QUALIPAK
INTERNATIONAL HOLDINGS LIMITED

Stock Code: 1332

(Incorporated in Bermuda with Limited Liability)

INTERIM REPORT

2012

CONTENTS

DIRECTORS

Executive directors
Ms. Poon Ho Yee Agnes *(Managing Director)*
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Wu Hong Cho

Non-executive directors
Dr. Lam How Mun Peter *(Chairman)*
Mr. Leung Wai Fai

Independent non-executive directors
Mr. Chan Sze Hung
Dr. Leung Wai Keung
Mr. Tam Kwok Fai Paul

AUDIT COMMITTEE

Mr. Tam Kwok Fai Paul *(Chairman)*
Mr. Chan Sze Hung
Dr. Leung Wai Keung

NOMINATION COMMITTEE

Dr. Lam How Mun Peter *(Chairman)*
Ms. Poon Ho Yee Agnes
Mr. Chan Sze Hung
Dr. Leung Wai Keung
Mr. Tam Kwok Fai Paul

REMUNERATION COMMITTEE

Mr. Chan Sze Hung *(Chairman)*
Dr. Lam How Mun Peter
Dr. Leung Wai Keung
Mr. Tam Kwok Fai Paul

AUTHORISED REPRESENTATIVES

Ms. Poon Ho Yee Agnes
Mr. Wu Hong Cho

COMPANY SECRETARY

Ms. Fung Pui Ling

WEBSITE

www.qualipakhk.com

STOCK CODE

1332

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor
China United Centre
28 Marble Road
North Point, Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas, Hong Kong Branch

SHARE REGISTRARS AND TRANSFER OFFICES

Principal share registrar and transfer office
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

On behalf of the Board of Directors (the "Directors" or the "Board") of Qualipak International Holdings Limited (the "Company"), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012.

BUSINESS REVIEW

In July 2012, shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") following a spin-off of the Company from C C Land Holdings Limited ("CC Land"), its then holding company. The separate listing fortified the Group in these diverse global markets by enhancing its customer confidence, bringing about higher levels of management and supervisory control, and providing the management with new impetus and goal in its business.

The Group is principally engaged in the design, development, manufacture and sales of packaging products and point-of-sales display units. Its product portfolio is principally packaging products for watches, jewellery and eyewear products, comprising packaging cases, bags and pouches and display units. Majority of these products are manufactured at processing factories located in Zhongshan and Guanlan, the PRC (collectively the "PRC Processing Factories") under processing agreements entered into with PRC parties. The Group has over 20 years of experience in the packaging industry and has long business relationship with its customers, some of which for over 15 years.

In the first half of 2012, the global market remained weak and global demand for packaging products was discouraging in the period under review as consumer sentiment in different regions of the world for consumer goods continued to decline. The Group also faces increasing costs driven by rising average labour costs. To mitigate the negative impact of rising costs, the Group continues to exercise a series of measures to improve its production efficiency in order to remain competitive amongst the leading packaging products manufacturers.

In light of declining global demand for consumer products such as watches, jewellery and eyewear products, the Group's revenue, net profit and net profit margin decreased to HK$168.0 million (six months ended 30 June 2011: HK$209.2 million), HK$11.7 million (six months ended 30 June 2011: HK$21.9 million) and 7.0% (six months ended 30 June 2011: 10.5%), respectively.

FINANCIAL REVIEW

Revenue

The Group primarily derives revenue from the sales of packaging cases, bags and pouches and display units for watches, jewellery and eyewear products to customers. Its customers include internationally renowned brands of watches, jewellery and eyewear products and others like traders of packaging and display products. The revenue of the Group decreased by 19.7% to HK$168.0 million as compared to the corresponding period of last year. This was primarily due to a decrease of HK$21.5 million and HK$23.8 million in its revenue generated by packaging cases and display units, respectively as a result of the drop in global market demand for packaging cases and display units.

