



Convenience Retail Asia Limited
利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 08052



First Quarterly Report 2011



Member of the Li & Fung Group

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report (the “Report”), for which the Directors of Convenience Retail Asia Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Convenience Retail Asia Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Report misleading.

Highlights

First Quarterly Results For the three months ended 31 March 2011

	Change	2011 HK\$'000	2010 HK\$'000
Revenue	+10.8%	903,069	814,836
Financial gain on disposal of property, net of tax	N/A	Nil	17,981
Profit attributable to shareholders of the Company	+17.8%	39,842	33,824
Basic earnings per share (HK cents)	+17.7%	5.45	4.63

Operation Highlights

- Encouraging profit and comparable store sales growth across all operations
- Continuous improvement in business performance of Circle K Guangzhou
- Robust sales of Saint Honore Chinese New Year festive products
- Strong cash position of HK\$557 million without any bank borrowings

Number of Stores as of 31 March 2011

Circle K Stores

Hong Kong	319
Guangzhou	61
Shenzhen	1

Subtotal	381
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Franchised Circle K Stores

Guangzhou	6
Macau	21
Zhuhai	13

Subtotal	40
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Total number of Circle K Stores	421
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Saint Honore Cake Shops

Hong Kong	87
Macau	7
Guangzhou	19

Total number of Saint Honore Cake Shops	113
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Total number of Stores under Convenience Retail Asia	534
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Chairman's Statement

Financial Review

I am pleased to report the unaudited results for Convenience Retail Asia Limited and its subsidiaries (the "Group") for the first quarter of 2011.

During the period, the Group's turnover increased by 10.8% to HK\$903.1 million when compared to the same period last year. This was mainly due to an overall increase in sales at comparable stores (stores in existence throughout 2010 and 2011), the opening of new stores and robust Chinese New Year products sales.

Comparable convenience store sales increased by 7.1% and 7.7% in Hong Kong and Southern China respectively over the first quarter of 2010. Comparable store sales for the Saint Honore operations in Hong Kong reported a high single-digit increase.

Gross margin and other income as a percentage of turnover increased to 36.9% in the first quarter, compared to 35.8% over the same period last year. This was mainly due to the higher gross margin achieved in all our operations. The increase in tobacco duty in February 2011 also had a favourable impact on the gross margin of certain amount of inventory that was purchased before the announcement.

Operating expenses decreased from 33.3% of turnover to 31.6% year on year due to tight operational control and a higher sales base.

The Group recorded a net operating profit of HK\$39.8 million during the quarter, representing an increase of 151.5% over the corresponding period in 2010 before factoring in the gain on the disposal of a real estate property in 2010. Including the one-off gain in 2010, the Group recorded an increase in net profit attributable to shareholders of 17.8% over the first quarter of 2010.

Review of Hong Kong Operations

In the first quarter of 2011, the local economy in Hong Kong maintained strong growth despite uncertainties in the external environment; these included the ecological and economical impact of the earthquake and nuclear plant incidents in Japan as well as the political unrest in the Middle East.

Taking the first two months of 2011 together, total retail sales in Hong Kong reported double-digit growth, supported by positive consumer sentiment and vibrant inbound tourism with a notable surge in Mainland arrivals during Chinese New Year.

A major global trend that is becoming more established as the year unfolds is the price inflation of food and raw materials. For the first two months of 2011, consumer price inflation went up 3.6%¹ in Hong Kong with the escalation of import prices. Inflationary pressure is likely to increase further in the coming months as global food and commodity prices remain elevated and rapid increases in private housing rentals continue.

Note:

1. *Published by the Census and Statistics Department, the Government of the Hong Kong Special Administrative Region on 22 March 2011.*

The Group will closely monitor the implications of this inflationary trend on its operating profits and take proactive initiatives to mitigate any negative impact with vigilant management and creative solutions.

