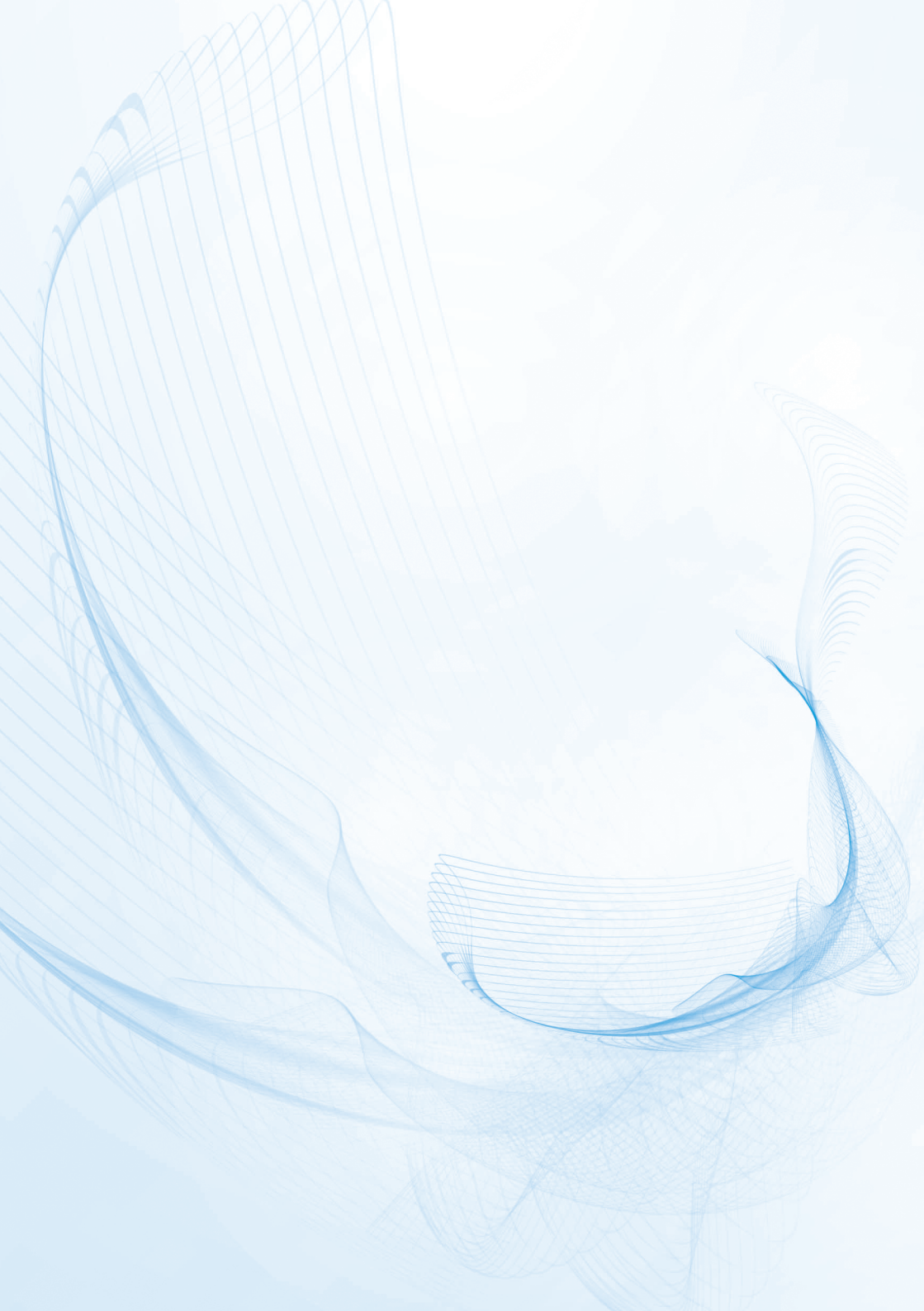




IMAGI INTERNATIONAL HOLDINGS LIMITED  
意馬國際控股有限公司

stock code 股份代號 : 585

2015  
Interim Report  
中期報告



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Shan Jiuliang (*Chairman*)

Ms. Zhang Peng

#### Non-executive Directors

Mr. Leung Pak To

Mr. Wen Di

#### Independent Non-executive Directors

Mr. Chan Yuk Sang

Mr. Cheng Yuk Wo

Dr. Lam Lee G.