The following tables set forth the breakdown of the Group's revenue by product categories and by geographical locations of its customers during the period:

	Six months ended 30 June			
	2012		2011	
	Revenue HK$'000	**Percentage of total revenue %**	Revenue HK$'000	Percentage of total revenue %
Packaging cases	**116,221**	**69.2**	137,743	65.9
Bags and pouches	**7,567**	**4.5**	7,351	3.5
Display units	**31,607**	**18.8**	55,372	26.5
Others	**12,612**	**7.5**	8,695	4.1
	168,007	**100.0**	209,161	100.0

	Six months ended 30 June			
	2012		2011	
	Revenue HK$'000	**Percentage of total revenue %**	Revenue HK$'000	Percentage of total revenue %
Europe	**64,196**	**38.2**	76,047	36.4
Hong Kong	**54,417**	**32.4**	68,091	32.6
North and South America	**35,938**	**21.4**	42,366	20.2
Others	**13,456**	**8.0**	22,657	10.8
	168,007	**100.0**	209,161	100.0

During the six months ended 30 June 2012, the sales of packaging cases remained the key product line and contributed 69.2% of the total revenue (six months ended 30 June 2011: 65.9%). Another product line, display units, accounted for 18.8% of the total revenue (six months ended 30 June 2011: 26.5%). The sales of packaging cases and display units had shown a decrease of 15.6% and 42.9%, respectively as compared to the corresponding period of last year, primarily attributable to the drop in global market demand for packaging cases and display units.

Europe, Hong Kong and North and South America are the major markets of the Group's products. Europe continued to be the largest market for the six months ended 30 June 2012. The revenue generated from sales to customers located in Europe was HK$64.2 million, a decrease of HK$11.9 million as compared to the corresponding period of last year, which was primarily due to the decrease in sales for the watch industry in Switzerland and other European countries.

Cost of Sales

The cost of sales primarily consists of the costs of production materials and procurement, processing fees incurred for the operation of the PRC Processing Factories and other factory overheads.

With the decrease in revenue during the period under review, the cost of sales of the Group decreased by 17.6% to HK$135.9 million as compared with the corresponding period of last year. Furthermore, the percentage of cost of sales to the total revenue was 80.9%, representing an increase of 2.0% as compare to 78.9% of the corresponding period of last year, primarily due to the increase in processing fees payable per unit of the Group's products to the PRC Processing Factories which in turn was primarily affected by the increase in average labour costs of the PRC Processing Factories per unit of the Group's products.

The following table set forth the breakdown of the Group's cost of sales during the period:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Costs of production materials and procurement	**80,426**	100,890
Processing fees	**42,547**	49,791
Other factory overheads	**12,906**	14,302
	135,879	164,983

The costs of production materials and procurement and processing fees accounted for 47.9% and 25.3% of the total revenue (six months ended 30 June 2011: 48.2% and 23.8%), respectively, representing an increase of 1.5% in the percentage of processing fees to total revenue as compared to the corresponding period of last year. The increase was primarily attributable to the increase in processing fees payable per unit of the Group's products to the PRC Processing Factories which in turn was primarily affected by the increase in average labour costs of the PRC Processing Factories per unit of the Group's products.

Gross Profit and Gross Profit Margin

The Group's gross profit was HK$32.1 million, representing a decrease of HK$12.1 million or 27.3% as compared to the corresponding period of last year. During the period under review, the gross profit margin decreased by 2.0% to 19.1% (six months ended 30 June 2011: 21.1%). The decrease in gross profit and gross profit margin was mainly attributable to the decrease in revenue and the increase in processing fees per unit of the Group's products to the PRC Processing Factories during the period.

Other Operating Expenses

Due to the drop in sales volumes during the period, the Group's selling and distribution costs decreased by 4.6% to HK$7.0 million as compared to HK$7.3 million of the corresponding period of last year. However, due to higher per unit freight and distribution charged for the delivery item and increased staff costs, the Group's selling and distribution costs accounted for 4.2% of the Group's total revenue, representing an increase of 0.7% as compared to the corresponding period of last year.

The Group's administrative expenses decreased by 6.0% to HK$12.8 million as compared to HK$13.6 million of the corresponding period of last year. The decrease was mainly attributable to the decrease in provision of staff bonus due to the decrease in total revenue and net profit for the six months ended 30 June 2012.

Other Businesses

The share of loss from the 30% owned associated company, Technical International Holdings Limited, amounted to HK$0.5 million (six months ended 30 June 2011: loss of HK$0.9 million). The business environment is likely to remain challenging but some positive signals are noted. The Group is looking forward to improvement in the second half of 2012 due to positive seasonal factors, remedial measures to reduce operating costs and contributions from the new product categories.