In February 2011 the Government of the Hong Kong Special Administrative Region announced a drastic increase in tobacco duty, which in effect increased the retail price of cigarettes to HK\$50 per pack. As a result, the category sales of cigarettes suffered an immediate drop but then more or less stabilised. The long-term impact of the increase in tobacco duty on consumer demand still needs to be monitored closely over a period of time.

Review of Guangzhou Operations

The growth momentum of the retail market in Guangzhou during the first quarter of 2011 continued to accelerate against a backdrop of strong economic expansion and buoyant consumer sentiment. This was reflected in the overall retail market's sales growth of 15.8%² over the first two months of the year compared to the same period in 2010.

The traditional consumption peak around Chinese New Year, coupled with aggressive festive promotions launched by retailers, accounted for the robust sales performance in the Guangzhou retail market, which was also fuelled by elevated disposable incomes as a result of the upward adjustment of minimum wages as decreed by the Government.

The only negative market factor that could have a dampening effect on consumer sentiment is inflation. The National Bureau of Statistics of China reported an increase of 5.4%³ in the Consumer Price Index for the month of March 2011, but double-digit increases were reported for the food category, including most of daily consumable items like grain, meat, poultry and eggs. In view of the serious social implications of such an alarming trend, the Government has made price control of the food category a major strategic priority.

The Group continues to see marked improvements in the Circle K operations in Guangzhou, notably in the healthy growth of comparable store sales and the gradual but steady improvement in store operating profitability. The strong sales performance of the Hot & In food services category not only drove significant comparable store sales growth of 11.6%, but also accounted for a 1.8% increase in gross profit.

The Group has every reason to believe that the Circle K operations in Guangzhou are moving towards a financial breaking-even point for the market, with an optimised store model, product mix and store productivity.

Notes:

- 2. Published by the National Bureau of Statistics of China on 31 March 2011.*
- 3. Published by the National Bureau of Statistics of China on 19 April 2011.*

The Saint Honore Operations

In spite of the increasing pressure on operating costs due to inflationary trends and the increase in minimum wages, the Saint Honore operations were able to deliver very robust business results for the first quarter of 2011.

For the first quarter, the Saint Honore operations reported strong single-digit growth in sales turnover compared to the same period last year. This was achieved mainly because of the satisfactory sales performance of the Chinese New Year festive product category as well as successful consumer promotions launched during the quarter.

The Group also improved profit performance through a combination of operational initiatives including upward adjustments in retail pricing, reductions in the frequency and scale of discount promotions, successful new product introductions and minimising product spoilage. The net financial gains from these initiatives not only helped offset some of the inflationary cost increases for raw materials, but also contributed to a modest improvement in gross margin.

Business Outlook

Looking back at the business performance of the first quarter, the year certainly started off with some very encouraging financial results for the Group.

However, unexpected developments in the external environment over the past three months have created uncertainty for the still-fragile global economic recovery. Hence, the Group will adopt a slightly more conservative approach to the operating environment for the rest of the year in tandem with its vigilant outlook.

The Group is also facing issues that are more immediate to the markets where it operates, such as inflationary pressure, the continuous escalation of retail rental and increases in wage, all of which will undoubtedly pose further challenges to the Group's operating profit and financial performance.

The Group will closely monitor the developments of these key market trends in order to find effective solutions that can mitigate their impacts.

Application for Transfer of Listing to the Main Board

The Group has submitted an application to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for transferring its listing from the Growth Enterprise Market ("GEM") to the Main Board of the Stock Exchange. This is in response to the demand by investors for more liquidity of the Group's shares and a higher profile of the Group's corporate identity. Currently the Group is awaiting the completion of the approval process.

