ADDCHANCE HOLDINGS LIMITED
互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2013 INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

HIGHLIGHTS

- **Revenue decreased by around 16.0% to approximately HK$511.0 million.**
- **Gross profit margin for the period under review was improved to approximately 33.0%.**
- **Except for the effect of the fair value loss of those derivative financial instruments of approximately HK$9.8 million, the net profit derived from core operations was approximately HK$44.6 million with net profit margin of 8.7%.**
- **The Board resolved to declare an interim dividend of HK2.0 cents per share for the six months ended 30th June, 2013 to shareholders whose names appear on the register of members of the Company as at 16th September, 2013.**

INTERIM RESULTS

On behalf of the board of directors (the "Board") of Addchance Holdings Limited, I am pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2013, together with unaudited comparative figures for the corresponding period in 2012. These interim financial statements have not been audited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, which conducted the 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 and the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

		For the six months ended 30th June,	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**510,983**	608,245
Cost of sales		**(342,461)**	(464,417)
Gross profit		**168,522**	143,828
Other income		**5,002**	5,758
Other gains and losses		**(5,250)**	(9,754)
Selling and distribution costs		**(46,754)**	(35,818)
Administrative expenses		**(68,738)**	(64,513)
Finance costs	*4*	**(20,422)**	(20,844)
Profit before tax		**32,360**	18,657
Income tax credit	*5*	**2,390**	1,775
Profit for the period	*6*	**34,750**	20,432
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**8,030**	6,387
Total comprehensive income for the period		**42,780**	26,819

		For the six months ended 30th June,	
		2013	2012
	NOTE	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		**34,750**	22,010
Non-controlling interests		**–**	(1,578)
		34,750	20,432
Total comprehensive income for the period attributable to:			
Owners of the Company		**42,780**	28,397
Non-controlling interests		**–**	(1,578)
		42,780	26,819
Earnings per share, in HK cents			
Basic	*8*	**7.87**	4.99

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2013

	NOTES	**30.6.2013** **HK$'000** **(unaudited)**	31.12.2012 *HK$'000* (audited)
NON-CURRENT ASSETS			
Investment properties		**1,806**	1,832
Property, plant and equipment		**834,992**	823,421
Prepaid lease payments		**45,934**	121,787
Deposit paid for acquisition of prepaid lease payments and property, plant and equipment		**25,006**	24,723
Club debenture		**1,070**	1,070
Other assets		**15,899**	15,899
Deferred tax assets		**159**	159
		924,866	988,891
CURRENT ASSETS			
Prepaid lease payments		**1,201**	2,293
Inventories		**1,079,817**	765,237
Trade receivables, bills receivables and other receivables, deposits and prepayments	*9*	**587,652**	619,841
Amounts due from related companies		**2,856**	2,278
Tax recoverable		**3,263**	3,213
Bank balances and cash		**162,666**	132,598
		1,837,455	1,525,460
Asset classified as held for sale		**77,150**	–
		1,914,605	1,525,460
CURRENT LIABILITIES			
Trade and other payables	*10*	**224,468**	148,522
Bills payable	*10*	**35,777**	53,704
Deposit received from transfer of the operation right of a subsidiary		**184,774**	–
Derivative financial instruments		**30,015**	20,199
Bank borrowings – due within one year		**1,206,257**	1,076,727
Tax liabilities		**7,215**	4,149
Bank overdrafts		**17,688**	25,506
Dividend payable		**22,063**	–
		1,728,257	1,328,807
NET CURRENT ASSETS		**186,348**	196,653
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,111,214**	1,185,544

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
CAPITAL AND RESERVES		
Share capital	**4,413**	4,413
Reserves	**1,093,597**	1,072,880
Equity attributable to owners of the Company	**1,098,010**	1,077,293
Non-controlling interests	**–**	43
	1,098,010	1,077,336
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**13,204**	15,821
Deposit received from transfer of the operation right of a subsidiary	**–**	92,387
	1,111,214	1,185,544

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting issued by the International Accounting Standard Board ("IASB").