Net Profit

For the six months ended 30 June 2012, profit attributable to owners of the Company amounted to HK$11.5 million, representing a decrease of 42.0% as compared to the corresponding period in 2011. The decrease of net profit was mainly attributable to the decrease in revenue and the increase in processing fees per unit of its product to the PRC Processing Factories during the period which in turn was primarily affected by the increase in average labour costs of the PRC Processing Factories per unit of the Group's products.

Capital Expenditure

For the six months ended 30 June 2012, the Group invested HK$145,000 in machinery and equipment. All these capital expenditure were financed from internal resources.

Liquidity, Financial Resources and Pledged of Assets

As at 30 June 2012, the Group had aggregate cash and bank balances and time deposits amounting to HK$70.4 million (31 December 2011: HK$59.8 million), which included HK$7.5 million (31 December 2011: Nil) of deposits pledged to banks.

The Group generally finances its operations with internally generated funds and available banking facilities. As at 30 June 2012, the Group had no outstanding bank borrowings (31 December 2011: Nil).

As at 30 June 2012, the Group pledged certain of its leasehold properties and deposits with aggregated amounts of HK$5.4 million and HK$7.5 million, respectively, as securities for general banking facilities granted to the Group and its associates, as appropriate.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2012.

Foreign Exchange Risk

The sales and purchase transactions of the Group's manufacturing business are primarily conducted in US dollars and Hong Kong dollars. On account of the relatively short time required for revenue recognition for packaging business, the foreign exchange exposure is considered minimal. However, the Group is indirectly exposed to currency risk of RMB, which arises from the payment of the processing fees to the PRC Processing Factories. The Group has entered into non-deliverable forward currency contract to manage its foreign currency risk during the period.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no significant investments held as at 30 June 2012, nor other material acquisitions and disposals of subsidiaries during the period.

EMPLOYEES

As at 30 June 2012, the Group had a workforce of 75 employees and the PRC Processing Factories had 1,654 employees. The employees are remunerated based on their merit, qualification, competence and prevailing market situation. The Group has also established an incentive bonus scheme to reward employees based on individual performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. Other benefits include contributions to a provident fund scheme, mandatory provident fund, and medical insurance.

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on the Stock Exchange on 12 July 2012 and raised net proceeds of HK$20.6 million. As at the date of this results announcement, net proceeds from the share offer was deposited into a licensed bank in Hong Kong. The Group will apply net proceeds from the share offer in the manner as set out in the prospectus of the Company dated 28 June 2012 (the "Prospectus").

PROSPECTS

Looking forward the failure of the major western countries, particular in Europe, to resolve their economic uncertainties by the second half of 2012 will weigh heavily on world markets for consumer goods. Despite earlier expectations that the debt problems in certain European Community members would be resolved by joint efforts of European countries and the world economic communities, more recent events showed that these efforts have been frustrated. The negative developments in the eurozone amplified the already weak trends in the region, resulting in the recent spreading of the countries affected. During the third quarter of 2012 economic outlooks for the Netherlands, Germany and Luxemburg were downgraded from stable to negative. In these cases, weak consumer confidence and overall contraction in domestic demand are forecasted.

The increase in severity of the economic head wind in the third quarter of 2012 affects not only the demand for packaging products for the rest of the year 2012. The Group is now seeing a pattern whereby product manufacturers, faced with possible shrinkage in sales, shift their stocking risk to suppliers for peripheral processes such as packaging. Packaging orders for the third quarter 2012 were not made on time schedules and quantities as observed for the same period in previous years, and the orders that were placed were for very conservative quantities with short advance notice. This business climate poses serious challenges for the Group as its bargaining power in price negotiation will be much hampered while shortage of labour and increase in wages in China will continue to erode the profit margin. Additionally the short production notice and erratic shipment cycle will bring extra increases in the Group's production costs. Given that the uncertainties in western economies, particularly the Euro area, is expected to aggravate and continue at least in the short-to-medium term, the Directors presently do not see an alleviation of the difficulties confronting the Group for the remaining quarters of 2012.

Faced with the prospect of a significant downturn in the Group's revenue in the second half of 2012, the Group will nevertheless endeavour to counter the fall in its sales where possible through increased efforts in promotion, including participation in all major local and overseas exhibitions to showcase its products and model portfolio to existing and potential customers. Through these activities and taking advantage of its wide customer profile, the Group will keep itself constantly updated in market and product information. Furthermore, the Group will continue to expand its portfolio of packaging models to keep abreast of market trends. This will be achieved through continued interaction with its customers with a view to better understanding the unique needs of their brands, and providing a matching array of packaging products fitting their brand styles.