Victor FUNG Kwok King

Chairman

Hong Kong, 5 May 2011

Executive Directors:

Mr. Richard YEUNG Lap Bun (*Chief Executive Officer*)

Mr. PAK Chi Kin (*Chief Operating Officer*)

Non-executive Directors:

Dr. Victor FUNG Kwok King (*Chairman*)

Dr. William FUNG Kwok Lun

Mr. Godfrey Ernest SCOTCHBROOK

Mr. Jeremy Paul Egerton HOBBS

Ms. Louisa WONG Yuk Nor

(retired on 5 May 2011)

Independent non-executive Directors:

Dr. Raymond CH'EN Kuo Fung

Mr. Malcolm AU Man Chung

Mr. Anthony LO Kai Yiu

Group Chief Compliance Officer:

Mr. James SIU Kai Lau

Company Secretary:

Miss Maria LI Sau Ping

Results

The Board of Directors (the "Board") is pleased to announce the unaudited results of the Group for the three months ended 31 March 2011, together with the unaudited comparative figures for the corresponding period ended 31 March 2010 as follows:

	<i>Note</i>	Three months ended	
		2011	2010
		HK\$'000	HK\$'000
Revenue	2	903,069	814,836
Cost of sales		(588,515)	(541,320)
Gross profit		314,554	273,516
Other income	2	19,071	18,125
Other (loss)/gain, net	3	(209)	17,163
Store expenses		(229,632)	(214,904)
Distribution costs		(21,328)	(19,698)
Administrative expenses		(34,793)	(36,785)
Operating profit		47,663	37,417
Interest income	4	1,647	1,358
Profit before income tax		49,310	38,775
Income tax expenses	5	(9,468)	(4,951)
Profit attributable to shareholders of the Company		39,842	33,824
Earnings per share			
Basic (HK cents)	6	5.45	4.63
Diluted (HK cents)	6	5.44	4.63

Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2011

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	39,842	33,824
Other comprehensive income for the period, net of tax		
Exchange differences	25	70
Total comprehensive income attributable to shareholders of the Company	39,867	33,894

Notes:

1. Basis of preparation and accounting policies

The unaudited consolidated financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of these consolidated financial information are consistent with those used in the consolidated financial statements for the year ended 31 December 2010.

The Group has adopted new and amended standards and interpretations of Hong Kong Financial Reporting Standards which are mandatory for accounting periods beginning on or after 1 January 2011 and relevant to its operations. The adoption of such new and amended standards and interpretations does not have material impact on the consolidated financial information and does not result in substantial changes to the Group's accounting policies.

Certain comparative information in the consolidated financial information has been reclassified to conform to the current period's presentation.

2. Revenue and other income

The Group is principally engaged in the operation of chains of convenience stores and bakeries. Revenues recognised during the three months ended 31 March 2011 are as follows:

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	HK\$'000	HK\$'000
Revenue		
Merchandise sales revenue	719,459	659,209
Bakery sales revenue	183,610	155,627
	903,069	814,836
Other income		
Service items and miscellaneous income	19,071	18,125

3. Other (loss)/gain, net

Other (loss)/gain, net represents the net loss or gain on disposal of fixed assets. For the three months ended 31 March 2010, other gain, net included gain on disposal of a real estate property amounting to HK\$17,633,000.

4. Interest income

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	HK\$'000	HK\$'000
Interest income on bank deposits	1,647	1,358

5. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 31 March 2011 and 2010. Taxation on overseas profits has been calculated on the estimated assessable profits for the three months ended 31 March 2011 and 2010 at the rates prevailing in the countries in which the Group operates.

The amount of income tax expenses charged/(credited) to the consolidated profit and loss account represents:

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	6,801	4,492
Overseas profits tax	1,025	503
Deferred income tax	1,642	(44)
	9,468	4,951

6. Earnings per share

The calculation of the Group's basic and diluted earnings per share is based on the unaudited profit attributable to shareholders of the Company for the corresponding periods.

The basic earnings per share is based on the weighted average number of ordinary shares in issue during the corresponding periods.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	(Unaudited)	
	Three months ended	
	31 March	
	2011	2010
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	39,842	33,824
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue	731,713,196	729,915,974
Adjustment for:		
Share options	280,632	–
Weighted average number of ordinary shares for diluted earnings per share	731,993,828	729,915,974

7. Dividend

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2011 (2010: nil).