### BOARD COMMITTEES

#### Audit Committee

Mr. Cheng Yuk Wo (*Chairman*)

Mr. Chan Yuk Sang

Mr. Leung Pak To

#### Nomination Committee

Mr. Shan Jiuliang (*Chairman*)

Mr. Cheng Yuk Wo

Dr. Lam Lee G.

#### Remuneration Committee

Mr. Chan Yuk Sang (*Chairman*)

Mr. Cheng Yuk Wo

Dr. Lam Lee G.

### ACTING COMPANY SECRETARY

Ms. Cheng Ka Yan

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1107-1108, 11/F., Citibank Tower  
3 Garden Road, Central  
Hong Kong

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### PRINCIPAL BANKER

The Bank of East Asia, Limited

### PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke, HM08  
Bermuda

### BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

The Stock Exchange of Hong Kong  
Limited: 00585

### WEBSITE

[www.imagi.com.hk](http://www.imagi.com.hk)

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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONAL REVIEW

Imagi International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”), is principally engaged in computer graphic imaging (“CGI”), cultural and entertainment business and investment business.

In view of the general slowdown in consumption growth in mainland China and brand fatigue of certain animation characters owned by Infoport Management Limited (“Infoport”, together with its subsidiaries, “TE Group”), the Group disposed of its entire interest in TE Group in October 2013 (the “Disposal”). After the Disposal, the Group still owns intellectual property rights in relation to certain number of CGI animation products. The Group has been engaged in planning, preparatory work and discussions internally and with external professionals to identify suitable business partners for the development of its CGI business.

In the meantime, the Group strives to seek a breakthrough or changes in the business and is now carefully planning to develop an internet-based finance new business. In order to maintain a stable return in the development phase of the Group, we focus on relatively conservative investment strategies. The Group utilised approximately HK\$92.1 million of its cash balance to acquire certain listed corporate bonds and the bond portfolio generates an average yield to maturity of about 5%.

## FINANCIAL REVIEW

### Review of Results

During the six months ended 30 June 2015 (the “Period under Review”), the Group did not report any revenue, cost of sales and gross profit due to the Disposal.

Other income decreased from HK\$8.2 million for the last corresponding period to HK\$5.4 million for the Period under Review, which mainly comprised of HK\$2.7 million and HK\$2.1 million interest income generated from investment in corporate bonds and from time deposits respectively. The disposal of a corporate bond of HK\$8.3 million in late 2014 and the early redemption by its issuer of another corporate bond of HK\$8.2 million in early 2015 both contributed to the decrease in interest income generated from investment in corporate bonds. Moreover, HK\$90.0 million of cash was used in 2015 as contribution to registered capital of newly established subsidiaries and HK\$78.2 million of cash was used to settle the balance payment for acquisition of properties located in Wong Chuk Hang in July 2014. As a result, the interest income generated from time deposits decreased accordingly.

## MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses slightly increased by HK\$1.1 million from HK\$5.3 million for the last corresponding period to HK\$6.4 million for the Period under Review, which was mainly due to the increase of depreciation of property, plant and equipment upon the acquisition of properties located in Wong Chuk Hang in July 2014.

The Group recorded a loss of HK\$2.3 million for the Period under Review, compared with a profit of HK\$2.1 million for the last corresponding period.

### Liquidity and Financial Resources

The liquidity and financial position of the Group as at 30 June 2015 remained healthy and strong, with bank balances amounting to HK\$727.2 million (31 December 2014: HK\$719.4 million) and a current ratio of 267.1 (31 December 2014: 238.2).

As at 30 June 2015, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total capital) was zero (31 December 2014: zero).

### Capital Structure

As at 30 June 2015, the total number of issued shares of the Company (the "Share(s)") was 9,968,812,720 Shares with a par value of HK\$0.001 each. Based on the closing price of HK\$0.35 per Share as at 30 June 2015, the Company's market value as at 30 June 2015 was approximately HK\$3,489.1 million.