To tackle the increase in production costs, the Group will exercise stringent cost controls through the use of semi-automatic machinery in the production processes at the PRC Processing Factories and capitalise on its product development expertise to reduce material usage and wastage in order to maintain its profitability.

The Group is confident that through the above mentioned measures it will remain profitable despite the new challenges that lie ahead. However, given the multitude of unfavourable market factors unencountered in previous periods that will continue to hit the packaging industry badly, and the fact that the cost control measures, though effective, will be unable to offset entirely the substantial cost increase due to changes in the labour market and welfare policies taking place in China, performance of the Group will likely be materially affected in the remaining quarters of 2012. On a conservative basis, the Directors expect that, should the debt crises in the eurozone remains unresolved, or further shrinkages in consumer demand occur in the United States or the eurozone markets, the sales revenue and profits of the Group will inevitably fall substantially below the levels achieved in 2011.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2012, the Company's shares were not listed on the Stock Exchange. Accordingly, Part XV of the Securities and Futures Ordinance ("SFO"), Section 352 of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were not applicable.

As at 12 July 2012 (the "Listing Date"), details of the interests and short positions of each of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Interests in shares of the Company (long positions)

Name of directors	Capacity in which interests are held	Number of shares held	Approximate percentage (Note)
Dr. Lam How Mun Peter	Beneficial owner	15,926	0.01
Ms. Poon Ho Yee Agnes	Beneficial owner	5,200	0.00
Mr. Leung Chun Cheong	Beneficial owner	32,733	0.02

Note: Approximate percentage refers to the number of shares which a director held expressed as a percentage (rounded up to two decimal places) of the issued share capital of the Company as at the Listing Date.

Save as disclosed above, as at the Listing Date, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the issuance of in aggregate no more than 10% of the Company's shares in issue as at the date of approval of the Share Option Scheme, representing 12,719,616 shares (subject to the terms of the Share Option Scheme and the relevant provisions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) under the Share Option Scheme adopted by a resolution of the Board on 18 May 2012.

The purpose of the Share Option Scheme is to recognize and to motivate the Eligible Participants (as defined in the Prospectus) who have made or may make a contribution to the Group and to attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

The Share Option Scheme became effective on 18 May 2012 and unless otherwise cancelled or amended, will remain valid and effective for the period of 10 years from that date. Up to the date of this report, no share option was granted or outstanding under the Share Option Scheme.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As stated above, the Company's shares were not listed on the Stock Exchange as at 30 June 2012. Accordingly, no disclosure of interests or short positions in any shares or underlying shares of the Company of every person other than the directors or the chief executives of the Company was required to be made to the Company under Section 336 of the SFO as at 30 June 2012.

As at the Listing Date, details of the interests and short positions in the shares and underlying shares of the Company of every person other than the directors or the chief executives of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name of shareholders	Capacity in which interests are held	Number of shares held (long position)	Approximate percentage [3]
Mr. Cheung Chung Kiu ("Mr. Cheung")	Interest of controlled corporation	72,726,098 [1&2]	50.58
Thrivetrade Limited ("Thrivetrade")	Beneficial owner	58,385,656 [1]	40.61
Regulator Holdings Limited ("Regulator")	Beneficial owner	14,340,442 [2]	9.97
Yugang International (B.V.I.) Limited ("Yugang-BVI")	Interest of controlled corporation	14,340,442 [2]	9.97
Yugang International Limited ("Yugang")	Interest of controlled corporation	14,340,442 [2]	9.97
Chongqing Industrial Limited ("Chongqing")	Interest of controlled corporation	14,340,442 [2]	9.97
Palin Holdings Limited ("Palin")	Interest of controlled corporation	14,340,442 [2]	9.97
T. Rowe Price Associates, Inc. and its Affiliates	Beneficial owner	9,166,949	6.38
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	8,605,128	5.99

Notes:

1. 58,385,656 shares were held by Thrivetrade, a company wholly-owned by Mr. Cheung. Accordingly, Mr. Cheung was deemed to be interested in the same number of shares held through Thrivetrade.

2. 14,340,442 shares were held by Regulator, a direct wholly-owned subsidiary of Yugang-BVI, which is in turn a direct wholly-owned subsidiary of Yugang.

   Yugang was owned by Chongqing, Timmex Investment Limited ("Timmex") and Mr. Cheung as to approximately 34.33%, 9.16% and 0.57% respectively. Chongqing was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family.

