK\$56.6 million as at 30 June 2013 (31 December 2012: HK\$59.8 million).

As at 30 June 2013, the Group had bank borrowings of RMB55 million (equivalent to approximately HK\$69.1 million) at prevailing interest rate. The bank borrowings were mainly for the purpose of financing new plant and machinery as well as providing general working capital to the Group. RMB30 million of these borrowings were unsecured and repayable within one year. The remaining RMB25 million were secured by certain assets of the Group's subsidiary with carrying value of HK\$118.7 million as at 30 June 2013.

Liquidity and Financial Resources

As at 30 June 2013, the Group had cash and cash equivalents of approximately HK\$56.6 million as compared to approximately HK\$59.8 million as at 31 December 2012.

The Group monitors its capital structure on the basis of a net debts-to-adjusted capital ratio. For this purpose, the Group defines net debts as total debts (which include interest-bearing loans and borrowings and trade and other payables) less cash and cash equivalents. Adjusted capital comprises all components of equity. The net debts-to-adjusted capital ratio at 30 June 2013 was 40.7% (31 December 2012: 36.6%).

Foreign Exchange Exposure

It is the Group's policy to borrow and deposit cash in local currencies to minimise currency risk.

Charges on Group Assets

As at 30 June 2013, the Group's certain assets with carrying amount in aggregate of approximately HK\$118.7 million were pledged to secure part of its bank borrowings.

Contingent Liabilities

As at 30 June 2013, the Group did not have any significant contingent liabilities (31 December 2012: Nil).

Employees

As at 30 June 2013, the Group had a total of 502 full-time employees. The aggregate remuneration of the Group's employees, including that of directors of the Company (the "Directors"), for the period under review and the corresponding period of previous year amounted to approximately HK\$13.8 million and approximately HK\$11.8 million, respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group.

Each of the three executive Directors has entered into a service agreement with the Company whereby each of them had been appointed to act as an executive Director for a term of three years commencing from 27 June 2013 and expiring on 26 June 2016 unless terminated by the Company giving not less than six months' prior written notice to the relevant Director. The annual remuneration of the executive Directors was fixed in the respective service agreements and each of the executive Directors is also entitled to a discretionary management bonus to be determined having regard to the operating results of the Group and his performance in the relevant financial year, provided that (a) the aggregate amount of the discretionary annual bonuses payable to all directors of the Company in any financial year shall not exceed 5% of the consolidated net profit after taxation and non-controlling interests but before extraordinary items of the Company as shown in its consolidated audited accounts for such financial year ("Net Profit"); (b) the net profit for such financial year exceeds HK\$30,000,000; and (c) the amount of the discretionary annual bonus payable to each director of the Company in respect of any financial year shall not exceed 1.3 times of his annual basic salary as a director of the Company in respect of such financial year. The discretionary annual bonus, if any, shall be payable in respect of each financial year of the Company within three (3) months after the issue of the consolidated audited accounts of the Group for such financial year.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level.

ADDITIONAL INFORMATION

Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2013
Ngiam Mia Je Patrick	Beneficial owner and interests of controlled corporations	153,145,667 <i>(Notes 1 and 2)</i>	27.51%
Fang Haizhou	Beneficial owner	4,738,300	0.85%
Zhong Sheng	Beneficial owner	2,869,150	0.52%

Notes:

- 146,479,000 shares were registered in the name of Ngiam Mia Je Patrick.
- 6,666,667 shares were held by Dynatech Ventures Pte Ltd ("Dynatech") which is wholly owned by Essex Investment (Singapore) Pte Ltd ("Essex Singapore"). Since Essex Singapore is owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares, Ngiam Mia Je Patrick was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.

Save as disclosed above, as at 30 June 2013, none of the Directors and the chief executive of the Company or their respective associates had any interest and short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the Part XV of the SFO) which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders and Other Persons Who Are Required to Disclose Their Interests Pursuant to Part XV of the SFO

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

Long positions in ordinary shares of the Company:

Name	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2013
Ngiam Mia Kiat Benjamin	Beneficial owner and interests of controlled corporations	151,220,667 <i>(Note 1)</i>	27.16%
Lauw Hui Kian	Family interest	153,145,667 <i>(Note 2)</i>	27.51%

Notes:

- 144,554,000 shares were registered directly in the name of Ngiam Mia Kiat Benjamin.
 - 6,666,667 shares were held by Dynatech which was wholly owned by Essex Singapore, which in turn was owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares. Therefore, Ngiam Mia Kiat Benjamin was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
- Lauw Hui Kian is the spouse of Ngiam Mia Je Patrick (an executive Director). Lauw Hui Kian was deemed to be interested in the shares in which Ngiam Mia Je Patrick was interested. Ngiam Mia Je Patrick was interested in 153,145,667 shares of the Company.

Save as disclosed above, as at 30 June 2013, no other persons or entities (other than the directors and chief executive of the Company whose interests are set out under the paragraph headed "Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

Corporate Governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period under review.

Audit Committee

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including reviewing the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013.

Model Code for Securities Transactions

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards and provisions as set out in the Model Code throughout the period under review.

ON BEHALF OF THE BOARD

Ngiam Mia Je Patrick

Chairman

Hong Kong

14 August 2013