Details of the share options granted under the share option schemes of the Company are set out under the heading "Share Options" in the section headed "General Information" of this report.

### Exposure to Exchange Rates

Presently, most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar and United States dollar. The Group's exposure to currency risk is minimal as Hong Kong dollar is pegged to United States dollar. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingent Liabilities

A writ was issued on 15 June 2013 by King Jun Chih Joseph (“Joseph King”) (the “Writ”) against Infoport and So Wing Lok Jonathan (“Jonathan So”). The claims set out in the Writ relate to the transaction in April 2011 whereby the Company completed the acquisition of Infoport (the “Acquisition”) from its sole shareholder, PGBBW Limited, of which Jonathan So was an indirect shareholder. In the statement of claim contained in the Writ, Joseph King claims that in or around March/April 2009, Joseph King and Jonathan So entered into an oral agreement whereby Joseph King was engaged by Jonathan So and by Infoport as a consultant/agent to assist with fundraising and the terms of the alleged oral agreement provided that in the event Joseph King effected an introduction of investors to Infoport resulting in a sale of Infoport’s shares, a success fee of 5% of consideration for the Acquisition would be payable by Jonathan So and the other indirect shareholders of Infoport to Joseph King. It is claimed that based on the consideration for the Acquisition being HK\$1,046,500,000, Joseph King is entitled to receive payment of a success fee of HK\$52,325,000 from Jonathan So and/or Infoport, and that Jonathan So and Infoport are jointly liable to pay this amount. Pursuant to the sale and purchase agreement dated 16 September 2013 relating to the Disposal, the Company is required to indemnify in full any costs and damages payable by Infoport under a final and enforceable judgement from a court (“Indemnity”).

On 24 March 2015, Infoport was successful in an application to strike out the claims, and Joseph King has filed a notice of appeal against the strike out decision on 2 April 2015. Subsequent to the Period under Review, Joseph King sought to withdraw its notice of appeal and the withdrawal has approved by the High Court on 6 August 2015. As a result, the claims have been finally resolved and Infoport is not liable to Joseph King for any amount, and the Company is not liable under the Indemnity accordingly.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE PLANS AND PROSPECTS

The Group continues to undertake the CGI, cultural and entertainment business and apply its surplus cash to generate income from other business opportunities. Since the CGI business entails long lead time, no significant revenue is expected to be generated from this sector in 2015.

The board of directors of the Company (the “Board”) is undertaking a strategic review as to how best to utilise its surplus cash to create additional value for the shareholders of the Company (the “Shareholders”). A guideline regulating the internet-based finance industry in China has been issued by China’s central bank and certain government departments in July this year expressing the Chinese government’s emphasis placed on and support of internet-based finance. The management of the Company is now making an in-depth study on the guideline and reviewing certain business opportunities relating to internet-based finance business. In view of recent global financial and capital market volatility and given the Group’s strong financial position, the Group is closely monitoring the market development. Its strong financial position enables the Group to take advantage of any price dislocation which may arise in recent market volatility.

## HUMAN RESOURCES

The Group currently employs a total of 3 employees in Hong Kong. Emolument policy is reviewed regularly to ensure compliance of the latest labour laws and market norms where the Group has operations. In addition to basic salaries, incentives in the form of bonus and share options may also be offered to eligible employees on the basis of individual performance and the Group’s business results.



## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Period under Review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding to directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. In response to the specific enquiry made by the Company, all the directors of the Company (the “Director(s)”) confirmed that they fully complied with the required standard as set out in the Model Code throughout the Period under Review.

## CHANGES IN INFORMATION OF DIRECTORS

Ms. Zhang Peng has resigned as a vice president of Kunming Fanya Metal Exchange Holdings Company Limited\* (昆明泛亞有色金屬交易所股份有限公司).

Mr. Leung Pak To (“Mr. Leung”) was elected as the chairman of The Chamber of Hong Kong Listed Companies with a term of two years from 26 June 2015. Mr. Leung has resigned as a non-executive director of Sun Hung Kai & Co. Limited with effect from 30 June 2015, the shares of which are listed on the Stock Exchange.