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 value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new or revised IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period:

Six months ended 30th June, 2013

	Production and sale of cotton yarn *HK$'000*	Production and sale of knitted sweaters *HK$'000*	Production and sale of dyed yarns *HK$'000*	Provision of dyeing services *HK$'000*	Trading of cotton and yarns *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE								
External sales	61,096	196,100	227,354	21,353	5,080	510,983	–	510,983
Inter-segment sales	80,458	256,641	263,332	8,547	109,736	718,714	(718,714)	–
	141,554	452,741	490,686	29,900	114,816	1,229,697	(718,714)	510,983
SEGMENT PROFIT	(1,011)	33,103	39,015	1,124	613	72,844	–	72,844
Interest income								143
Rental income								596
Unallocated expenses								(10,986)
Other gains and losses								(9,815)
Finance costs								(20,422)
Group's profit before tax								32,360

Six months ended 30th June, 2012

	Production and sale of cotton yarn *HK$'000*	Production and sale of knitted sweaters *HK$'000*	Production and sale of dyed yarns *HK$'000*	Provision of dyeing services *HK$'000*	Trading of cotton and yarns *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE								
External sales	63,548	327,519	193,844	12,608	10,726	608,245	–	608,245
Inter-segment sales	85,430	166,958	238,052	6,878	60,390	557,708	(557,708)	–
	148,978	494,477	431,896	19,486	71,116	1,165,953	(557,708)	608,245
SEGMENT PROFIT	3,693	31,032	21,082	1,811	1,652	59,270	–	59,270
Interest income								140
Rental income								636
Unallocated expenses								(15,159)
Other gains and losses								(5,386)
Finance costs								(20,844)
Group's profit before tax								18,657

Segment profit represents the profit before tax of each segment without allocation of central administrative costs, directors' salaries, change in fair value of derivative financial instruments, other income not attributable to segment profit and finance costs.

4. FINANCE COSTS

	For the six months ended 30th June, 2013 *HK$'000*	2012 *HK$'000*
Interest on bank borrowings wholly repayable within five years	**20,422**	20,844

5. INCOME TAX CREDIT

	For the six months ended 30th June,	
	2013	2012
	HK$'000	*HK$'000*
The (credit) charge comprises:		
Hong Kong Profits Tax		
– Current period	**1,122**	371
– Overprovision in prior years	**(2,905)**	–
PRC Enterprise Income Tax – current period	**2,015**	1,137
	232	1,508
Deferred taxation		
– Current period	**(2,622)**	(3,283)
	(2,390)	(1,775)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in Cambodia, the profit generated from subsidiaries of the Company are entitled to exemption from Cambodian Income Tax until 2018.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	For the six months ended 30th June,	
	2013	2012
	HK$'000	*HK$'000*
Depreciation of investment properties	**26**	26
Depreciation of property, plant and equipment	**45,428**	52,311
Amortisation of prepaid lease payments	**1,147**	1,326
Interest income	**(143)**	(140)

7. DIVIDEND

	For the six months ended 30th June,	
	2013	2012
	HK$'000	*HK$'000*
Dividend recognised as distribution during the period		
– 2012 Final dividend of HK2.0 cents (2012: 2011 final dividend of HK2.0 cents) per share	**8,823**	8,823
– 2012 Special dividend of HK3.0 cents (2012: nil)	**13,240**	–
	22,063	8,823

During the current interim period, (i) a final dividend of HK2.0 cents per share in respect of the year ended 31st December, 2012 and (ii) special dividend of HK3.0 cents (six months ended 30th June, 2012: final dividend of HK2.0 cents per share in respect of the year ended 31st December, 2011) was declared and subsequently paid to the owners of the Company in July 2013.

Subsequent to the end of current interim period, the directors of the Company recommend the payment of an interim dividend of HK2.0 cents per share for the six months ended 30th June, 2013 (six months ended 30th June, 2012: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit for the period attributable to owners of the Company of HK$34,750,000 (six months ended 30th June, 2012: HK$22,010,000) and on the number of shares in issue of 441,250,000 (six months ended 30th June, 2012: 441,250,000).

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding during both periods.

9. TRADE RECEIVABLES, BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows credit periods ranged from 30 days to 120 days to its trade customers.