   Each of Mr. Cheung, Palin, Chongqing, Yugang and Yugang-BVI was therefore deemed to be interested in the same number of shares to be held through Regulator.

3 Approximate percentage refers to the number of shares which a shareholder held expressed as a percentage (rounded up to two decimal places) of the issued share capital of the Company as at the Listing Date.

Save as disclosed above, as at the Listing Date, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company of any other person other than the directors and the chief executives of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

Whilst the shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date which falls after the reference date of 30 June 2012 for the purpose of disclosure of information herein, the Company has established effective corporate governance mechanisms prior to the Listing Date to ensure adherence to a high standard of corporate governance and to ensure compliance with the code provisions (the "Code") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

The principle of the Company's corporate governance is to promote effective internal control measures and to increase the transparency and accountability of the Board to all shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board was of the opinion that the Company has applied the principles under the Code and there is no deviation from any provision of the Code throughout the period from the Listing Date up to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the period from the Listing Date up to the date of this report.

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

The shares of the Company were not listed on the Stock Exchange as at 30 June 2012 and neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2012.

UPDATE ON DIRECTORS' INFORMATION

Ms. Poon Ho Yee Agnes resigned as executive director of CC Land, the shares of which are listed on the Stock Exchange) on the Listing Date.

Mr. Lam Hiu Lo resigned as executive director of CC Land on the Listing Date.

Mr. Chan Sze Hung resigned as non-executive director of Asia Orient Holdings Limited (the shares of which are listed on the Stock Exchange) on 9 July 2012.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012.

APPRECIATION

On behalf of the Board, I would like to express our utmost gratitude to our customers, bankers, suppliers, strategic partners and most valued shareholders for their continued support. We also wish to thank the Group's management and staff for their professionalism, loyalty and contribution to the Group.

By order of the Board
Lam How Mun Peter
Chairman

Hong Kong, 27 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
REVENUE	4	**168,007**	209,161
Cost of sales		**(135,879)**	(164,983)
Gross profit		**32,128**	44,178
Other income and gains	4	**1,740**	1,756
Selling and distribution costs		**(6,979)**	(7,319)
Administrative expenses		**(12,762)**	(13,581)
Other expenses		**(757)**	277
Share of profits and losses of associates		**(492)**	(867)
PROFIT BEFORE TAX	5	**12,878**	24,444
Income tax expense	6	**(1,189)**	(2,555)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,689**	21,889
Attributable to:			
Owners of the Company		**11,457**	19,758
Non-controlling interests		**232**	2,131
		11,689	21,889
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		**HK8.85 cents**	HK15.27 cents

Details of dividend for the period are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**122,436**	124,843
Prepaid land lease payments		**13,541**	13,742
Investments in associates		**133**	625
Total non-current assets		**136,110**	139,210
CURRENT ASSETS			
Prepaid land lease payments		**402**	402
Inventories		**37,515**	39,007
Trade and bills receivables	10	**46,641**	45,916
Prepayments, deposits and other receivables		**6,511**	4,600
Pledged deposits		**7,506**	–
Cash and cash equivalents		**62,900**	59,798
Total current assets		**161,475**	149,723
CURRENT LIABILITIES			
Trade and bills payables	11	**40,664**	38,329
Other payables and accruals		**33,943**	29,783
Due to the immediate holding company	12	**–**	52,409
Tax payable		**2,096**	901
Total current liabilities		**76,703**	121,422
NET CURRENT ASSETS		**84,772**	28,301
TOTAL ASSETS LESS CURRENT LIABILITIES		**220,882**	167,511
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,011**	1,017
Net assets		**219,871**	166,494
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	**12,720**	–
Reserves		**205,932**	164,037
		218,652	164,037
Non-controlling interests		**1,219**	2,457
Total equity		**219,871**	166,494