Mr. Wen Di has resigned as a chief financial officer of Kunming Fanya Metal Exchange Holdings Company Limited\* (昆明泛亞有色金屬交易所股份有限公司) on 1 July 2015.

Mr. Chan Yuk Sang has retired as an independent non-executive director of Gome Electrical Appliances Holding Limited on 24 June 2015, the shares of which are listed on the Stock Exchange.

Mr. Cheng Yuk Wo has been appointed as an independent non-executive director of Chia Tai Enterprises International Limited whose shares have become listed on the Stock Exchange on 3 July 2015.

\* for identification purposes only

## **CORPORATE GOVERNANCE**

Dr. Lam Lee G. (“Dr. Lam”) has been re-designated from independent non-executive director to non-executive director of China LNG Group Limited with effect from 2 April 2015, the shares of which are listed on the Stock Exchange. Dr. Lam has resigned as an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited and Mingyuan Medicare Development Company Limited on 30 March 2015 and 26 May 2015 respectively, and resigned as a non-executive director of Heng Fai Enterprises Limited on 27 July 2015, the shares of the above companies are listed on the Stock Exchange.

Save for the above, there is no other change in Directors’ information since 25 March 2015, the date of the annual report of the Company for the year ended 31 December 2014, which are required to disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Period under Review (six months ended 30 June 2014: Nil).

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2015, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules are as follows:

### **Long Positions in the Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>% of the Issued Share Capital</b> <i>(Note 1)</i>
Shan Jiuliang	Interest of controlled corporation	2,367,008,000 <i>(Note 2)</i>	23.74%
Zhang Peng	Interest of controlled corporation	2,367,008,000 <i>(Note2)</i>	23.74%
Leung Pak To	(1) Beneficial owner	168,440,000	1.69%
	(2) Interest of controlled corporation	611,560,000 <i>(Note 3)</i>	6.13%

*Notes:*

1. It was based on 9,968,812,720 Shares as at 30 June 2015.
2. The Shares were held by Advance Beauty Holdings Limited, a company legally and beneficially owned as to 50% by Mr. Shan Jiuliang and 50% by Ms. Zhang Peng.
3. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung.

## GENERAL INFORMATION

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would be required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long Positions in the Shares

Name of Shareholder	Capacity	Number of Shares	% of the Issued Share Capital (Note 1)
Advance Beauty Holdings Limited	Beneficial owner	2,367,008,000	23.74%
Idea Talent Limited	Beneficial owner	611,560,000	6.13%
Grandwin Enterprises Limited	Interest in controlled corporation	611,560,000 (Note 2)	6.13%

#### Notes:

1. It was based on 9,968,812,720 Shares as at 30 June 2015.
2. The Shares were held by Idea Talent Limited, a company wholly owned by Grandwin Enterprises Limited which in turn is wholly and beneficially owned by Mr. Leung.

Save as disclosed above, and as at 30 June 2015, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Period under Review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **SHARE OPTIONS**

The Company adopted a share option scheme on 16 August 2002 (the “2002 Scheme”). Pursuant to an ordinary resolution passed at the AGM held on 11 June 2012, the Company terminated the 2002 Scheme and adopted a new share option scheme (the “2012 Scheme”), the purpose of which is to reward eligible participants who have contributed or are expected to contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. No further option shall be granted under the 2002 Scheme but the options granted under the 2002 Scheme prior to its termination shall remain valid and exercisable in accordance with the terms of the respective grants. Particulars of the 2002 Scheme and the 2012 Scheme are set out in note 14 to the condensed consolidated financial statements.

No share option has been granted under the 2012 Scheme and the movements of the share options granted under the 2002 Scheme during the Period under Review were as follows:

Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of share options					As at 30 June 2015	
				As at 1 January 2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
Former employee	21 August 2009	1 to 3 years	5 years	0.755	417,160	-	-	-	417,160	-

## GENERAL INFORMATION

### REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management and the independent auditor of the Company the interim results and the unaudited condensed consolidated financial statements of the Group for the Period under Review.