At 30th June, 2013, included in trade receivables, bills receivables and other receivables, deposits and prepayments are trade receivables of HK$461,612,000 and bills receivables of HK$46,905,000 (31st December, 2012: trade receivables of HK$449,280,000 and bills receivables of HK$134,760,000), respectively, and their aged analysis, net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition date, at the end of reporting period is as follows:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**283,442**	266,875
31 – 60 days	**105,689**	109,614
61 – 90 days	**22,725**	90,001
91 – 120 days	**18,969**	51,374
Over 120 days	**77,692**	66,176
	508,517	584,040
Others	**79,135**	35,801
	587,652	619,841

10. TRADE AND OTHER PAYABLES/BILLS PAYABLE

At 30th June, 2013, included in trade and other payables are trade payables of HK$102,298,000 (31st December, 2012: HK$59,993,000) and their aged analysis, presented based on the invoice date, at the end of reporting period is as follows:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Aged:		
0 – 60 days	**69,094**	40,229
61 – 90 days	**12,100**	4,064
Over 90 days	**21,104**	15,700
	102,298	59,993
Other payables and accruals	**122,170**	88,529
	224,468	148,522

At 30th June, 2013, bills payable are aged within 0 – 120 days (31st December, 2012: 0 – 120 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are pleased to report the unaudited results of the Group for the six months ended 30th June, 2013. The Group's consolidated revenue decreased by approximately 16.0% to HK$511.0 million. Except for the effect of the fair value loss of those derivative financial instruments of approximately HK$9.8 million, the net profit derived from core operations was approximately HK$44.6 million with net profit margin of 8.7%.

The business environment of the whole textile industry remained challenging and volatile during the period under review. Our turnover decreased by 16.0% as our customers delayed their knitted sweaters shipment, while other business segments including dyed yarn and cotton yarn remained stable. Our average selling price was kept steady despite the fluctuating market. During the period under review, cotton price in China slowly recovered, resulting in the increases of sales of cotton and cotton-related products. Our overall productivity was improved in order to cope with the rising demand. Further, our production costs were generally averaged down. Together with the growing order from our expanded customer base, particularly Japanese, our overall baseline was much improved in first half of 2013 as compared to previous year.

Sweater business is still the most profitable business segment of the Group and we have been continuing to increase our production capacity to cope with the recovering demand. Our first green factory in Cambodia was completed by the end of 2012 and has commenced operation in the first quarter of 2013. According to China National Textile and Apparel Council, in order to develop a sustainable growth strategy for the local textile industry, China has started working towards building a greener environment in the coming years. This pretty much synchronizes with our developmental plan. Our green factory, which was inspired by our customer, Marks and Spencer, was established under the concept of reuse, reduce and recycle. By using environmental friendly materials and implementing green production process, we aim to achieve better energy conservation and minimize daily disposals. The factory will receive all recognized environment-related permits by the third quarter in 2013. Upon full operation of our green factory, we expect to launch a complete new product with higher average selling price which is favorable to our overall pricing strategy. As the pioneer in term of green textile manufacturing, we will use our best endeavour to optimize the overall production efficiency as well as making contributions to create a greener and more environmental-friendly industry in the future.

On 29th June, 2012, the Group entered into an Operation Right Transfer Agreement with third parties to transfer the operation right of Luoding Addchance Limited, whose principal business is property development. The consideration of this transfer was approximately HK$554 million and will be payable by six installments within 4 years commencing from July 2012. As of 30th June, 2013, we have received 2 installments of payment in the aggregate sum of approximately HK$184.8 million. This transfer further strengthens the cash flow position of the Group and will pose a positive impact on the Group's net profit upon completion date.

PROSPECTS

The market condition for textile industry remained difficult in the first half of 2013. The profit of some enterprises slumped and the backlog of franchisees remained heavy, mainly due to the rising raw material prices, reduced purchasing power of the end market as well as real estate control policies. Growth of major industry players was curbed and sentiment remained sluggish.

Looking ahead, the global economy will undoubtedly remain uncertain. However, with our focus on developing our business in Cambodia, we can, not only hedge against the difficulties of continuously rising production costs in the PRC, but also sharpen our competitiveness on procuring orders from EU and Japan. The long established spinning arms in SuSong and Xinjiang also bode well for the Group on the upstream raw materials supply. Demand for middle and high-end textile products is expected to grow with the growing China domestic consumption. As guided by the 12th Five-year Plan of the PRC government, the textile industry is believed to undergo significant reorganization and transformation. With the better industrial environment, we believe that China will continue to be one of the largest countries in the world for textile production and exports, bringing in huge business opportunities for the players.