8. Loss attributable to shareholders from convenience store operations in Chinese Mainland

Included in the unaudited profit attributable to shareholders of the Company, there is a loss of HK\$4,694,000 (2010: HK\$7,072,000) from the Group's convenience store operations in Chinese Mainland for the three months ended 31 March 2011.

9. Reserves

Movements in reserves of the Group during the three months ended 31 March 2011 and 2010 are as follows:

	(Unaudited)						
	Three months ended 31 March 2011						
	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2011	286,940	177,087	13,433	12,894	9,065	277,053	776,472
Issue of new shares	691	-	-	-	-	-	691
Employee share option benefit	172	-	-	(554)	-	850	468
Exchange differences	-	-	-	-	25	-	25
Profit attributable to shareholders of the Company	-	-	-	-	-	39,842	39,842
At 31 March 2011	287,803	177,087	13,433	12,340	9,090	317,745	817,498
Representing:							
Reserves							755,248
Proposed dividend							62,250
							817,498

	(Unaudited)						
	Three months ended 31 March 2010						
	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2010	281,614	177,087	13,433	13,761	8,662	214,457	709,014
Employee share option benefit	-	-	-	315	-	333	648
Exchange differences	-	-	-	-	70	-	70
Profit attributable to shareholders of the Company	-	-	-	-	-	33,824	33,824
At 31 March 2010	281,614	177,087	13,433	14,076	8,732	248,614	743,556
Representing:							
Reserves							699,761
Proposed dividend							43,795
							743,556

Other Information

Interests and Short Positions of Directors in the Shares, Underlying Shares and Debentures of the Company and Certain Major Associated Corporations

As at 31 March 2011, the interests and short positions of each of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and certain of its major associated corporations (Note 1) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as required to be recorded in the register maintained by the Company pursuant to section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealing by the Directors under the GEM Listing Rules and/or the Code of Conduct for dealings in securities adopted by the Company, were as follows:

The Company

Long positions in shares and the underlying shares of equity derivatives

Name of Directors	Number of shares			Number of underlying shares (share options)	Total interests	Approximate percentage of interests
	Personal interests	Family interests	Corporate / Trust interests			
Dr. Victor Fung Kwok King	-	-	373,692,000 <i>(Note 2)</i>	-	373,692,000	51.05%
Dr. William Fung Kwok Lun	-	-	373,692,000 <i>(Note 2)</i>	-	373,692,000	51.05%
Mr. Richard Yeung Lap Bun	19,196,000	-	-	3,200,000 <i>(Note 3)</i>	22,396,000	3.06%
Mr. Pak Chi Kin	800,000	-	-	2,900,000 <i>(Note 4)</i>	3,700,000	0.50%
Dr. Raymond Ch'ien Kuo Fung	1,000,000	-	-	-	1,000,000	0.13%
Mr. Jeremy Paul Egerton Hobbins	180,000	-	-	-	180,000	0.02%
Ms. Louisa Wong Yuk Nor <i>(retired on 5 May 2011)</i>	1,588,000	-	-	975,000 <i>(Note 5)</i>	2,563,000	0.35%

Major associated corporations

Long positions in shares and the underlying shares of equity derivatives

Name of Directors	Name of associated corporations	Class of shares	Number of		Nature of interests/ Holding capacity	Approximate percentage of interests
			(i) shares	(ii) underlying shares		
Dr. Victor Fung Kwok King	Li & Fung (Distribution) Limited	Full voting ordinary shares	13,800,000	–	(Note 6)	100%
	LiFung Trinity Limited	Ordinary share	1	–	(Note 7)	100%
Dr. William Fung Kwok Lun	Li & Fung (Distribution) Limited	Full voting ordinary shares	13,800,000	–	Corporate interests (Note 6)	100%
	LiFung Trinity Limited	Ordinary share	1	–	Corporate interests (Note 7)	100%

Notes:

- Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun by virtue of their interests in King Lun Holdings Limited (“King Lun”) and the Company are deemed to be interested in the shares and underlying shares of certain associated corporations of the Company under SFO. A waiver from full compliance of Rule 18.69 of the GEM Listing Rules for the disclosure of Directors’ interests in the shares and underlying shares of the associated corporations has been granted by the Stock Exchange on 21 April 2011. Accordingly, the companies under this section headed “Interests and short positions of Directors in the shares, underlying shares and debentures of the Company and certain major associated corporations” are only the major associated corporations of the Company and are not intended to be exhaustive.
- King Lun through its indirect wholly owned subsidiary, Li & Fung (Retailing) Limited (“LFR”) (a wholly owned subsidiary of Li & Fung (1937) Limited (“LF (1937)”) held 373,692,000 shares in the Company. 50% of the issued share capital of King Lun is owned by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King, the remaining 50% is owned by Dr. William Fung Kwok Lun.

3. On 3 May 2007, Mr. Richard Yeung Lap Bun was granted share options pursuant to the 2001 Share Option Scheme (adopted on 6 January 2001) of the Company to subscribe for a total of 1,200,000 shares at an exercise price of HK\$3.39 per share. The options are to be vested in Mr. Richard Yeung Lap Bun in three equal lots in relation to the performance year 2007, 2008 and 2009 respectively. Upon confirmation of vesting, the options in relation to the performance year 2007 and 2008 became exercisable during the period from 3 May 2009 to 2 May 2012 and from 3 May 2010 to 2 May 2013 respectively. The remaining lot of options in relation to the performance year 2009 would be exercisable during the period of 3 May 2011 to 2 May 2014.

On 10 March 2011, share options to subscribe for a total of 2,000,000 shares at an exercise price of HK\$3.22 per share were granted to Mr. Richard Yeung Lap Bun pursuant to the 2010 Share Option Scheme (adopted on 10 May 2010) of the Company. The options are to be vested in Mr. Richard Yeung Lap Bun in respect of the performance year 2011, 2012 and 2013. Upon confirmation of vesting, the options would be exercisable during the period from 1 April 2014 to 31 March 2017.

4. On 3 May 2007, Mr. Pak Chi Kin was granted share options pursuant to the 2001 Share Option Scheme of the Company to subscribe for a total of 900,000 shares at an exercise price of HK\$3.39 per share. The options are to be vested in Mr. Pak Chi Kin in three equal lots in relation to the performance year 2007, 2008 and 2009 respectively. Upon confirmation of vesting, the options in relation to the performance year 2007 and 2008 became exercisable during the period from 3 May 2009 to 2 May 2012 and from 3 May 2010 to 2 May 2013 respectively. The remaining lot of options in relation to the performance year 2009 would be exercisable during the period of 3 May 2011 to 2 May 2014.

On 10 March 2011, share options to subscribe for a total of 2,000,000 shares at an exercise price of HK\$3.22 per share were granted to Mr. Pak Chi Kin pursuant to the 2010 Share Option Scheme of the Company. The options are to be vested in Mr. Pak Chi Kin in respect of the performance year 2011, 2012 and 2013. Upon confirmation of vesting, the options would be exercisable during the period from 1 April 2014 to 31 March 2017.

5. On 3 May 2007, Ms. Louisa Wong Yuk Nor was granted share options pursuant to the 2001 Share Option Scheme of the Company to subscribe for a total of 600,000 shares at an exercise price of HK\$3.39 per share. The options are to be vested in Ms. Louisa Wong Yuk Nor in three equal lots in relation to the performance year 2007, 2008 and 2009 respectively. Upon confirmation of vesting, the options in relation to the performance year 2007 and 2008 became exercisable during the period from 3 May 2009 to 2 May 2012 and from 3 May 2010 to 2 May 2013 respectively. The remaining lot of options in relation to the performance year 2009 would be exercisable during the period of 3 May 2011 to 2 May 2014.