On behalf of the Board

**Shan Jiuliang**

*Chairman*

Hong Kong, 27 August 2015

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

## 德勤

**TO THE BOARD OF DIRECTORS OF IMAGI INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Imagi International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 15 to 30, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

27 August 2015



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other income	4	5,391	8,247
Other losses	5	(1,273)	(896)
Administrative expenses		(6,389)	(5,267)
<b>(Loss) profit before tax</b>	6	<b>(2,271)</b>	2,084
Income tax expense	7	—	—
<b>(Loss) profit for the period</b>		<b>(2,271)</b>	2,084
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		1,154	9
Net gain on revaluation of available-for-sale investments		1,025	984
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments		358	—
<b>Other comprehensive income for the period</b>		<b>2,537</b>	993
<b>Total comprehensive income for the period</b>		<b>266</b>	3,077
(Loss) earnings per share			
Basic and diluted (HK cents per share)	9	<b>(0.023)</b>	0.021

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	99,231	99,619
Available-for-sale investments	11	92,115	99,324
Club debenture		1,300	—
		<b>192,646</b>	198,943
<b>Current assets</b>			
Other receivables, deposits and prepayments		3,559	5,084
Bank balances and cash		727,151	719,369
		<b>730,710</b>	724,453
<b>Current liabilities</b>			
Other payables and liabilities		2,736	3,042
<b>Net current assets</b>		<b>727,974</b>	721,411
<b>Net assets</b>		<b>920,620</b>	920,354
<b>Capital and reserves</b>			
Share capital	12	9,969	9,969
Reserves		910,651	910,385
<b>Total equity attributable to owners of the Company</b>		<b>920,620</b>	920,354

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital HK\$'000	Contributed surplus HK\$'000 (Note i)	Merger reserve HK\$'000 (Note ii)	Translation reserve HK\$'000	Share option reserve HK\$'000	Investments revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	10,013	1,043,068	909	2,766	4,491	(15)	(138,496)	922,736
Profit for the period	–	–	–	–	–	–	2,084	2,084
Exchange differences on translating a foreign operation	–	–	–	9	–	–	–	9
Net gain on revaluation of available-for-sale investments	–	–	–	–	–	984	–	984
Other comprehensive income for the period	–	–	–	9	–	984	–	993
Total comprehensive income for the period	–	–	–	9	–	984	2,084	3,077
Shares repurchased and cancelled	(44)	(3,928)	–	–	–	–	–	(3,972)
Net reversal of equity-settled share-based payments	–	–	–	–	(2,297)	–	–	(2,297)
Share options lapsed/forfeited	–	–	–	–	(1,608)	–	1,608	–
At 30 June 2014 (unaudited)	9,969	1,039,140	909	2,775	586	969	(134,804)	919,544
Profit for the period	–	–	–	–	–	–	1,371	1,371
Exchange differences on translating a foreign operation	–	–	–	297	–	–	–	297
Net loss on revaluation of available-for-sale investments	–	–	–	–	–	(1,089)	–	(1,089)
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments	–	–	–	–	–	429	–	429
Other comprehensive income (expense) for the period	–	–	–	297	–	(660)	–	(363)
Total comprehensive income (expense) for the period	–	–	–	297	–	(660)	1,371	1,008
Net reversal of equity-settled share-based payments	–	–	–	–	(198)	–	–	(198)
Share options lapsed/forfeited	–	–	–	–	(244)	–	244	–
At 31 December 2014 (audited)	9,969	1,039,140	909	3,072	144	309	(133,189)	920,354