By combining expertise in production and efficiencies in production capability through full vertical integration, we are capable of delivering an innovative portfolio of products and services with unsurpassed quality. Specializing in the manufacture of dyed yarns and knitted sweaters, we have been recognized by international accreditation organizations for our dedication and commitment to our customers. Further, by leveraging on our new cash flow stream from the Operation Right Transfer Agreement, we believe that we are in a much better position to capture any market opportunities, to mitigate the impacts of the market's current volatility and maintain our leading position in the global cotton textile industry.

FINANCIAL REVIEW

The Group is principally engaged in the production and sales of dyed yarn, knitted sweaters and cotton yarn, the provision of dyeing services and knitting services, and the trading of cotton and yarns. Its major products include dyed yarns made of over 200 different types of cotton, cashmere, ramie, rayon, acrylic, polyester, silk, wool, nylon, linen and a mixture of the above, and knitted sweaters including cardigans and pullovers as well as socks and hosiery products.

Total revenue for the six months ended 30th June 2013 was approximately HK$511.0 million, representing a decrease of approximately 16.0% as compared to corresponding period in 2012. Production and sales of knitted sweaters and dyed yarn remained the principal operation of the Group.

Turnover of the sweater business decreased by approximately 40.1%, from approximately HK$327.5 million to approximately HK$196.1 million during the year under review, representing approximately 38.4% of the Group's total turnover. The decrease in turnover was due to the delay in knitted sweaters shipment. Average selling price of the knitted sweaters remained stable despite the stagnant market conditions while sales volume decreased by approximately 30.3%. New customers were gained from Europe, Australia and Japan strategically. Our sweater business is being benefited vertically from our upstream spinning arms by utilizing the raw material at a controllable and stable costs, which in turn improve our profit margin. Our sweater products were still mainly exported to Europe and the Group continues to expand our customer base to reduce its reliance on some customers. As a percentage of the revenue of the Group, the sales made to our largest customer was approximately 16.0% for the first half of 2013. We also gained largest sales order from our Japanese customers during the period under review whilst the PRC domestic sales also increased under the rebounce of China domestic cotton prices. With the expectation of the growing demand for middle and high-end textile products, our PRC domestic sales are expected to increase further. We can continuously maintain a balance between the PRC domestic sales and export sales in order to naturally hedge against the continuous appreciation of the Renminbi (the "RMB"). Besides, textile products imported from Cambodia are subject to tax exemption for those European customers, which in turn further strengthen the bargaining power of the Group.

Sales generated from the production and sales of dyed yarn increased by approximately 17.3%, from approximately HK$193.8 million to approximately HK$227.4 million for the period under review, representing approximately 44.5% of the Group's total turnover. The rather steady performance of dyed yarn was again due to the picking up of cotton and cotton related raw materials. The average selling price of dyed yarn increased slightly while sales volume made from dyed yarn increased by approximately 18.6%. With our competitive advantage created by our self-owned upstream manufacturing facilities, the Group can provide stable supply of those yarn products for the production of dyed yarns and we continued to exercise tight cost controls and efficient order scheduling and production planning in order to streamline our existing operations and improve our profit margin.

Production and sales of cotton yarns is another core business segment of the Group. During the period under review, revenue generated from the sales of cotton yarns decreased slightly by approximately 3.9% to approximately HK$61.1 million. Sales volume of cotton yarns was kept stable whereas the average selling price recorded a decrease of approximately 5.1%. The external utilization rate of the cotton yarn was kept at around 43%.

Revenue generated from the provision of dyeing services increased from HK$12.6 million to approximately HK$21.4 million for the first half of 2013. Most of the Group's dyed yarn was sold to the PRC and Hong Kong manufacturers with production facilities based in Guangdong, Jiangsu and Zhejiang. Sales proceeds from the PRC, Hong Kong and Macau accounted for approximately 96.5% of the Group's total sales proceeds from dyed yarn. The remaining sales proceeds were derived from exports to overseas countries and places including Thailand, Taiwan and Indonesia.