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

		Attributable to owners of the Company								
	Note	Issued capital (Unaudited) HK$'000	Special reserve (Unaudited) HK$'000	Capital reserve (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Merger reserve (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2011		–	(556)	2,291	–	78	123,998	125,811	2,225	128,036
Profit and total comprehensive income for the period		–	–	–	–	–	19,758	19,758	2,131	21,889
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	(1,470)	(1,470)
At 30 June 2011		–	(556)	2,291	–	78	143,756	145,569	2,886	148,455
At 1 January 2012		–	(158)	2,291	–	78	161,826	164,037	2,457	166,494
Profit and total comprehensive income for the period		–	–	–	–	–	11,457	11,457	232	11,689
Contribution from a shareholder		–	–	43,000	–	–	–	43,000	–	43,000
Disposal of carved-out subsidiaries		–	158	–	–	–	–	158	–	158
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	(1,470)	(1,470)
Issue of shares	13	12,720	–	–	(12,642)	(78)	–	–	–	–
At 30 June 2012		12,720	–*	45,291*	(12,642)*	–*	173,283*	218,652	1,219	219,871

* These reserve accounts comprise the consolidated reserves of HK$205,932,000 (31 December 2011: HK$164,037,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**21,449**	11,559
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**(7,626)**	550
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(10,721)**	83,004
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,102**	95,113
Cash and cash equivalents at beginning of period	**59,798**	65,335
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**62,900**	160,448

1. CORPORATE INFORMATION

Qualipak International Holdings Limited (the "Company") is incorporated in Bermuda with limited liability. The address of the principal place of business of the Company is 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units.

2.1 REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 15 May 2012. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2012. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Corporate Reorganisation" to the prospectus of the Company dated 28 June 2012.

The companies now comprising the Group were under the common control of the controlling shareholder before and after the Reorganisation. Accordingly, these unaudited interim condensed consolidated financial statements have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the six months ended 30 June 2012.

The financial information of businesses and operations historically not associated with the principal activities of the Group has not been included in the unaudited interim condensed consolidated financial information throughout the six months ended 30 June 2012 as such businesses and operations are distinct and identifiable businesses, which operated autonomously and were not transferred to the Group pursuant to the Reorganisation.

The condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2011 and 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined statement of financial position of the Group as at 31 December 2011 has been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim 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 (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 December 2011 and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, except that the Group has in the current period applied, for the first time, the following new and revised HKFRSs:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of these new amendments has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK (IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements Projects	*Annual Improvements 2009-2011 Cycle*[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operation and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Revenue from external customers based on the location of these customers is analysed as follows:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Europe	**64,196**	76,047
Hong Kong	**54,417**	68,091
North and South America	**35,938**	42,366
Others	**13,456**	22,657
	168,007	209,161

The geographical locations of the Group's non-current assets are analysed as follows:

	30 June	31 December
	2012	2011
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Hong Kong	**69,953**	72,094
Mainland	**66,157**	67,116
	136,110	139,210

The non-current asset information above is based on the location of assets.

Information about a major customer

Revenue of approximately HK$25,529,000 (six months ended 30 June 2011: HK$37,712,000) was derived from sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units to a single customer, which accounted for more than 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Bank interest income	**20**	12
Other interest income	**–**	471
Sale of scrap materials	**275**	580
Gain on disposal of items of property, plant and equipment	**25**	55
Gross rental income	**214**	256
Foreign exchange gains, net	**73**	354
Write-off of forfeited deposits	**865**	–
Others	**268**	28
	1,740	1,756

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories sold	**135,885**	165,767
Depreciation	**2,552**	3,132
Minimum lease payments under operating leases in respect of land and buildings	**90**	831
Amortisation of prepaid land lease payments	**201**	201
Auditors' remuneration	**539**	240
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**41,526**	48,240
Pension scheme contributions	**5,495**	1,966
	47,021	50,206
Foreign exchange differences, net	**(73)**	(354)
Impairment/(write-back of impairment) of trade receivables*	**623**	(277)
Write-back of allowance for obsolete inventories	**(6)**	(784)
Gross rental income	**(214)**	(256)
Direct operating expense (including repairs and maintenance) arising on rental-earning properties	**56**	101
Net rental income	**(158)**	(155)
Fair value loss on a derivative financial instrument*	**134**	–

* These expenses are included in "Other expenses" on the face of the condensed consolidated statement of comprehensive income.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The Group's subsidiary which is incorporated in the People's Republic of China, has been dormant and had no assessable profit since its date of incorporation.

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current charge for the period		
Hong Kong	**1,195**	2,555
Deferred tax	**(6)**	–
Total tax charge for the period	**1,189**	2,555

7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to owners of the Company of HK$11,457,000 (six months ended 30 June 2011: HK$19,758,000), and on the assumption that 129,389,994 (six months ended 30 June 2011: 129,389,994) shares have been in issue throughout the period, comprising an aggregate of 127,196,162 issued ordinary shares of the Company and capitalisation issue of 2,193,832 ordinary shares of the Company on 11 July 2012.