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2015

	Share capital HK\$'000	Contributed surplus HK\$'000 (Note i)	Merger reserve HK\$'000 (Note ii)	Translation reserve HK\$'000	Share option reserve HK\$'000	Investments revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Loss for the period	-	-	-	-	-	-	(2,271)	(2,271)
Exchange differences on translating foreign operations	-	-	-	1,154	-	-	-	1,154
Net gain on revaluation of available-for-sale investments	-	-	-	-	-	1,025	-	1,025
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments	-	-	-	-	-	358	-	358
Other comprehensive income for the period	-	-	-	1,154	-	1,383	-	2,537
Total comprehensive income (expense) for the period	-	-	-	1,154	-	1,383	(2,271)	266
Share options lapsed/forfeited	-	-	-	-	(144)	-	144	-
<b>At 30 June 2015 (unaudited)</b>	<b>9,969</b>	<b>1,039,140</b>	<b>909</b>	<b>4,226</b>	<b>-</b>	<b>1,692</b>	<b>(135,316)</b>	<b>920,620</b>

## Notes:

- (i) Pursuant to section 46(2) of the Companies Act 1981 of Bermuda and with effect after the passing of a special resolution at a special general meeting held on 29 August 2011, the Company's entire amount standing to the credit of the share premium account and the deemed contribution reserve account were cancelled (the "Share Premium Cancellation"). Upon the Share Premium Cancellation becoming effective, the directors of the Company authorised to transfer the credit arising therefrom to the contributed surplus account of the Company and to set off the accumulated losses of the Company in a manner permitted by the laws of Bermuda and the bye-laws of the Company.
- (ii) Merger reserve represents the difference between the nominal value of shares of subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous corporate reorganisation.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
<i>Note</i>	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flow before movement in working capital	<b>(5,638)</b>	(8,258)
Decrease in other receivables, deposits and prepayments	<b>1,053</b>	40,540
(Decrease) increase in other payables and liabilities	<b>(306)</b>	740
<b>Net cash (used in) from operating activities</b>	<b>(4,891)</b>	33,022
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>5,344</b>	7,060
Proceeds from disposal of available-for-sale investments	<b>8,234</b>	—
Proceeds from disposal of property, plant and equipment	—	15
Purchase of property, plant and equipment	<b>(759)</b>	—
Purchase of club debenture	<b>(1,300)</b>	—
Purchase of available-for-sale investments	—	(23,055)
<b>Net cash from (used in) investing activities</b>	<b>11,519</b>	(15,980)
<b>CASH USED IN A FINANCING ACTIVITY</b>		
Payment on repurchase of shares	—	(3,972)
<b>Net increase in cash and cash equivalents</b>	<b>6,628</b>	13,070
<b>Cash and cash equivalents at beginning of the period</b>	<b>719,369</b>	769,311
Effect of foreign exchange rate changes	<b>1,154</b>	9
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>727,151</b>	782,390

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) 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.

Except for described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

### Adoption of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are mandatory effective for current interim period:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

The Group has not early applied any new or revised standards or amendments to standards that have been issued at the date of these condensed consolidated financial statements are authorised for issuance but are not yet effective.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 3. REVENUE AND SEGMENT INFORMATION

The Group has been operating with only one reportable and operating segment with no revenue generated in the current and prior interim periods. The chief operation decision maker reviews the consolidated revenue as the segment revenue and the consolidated profit before tax as the segment result. Accordingly, no further segment information has been presented in the current and prior interim periods.

## 4. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest income on available-for-sale investments	<b>2,727</b>	3,266
Interest income on bank deposits	<b>2,145</b>	4,829
Others	<b>519</b>	152
	<b>5,391</b>	8,247

## 5. OTHER LOSSES

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net foreign exchange loss	<b>915</b>	886
Cumulative loss on sale of available-for-sale investments	<b>358</b>	—
Loss on disposal of property, plant and equipment	<b>—</b>	10
	<b>1,273</b>	896

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 6. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging:		
Directors' emoluments	700	262
Contribution to retirement benefit scheme	20	28
Other staff costs (salaries and benefits)	560	1,035
Equity-settled share-based payment expense other than directors	—	17
Total staff costs	1,280	1,342
Depreciation of property, plant and equipment	1,147	40

## 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising from Hong Kong for both interim periods.

Pursuant to the relevant tax law in the People's Republic of China, the directors of the Company evaluated the possibility of whether or not that a capital gain has arisen from the disposal of the Infoport Management Limited ("Infoport", a former wholly owned subsidiary of the Company) and its subsidiaries (collectively referred to as "TE Group") during the year ended 31 December 2013. Taking into account the advice obtained from tax advisor, the directors of the Company are of the opinion that its overall investment loss position is justifiable and accordingly, no capital gain tax needs to be recognised in respect of the disposal of TE Group.