The Group recorded gross profit of approximately HK$168.5 million for the period under review, achieving a gross profit margin of approximately 33.0%. The overall gross profit margin increased from 23.6% for the corresponding period last year to 33.0% for the six months ended 30 June 2013. During the period under review, the Group is able to leverage on the cost advantage of the production base in Cambodia and optimize our product mix, therefore improving the Group's performance for the first half of 2013. The Group was still able to pass part of the cost to end-customers by raising the average selling price of knitted sweaters products by focusing on different product mix. The Group will continuously try to manage the gross profit margin by improving the operation efficiency as well as factory utilization rate.

Except for the effect of the fair value loss of those derivative financial instruments of approximately HK$9.8 million, the net profit derived from core operations was approximately HK$44.6 million with net profit margin of 8.7%. The Group will continuously overcome the challenges by sharpening its competitive edge.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June, 2013, the Group's cash and cash equivalents amounted to approximately HK$145.0 million, which significantly increased by approximately HK$45.4 million or 45.5%, from approximately HK$99.6 million during the corresponding period last year. Total assets amounted to approximately HK$2,839.5 million, representing an increase of approximately HK$325.1 million comparing with approximately HK$2,514.4 million as at 31st December, 2012.

Net cash used in operating activities increased further to approximately HK$109.6 million while the cash generated from the investing activities increased comparing with the same last corresponding period because of the 2nd instalment payment received on the transfer of the operation right of Luoding Addchance Limited. With the increase in net cash generated from financing activities, the net cash and cash equivalents increased to approximately HK$145.0 million as at period end.

The Group mainly met its funding requirements in its usual course of operation by cash flows generated from operations, as well as long-term and short-term borrowings. The Group will focus on reducing the net gearing ratio continuously by improving profitability, procuring the disposal of non-core properties as well as the implementation of tighter control over costs, working capital and capital expenditure. In the corresponding period last year, the Group transferred the operation right of Luoding Addchance Limited at a consideration of approximately HK$554.3 million in order to dispose of those non-core business. This disposal will strengthen the cash inflow position of the Group in the coming years.

The sales and purchases of the Group were evenly denominated in Hong Kong dollar, US dollar and RMB respectively. Part of the effect of the appreciation of the Renminbi against the US dollar was hedged through our PRC operations while another part of that effect was mitigated through appropriate hedging arrangements. Fluctuations in foreign currencies such as the US dollar and the RMB remained a concern of the Group. To mitigate foreign currency risk, the Group will enter into appropriate hedging arrangements from time to time.

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

The Company had not redeemed any of its listed shares during the six months ended 30th June, 2013. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the six months ended 30th June, 2013.

CORPORATE GOVERNANCE

During the six months ended 30th June, 2013, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save that Code Provision A.2.1 requires that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sung Kim Wa is the chairman of the Company and there was no chief executive officer appointed by the Company and the day-to-day management of the Group was led by Mr. Sung Kim Wa. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with strong and consistent leadership in the Company's decision making process and operational efficiency.

INTERIM DIVIDEND AND RECORD DATE

The Board resolved to declare an interim dividend of HK2.0 cents per share for the six months ended 30th June, 2013 (six months ended 30th June, 2012: Nil) to the shareholders whose names appear on the register of members of the Company as at 16th September, 2013 (Monday) (the record date). The interim dividend will be paid to the shareholders in cash on or about 28th November, 2013. The proposed interim dividend has not been reflected in the financial statements of the Company for the six months ended 30th June, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12th September, 2013 (Thursday) to 16th September, 2013 (Monday) (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 11th September, 2013 (Wednesday).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the six months ended 30th June, 2013.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's interim results for the six months ended 30th June, 2013. The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30th June, 2013.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange and the Company (http://www.irasia.com/listco/hk/addchance/index.htm). An interim report for the six months ended 30th June, 2013 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Mr. Sung Kim Wa, Mr. Sung Kim Ping, Mr. Wong Chiu Hong, Ms. Sung Kit Ching, Mr. Ip Siu Lam and Mr. Tsang Fai as executive Directors, and Mr. Chan Tsz Fu, Jacky, Mr. Zhuang Zhongxi and Ms. Huang Yunjie as independent non-executive Directors.

On behalf of the Board, I would like to express my heartfelt gratitude to our management team, staff and shareholders for their dedication and contribution to the Group.

By Order of the Board
Mr. Sung Kim Wa
Chairman

Hong Kong, 28th August, 2013