In respect of diluted earnings per share amounts, no adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2012 and 2011 as the Group had no potentially dilutive ordinary share in issue during the six months ended 30 June 2012 and 2011.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group incurred HK$145,000 (six months ended 30 June 2011: HK$104,000) on the acquisition of items of property, plant and equipment.

10. TRADE AND BILLS RECEIVABLES

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Trade and bills receivables	**48,012**	46,664
Impairment	**(1,371)**	(748)
	46,641	45,916

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balance. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the due date and net of provisions, is as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Neither past due nor impaired	**34,998**	27,677
Past due but not impaired:		
Less than 1 month	**6,659**	11,374
1 to 2 months	**3,487**	3,476
2 to 3 months	**617**	883
Over 3 months	**880**	2,506
	46,641	45,916

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within 1 month	**31,466**	28,466
1 to 2 months	**6,926**	8,997
2 to 3 months	**1,558**	456
Over 3 months	**714**	410
	40,664	38,329

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

12. DUE TO THE IMMEDIATE HOLDING COMPANY

At 31 December 2011, the amount due to the immediate holding company, C C Land Holdings Limited ("CC Land"), is unsecured, interest-free and has no fixed terms of repayment.

On 24 February 2012, an amount of HK$43,000,000 was waived by CC Land and was recognised as capital contribution from a shareholder. The remaining balance was fully repaid by the Group in cash on 8 June 2012.

13. SHARE CAPITAL

	30 June 2012 (Unaudited) HK$'000
Authorised:	
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**
Issued and fully paid:	
127,196,162 ordinary shares of HK$0.10 each	**12,720**

13. SHARE CAPITAL *(Continued)*

The movements in the Company's authorised and issued share capital during the period from 24 October 2011 (date of incorporation) to 30 June 2012 were as follows:

	Notes	**Number of ordinary shares of HK$0.10 each**	**Nominal value of ordinary shares (Unaudited)** HK$'000
Authorised:			
At 24 October 2011	(i)	500,000	50
At 31 December 2011 and 1 January 2012		500,000	50
Increase in authorised share capital on 15 May 2012	(ii)	999,500,000	99,950
At 30 June 2012		1,000,000,000	100,000
Issued and fully paid:			
At 28 November 2011	(iii)	1	–
At 31 December 2011 and 1 January 2012		1	–
Issue of new shares on 15 May 2012	(iv)	127,196,161	12,720
At 30 June 2012		127,196,162	12,720

(i) At the date of incorporation, the authorised share capital of the Company was HK$50,000 divided into 500,000 shares of HK$0.10 each.

(ii) Pursuant to an ordinary resolution passed on 15 May 2012, the authorised share capital of the Company was increased from HK$50,000 to HK$100,000,000 by creation of additional 999,500,000 shares of HK$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

(iii) On 28 November 2011, one share of HK$0.10 each was allocated and issued, at nil paid, to CC Land.

(iv) On 15 May 2012, the Company entered into a sale and purchase agreement with CC Land, to acquire from CC Land the entire issued share capital of Qualipak Development Limited, the then direct wholly-owned subsidiary of CC Land, in exchange for which the Company allotted and issued 127,196,161 shares, all credited as fully paid to CC Land and the existing one nil paid share held by CC Land was also credited as fully paid.

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties under operating lease arrangement, with a lease negotiated for a term of one year. The term of the lease generally also requires the tenant to pay security deposit and provides for periodic rent adjustment according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivable under non-cancellable operating lease with its tenant falling due as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within one year	**107**	321

(b) As lessee

The Group leases its car parks under operating lease arrangements. The leases for the car parks are negotiated for a term of one year.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within one year	**77**	177

15. SHARE OPTION SCHEME

(a) Share option scheme operated by CC Land

The Company's immediate holding company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of its operations. Eligible participants of the Scheme include the employees of the Group. The Scheme became effective on 29 April 2005 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

15. SHARE OPTION SCHEME *(Continued)*

(a) Share option scheme operated by CC Land *(Continued)*

Options granted under the Scheme are normally exercisable within 10 years from the date of grant with a vesting period ranging up to 3 years from the date of grant. Movements in the numbers of share options granted to the Group outstanding and their related average exercise prices during the reporting period are as follows:

	2012		2011	
	Weighted average exercise price (Unaudited) HK$	**Number of share options**	Weighted average exercise price (Unaudited) HK$	Number of share options
At 1 January and 30 June	**4.99**	**850,000**	4.99	850,000

No share option expense was recognised by the Group during the six months ended 30 June 2012 and 30 June 2011.