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)

### (Loss) earnings:

(Loss) profit for the purposes of basic and diluted (loss) earnings per share	<b>(2,271)</b>	2,084
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### Number of shares:

Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	<b>9,968,812,720</b>	9,979,720,123
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The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market price of the Company's shares for both interim periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$759,000 (six months ended 30 June 2014: HK\$Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	<b>30 June 2015 HK\$'000 (unaudited)</b>	31 December 2014 HK\$'000 (audited)
Listed investments:		
Corporate bonds listed in Hong Kong with fixed interest rates ranging from 3.3% to 4.8% (31 December 2014: from 3.3% to 4.8%) and maturity dates ranging from 18 October 2016 to 21 November 2018	<b>51,923</b>	51,453
Corporate bonds listed in Singapore with fixed interest rates ranging from 8.5% to 9.9% (31 December 2014: from 8.5% to 11.1%) and maturity dates ranging from 20 March 2017 to 10 January 2019	<b>15,494</b>	23,195
Corporate bonds listed in Europe with fixed interest rates ranging from 5.1% to 6.8% (31 December 2014: from 5.1% to 6.8%) and maturity dates ranging from 21 January 2018 to 23 January 2019	<b>24,698</b>	24,676
	<b>92,115</b>	99,324
Analysed for reporting purposes as non-current assets	<b>92,115</b>	99,324

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 12. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.001 each		
<b>Authorised:</b>		
At 1 January 2014, 31 December 2014 and 30 June 2015	1,000,000,000	1,000,000
<b>Issued and fully paid:</b>		
At 1 January 2014	10,013,524	10,013
Share repurchased and cancelled during the period	(44,712)	(44)
At 30 June 2014, 31 December 2014 and 30 June 2015	9,968,812	9,969

## 13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(continued)

	Fair value as at		Fair value hierarchy	Valuation technique
	30 June 2015	31 December 2014		
	HK\$'000 (unaudited)	HK\$'000 (audited)		
Available-for-sale investments in debt securities	92,115	99,324	Level 1	Quoted bid prices in an active market

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

## 14. SHARE-BASED PAYMENT TRANSACTIONS

On 16 August 2002, the Company adopted a share option scheme for the primary purpose of providing incentives to employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers or any supplier or provider of goods and services of the Company or any of its subsidiaries for their contribution to the Group (the "2002 Scheme").

The 2002 Scheme was terminated on 11 June 2012 and a new share option scheme (the "2012 Scheme") was adopted by the shareholder of the Company on the same date. All share option granted under 2002 Scheme remain effective until the end of the exercise period. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No share options are granted under the 2012 scheme.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 14. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The following table discloses movements of the share options held by directors and employees during the current and prior interim periods:

### For the period from 1 January 2015 to 30 June 2015

#### 2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK\$	Outstanding at 1 January 2015	Cancelled during the period <i>(note a)</i>	Lapsed/ forfeited during the period <i>(note b)</i>	Outstanding at 30 June 2015
Former employee	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	–	(417,160)	–

### For the period from 1 January 2014 to 30 June 2014

#### 2002 Scheme

	Grant date	Vesting period	Fair value of share option at grant date HK\$	Outstanding at 1 January 2014	Cancelled during the period <i>(note a)</i>	Lapsed/ forfeited during the period <i>(note b)</i>	Outstanding at 30 June 2014	
Former directors	13 April 2011	13/4/2011 to 12/4/2014	0.164	1,000,000	–	–	1,000,000	
		13/4/2011 to 12/4/2015	0.178	500,000	–	–	500,000	
		13/4/2011 to 12/4/2016	0.191	500,000	–	–	500,000	
	2 April 2012	2/4/2012 to 31/3/2013	0.0536	30,000,000	–	(30,000,000)	–	
		2/4/2012 to 31/3/2014	0.0596	30,000,000	(30,000,000)	–	–	
		2/4/2012 to 31/3/2015	0.0673	20,000,000	(20,000,000)	–	–	
Former employees	21 August 2009	21/8/2009 to 30/9/2010	0.144	417,160	–	–	417,160	
		13 April 2011	13/4/2011 to 12/4/2014	0.160	500,000	–	–	500,000
			13/4/2011 to 12/4/2015	0.175	250,000	–	–	250,000
			13/4/2011 to 12/4/2016	0.187	250,000	–	–	250,000
				83,417,160	(50,000,000)	(30,000,000)	3,417,160	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 14. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Exercise price for the share options are as follows:

<b>Grant date</b>	<b>Exercise price</b> <i>HK\$</i>
21 August 2009	0.755 per share
13 April 2011	0.368 per share
2 April 2012	0.173 per share

Notes:

- (a) No share options were cancelled during the current interim period. During the interim period ended 30 June 2014, 50,000,000 share options were cancelled prior to the vesting of relevant share options as a result of the resignation of a former director. The impact of the revision of the estimates during the vesting period was recognised in the profit or loss, with a corresponding adjustment to the share option reserve.
- (b) During the current interim period, 417,160 share options granted to a former employee were lapsed as the holder did not exercise the share options by the expiration date. During the interim period ended 30 June 2014, 30,000,000 share options were forfeited after the vesting period due to the resignation of a former director. When the share options are lapsed/forfeited after the vesting date, the amount previously charged to profit or loss is credited to accumulated losses, with a corresponding adjustment to the share option reserve.
- (c) During the interim period ended 30 June 2014, the Group recognised a net reversal of equity-settled share-based payments of HK\$2,297,000 (six months ended 30 June 2015: HK\$Nil).

## 15. DISSOLUTION OF SUBSIDIARIES

During the current interim period, the Group did not dissolve any subsidiaries. During the interim period ended 30 June 2014, the Group dissolved three subsidiaries, all of which had nil net asset value at the date of dissolution.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 16. CONTINGENT LIABILITY

A writ was issued on 15 June 2013 by King Jun Chih Joseph (“Joseph King”) (the “Writ”) against Infoport and So Wing Lok Jonathan (“Jonathan So”). The claims set out in the Writ relate to the transaction in April 2011 whereby the Company completed the acquisition of Infoport (the “Acquisition”) from its sole shareholder, PGBBW Limited, of which Jonathan So was an indirect shareholder. In the Statement of Claim contained in the Writ, Joseph King claims that in or around March/April 2009, Joseph King and Jonathan So entered into an oral agreement whereby Joseph King was engaged by Jonathan So and by Infoport as a consultant/agent to assist with fundraising and the terms of the alleged oral agreement provided that in the event Joseph King effected an introduction of investors to Infoport resulting in a sale of Infoport’s shares, a success fee of 5% of consideration for the Acquisition would be payable by Jonathan So and the other indirect shareholders of Infoport to Joseph King. It is claimed that based on the consideration for the Acquisition being HK\$1,046,500,000 Joseph King is entitled to receive payment of a success fee of HK\$52,325,000 from Jonathan So and/or Infoport, and that Jonathan So and Infoport are jointly liable to pay this amount. Pursuant to the sale and purchase agreement dated 16 September 2013 relating to the disposal of TE Group, the Company is required to indemnify in full any cost and damages payable by Infoport under a final and enforceable judgement from a court (“Indemnity”).

On 24 March 2015, Infoport was successful in an application to strike out the claims, and Joseph King has filed a notice of appeal against the strike out decision on 2 April 2015. Subsequent to the current interim period, Joseph King sought to withdraw its notice of appeal and the withdrawal has approved by the High Court on 6 August 2015. As a result, the claims have been finally resolved and Infoport is not liable to Joseph King for any amount, and the Company is not liable under the Indemnity accordingly.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 17. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

During the current and prior interim periods, the following emoluments and compensations were paid to the directors of the Company and the Group's other key management personnel, having regard to the performance of individuals and market trends:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>700</b>	3,081
Post-employment benefits	—	19
Net reversal of equity settled share-based payments	—	(2,297)
	<b>700</b>	803







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