On 10 March 2011, share options to subscribe for a total of 375,000 shares at an exercise price of HK\$3.22 per share were granted to Ms. Louisa Wong Yuk Nor pursuant to the 2010 Share Option Scheme of the Company. The options are to be vested in Ms. Louisa Wong Yuk Nor in respect of the performance year 2011, 2012 and 2013. Upon confirmation of vesting, the options would be exercisable during the period from 1 April 2014 to 31 March 2017.

6. King Lun through its wholly owned subsidiary, LF (1937) held 13,800,000 shares in Li & Fung (Distribution) Limited. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are deemed to have interests in these shares through their respective interests in King Lun and LF (1937) as set out in Note 2 above.
7. King Lun through its indirect wholly owned subsidiary, LFR held 1 share in LiFung Trinity Limited. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are deemed to have interests in the share through their respective interests in King Lun and LF (1937) and indirect interests in LFR as set out in Note 2 above.

Save as disclosed above, as at 31 March 2011, none of the Directors, chief executives and their associates had any other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

Interests and Short Positions of Shareholders in the Shares and Underlying Shares of the Company

As at 31 March 2011, the interests and short positions of shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of SFO were as follows:

Long positions in shares

Name of shareholders	Number of shares	Nature of interests/ Holding capacity	Approximate percentage of interests
HSBC Trustee (C.I.) Limited	373,692,000	Trustee <i>(Note 1)</i>	51.05%
King Lun Holdings Limited	373,692,000	Corporate interests <i>(Note 1)</i>	51.05%
Aberdeen Asset Management Plc and its associates	87,790,000	Other <i>(Note 2)</i>	11.99%
Arisaig Asia Consumer Fund Limited ("Arisaig Asia")	92,580,000	Other	12.64%
Arisaig Partners (Mauritius) Limited ("Arisaig Partners")	92,580,000	Other <i>(Note 3)</i>	12.64%
Lindsay William Ernest Cooper ("Mr. Cooper")	92,580,000	Corporate interests <i>(Note 4)</i>	12.64%

Notes:

1. These shares were held by LFR. King Lun indirectly owns 100% interests in LFR through its wholly owned subsidiary, LF (1937). All of HSBC Trustee (C.I.) Limited, King Lun, LF (1937) and LFR are taken to be interested in the shares pursuant to SFO. Please refer to Note 2 in the above section headed "Interests and short positions of Directors in the shares, underlying shares and debentures of the Company and certain major associated corporations".
2. Aberdeen Asset Management Plc and its associates (together "the Aberdeen Group") held the shares on behalf of accounts managed by the Aberdeen Group.
3. These shares were held by Arisaig Asia of which Arisaig Partners is the fund manager.
4. These shares were held by Arisaig Asia of which Arisaig Partners is the fund manager. Arisaig Partners is indirectly owned as to 33.33% by Mr. Cooper through a chain of companies, namely, through Skye Partners Limited (directly owned as to 33.33% by Mr. Cooper), and in turn Skye Partners Limited wholly owns Arisaig Partners (Holdings) Ltd., which in turn wholly owns Arisaig Partners.

Save as disclosed above, as at 31 March 2011, the Company had not been notified of any other shareholders' interests or short positions as recorded in the register required to be kept under section 336 of SFO.

Directors' Interest in Competing Business

During the period under review, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed or might compete with the business of the Group.

Audit Committee

The Audit Committee was established in January 2001 with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules. The Audit Committee is responsible for reviewing the Group's financial reporting, internal controls, corporate governance and risk management matters and making recommendations to the Board.

The Audit Committee comprises three independent non-executive Directors, namely Dr. Raymond Ch'ien Kuo Fung (Chairman of the Committee), Mr. Malcolm Au Man Chung, Mr. Anthony Lo Kai Yiu, and two non-executive Directors, namely Mr. Godfrey Ernest Scotchbrook and Mr. Jeremy Paul Egerton Hobbins. All committee members possess appropriate professional qualifications, accounting and related financial management expertise as required under the GEM Listing Rules.

The Audit Committee has reviewed with the management this unaudited quarterly report for the three months ended 31 March 2011 before recommending it to the Board for approval.

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

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