(b) Share option scheme operated by the Company

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include, among others, the Company's directors, officers, employees, consultants, professionals, customers, suppliers (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or the related group or a company in which the Group holds an interest or a subsidiary of such company. The Share Option Scheme was conditionally approved and became effective on 18 May 2012, and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable in respect of share options granted under the Share Option Scheme is limited to 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, are subject to approval by the independent non-executive directors (excluding the independent non-executive director who is a proposed grantee). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the total number of the shares issued and to be issued upon exercise of the share options granted and to be granted, in excess of 0.1% of the shares of the Company in issue or with an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HK$5 million, within any 12-month period up to and including the date of the grant, are subject to the shareholders' approval in a general meeting.

The offer of a grant of share options shall be accepted within 14 days from the date of offer, upon payment of a non-refundable remittance of HK$1 in favour of the Company as consideration of the grant.

The exercise price of share options is determined by the directors and shall not be less than the highest of (i) the nominal value of the Company's shares on the date of grant; (ii) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant share option; and (iii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the relevant share option.

No share option has been granted since the adoption of the Share Option Scheme.

16. PLEDGE OF ASSETS

As at 30 June 2012, the Group pledged certain of its land and buildings with an aggregate amount of HK$5,355,000 (31 December 2011: HK$5,434,000) as securities for general banking facilities granted to the Group.

As at 30 June 2012, the Group pledged deposits amounted to HK$7,506,000 (31 December 2011: Nil) as a security for general banking facilities granted to its associates.

17. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into transactions with related parties as follows:

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Rental income earned from the immediate holding company	(i)	**214**	214
Rental income earned from an entity under common control of the immediate holding company	(i)	–	42
Management fee paid to the immediate holding company	(ii)	**1,206**	1,206
Interest income from an entity under common control of the immediate holding company	(iii)	–	471

(i) The rental income received from the immediate holding company and an entity under common control of the immediate holding company was mutually agreed between the Company and the related parties.

(ii) The management fee paid to the immediate holding company for the share of certain costs including director's remuneration, staff welfare and miscellaneous costs, was mutually agreed between the Company and the immediate holding company.

(iii) Interest was charged by the Group at 10% per annum.

(b) Other transactions with related parties

At 30 June 2012, the immediate holding company has guaranteed certain bank facilities made to the Group of up to HK$32,000,000 (31 December 2011: HK$32,000,000).

(c) Commitments with related parties

On 30 September 2011, a subsidiary of the Group entered into a one-year agreement ending 30 September 2012 with the immediate holding company to lease office premises in Hong Kong. The amounts of rental income for the reporting period are included in note 17(a)(i) to these unaudited interim condensed consolidated financial statements. The amount of an operating lease commitment as a lessor is included in note 14(a) to these unaudited interim condensed consolidated financial statements.

17. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Outstanding balances with related parties

As disclosed in the unaudited interim condensed consolidated statement of financial position, the Group had no outstanding balance due to its immediate holding company (31 December 2011: HK$52,409,000) as at the end of the reporting period. The balance as at 31 December 2011 is unsecured, interest-free and has no fixed terms of repayment.

(e) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short term employee benefits	**1,018**	869

18. EVENTS AFTER THE REPORTING PERIOD

(a) Capitalisation

Pursuant to the written resolution of the sole shareholder of the Company passed on 19 June 2012, the directors had authorised to capitalise HK$219,000 standing to the credit of the contributed surplus account of the Company and apply the same to pay up in full at par 2,193,832 shares for allotment and issue to CC Land on 11 July 2012.

(b) Initial Public Offering

On 12 July 2012, 14,375,999 ordinary shares of HK$0.10 each were issued at a price of HK$1.59 per share under the share offer. The gross proceeds of HK$1,438,000 representing the par value, were credited to Company's share capital. The remaining proceeds of HK$21,420,000, before listing expenses, were credited to the share premium account. Pursuant to the completion of its initial public offering, the Company's shares were successfully listed on the Stock Exchange.

19. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements was approved and authorised for issue by the board of directors on 27 August 2012.