CRMG

CASH RETAIL MANAGEMENT GROUP

時 惠 環 球 控 股

CASH Retail Management Group Limited

(Stock Code #996)

Interim Report 2007

The board (the "Board") of directors (the "Directors") of CASH Retail Management Group Limited (時惠環球控股有限公司*) (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 as follows:

Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	Notes	Unaudited six months ended 30 June 2007 HK$'000	2006 HK$'000
Continuing operations			
Revenue	(3)	**52,298**	55,806
Cost of sales		**(19,712)**	(5,915)
Gross profit		**32,586**	49,891
Other income		**1,820**	6,219
Distribution and selling costs		**(1,464)**	(19,793)
Administrative expenses		**(7,212)**	(17,895)
Gain on disposal of property and equipment		**—**	9,897
Gain on disposal of subsidiaries		**—**	40,771
Finance costs		**(5,829)**	(967)
Profit before tax		**19,901**	68,123
Income tax expense	(4)	**(8,845)**	(3,076)
Profit for the period from continuing operations		**11,056**	65,047
Discontinued operations			
Loss for the period from discontinued operations	(5)	**—**	(40,924)
Profit for the period	(6)	**11,056**	24,123
Earnings per share	(7)		
From continuing and discontinued operations			
Basic (HK$)		**0.9 cent**	2.2 cents
From continuing operations			
Basic (HK$)		**0.9 cent**	6.0 cents

** for identification only*

Condensed Consolidated Balance Sheet

As at 30 June 2007

	Notes	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	(8)	**8,024**	8,920
Goodwill		**70,800**	70,800
		78,824	79,720
Current assets			
Trade receivables	(9)	**25,505**	79,787
Prepayments, deposits and other receivables	(9)	**408,349**	344,497
Amount due from Celestial Asia Securities Holdings Limited ("CASH") and its subsidiaries ("CASH Group")	(14)	**—**	106,458
Bank balances and cash		**15,854**	1,671
		449,708	532,413
Current liabilities			
Trade payables	(10)	**8,312**	11,587
Accrued liabilities and other payables	(10)	**51,344**	108,967
Amount due to a director	(10)	**752**	1,237
Tax liabilities		**23,278**	17,842
Bank borrowings, secured		**20,543**	20,000
Convertible loan notes — amount within one year	(11)	**—**	273,192
		104,229	432,825
Net current assets		**345,479**	99,588
Total assets less current liabilities		**424,303**	179,308
Capital and reserves			
Share capital	(12)	**33,109**	21,851
Share premium and reserves		**391,194**	157,457
Total equity		**424,303**	179,308

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Attributable to Equity Shareholders of the Parent							
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Building revaluation reserve HK$'000	Convertible loan notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2006 (audited)	21,851	179,008	170,942	6,055	701	32,946	(170,761)	240,742
Realised on disposal of subsidiaries	—	—	(41,127)	—	(701)	—	—	(41,828)
Profit for the period and total recognised income and expenses for the period	—	—	—	—	—	—	24,123	24,123
At 30 June 2006 (unaudited)	21,851	179,008	129,815	6,055	—	32,946	(146,638)	223,037

		Attributable to Equity Shareholders of the Parent							
	Note	**Share capital** HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Convertible loan notes equity reserve** HK$'000	**Translation reserve** HK$'000	**PRC statutory reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2007 (audited)		21,851	179,008	201,971	32,946	9,711	15,071	(281,250)	179,308
Exchange differences arising on translation of foreign operations and net income recognised directly in equity		—	—	—	—	7,959	—	—	7,959
Profit for the period and total recognised income and expenses for the period		—	—	—	—	—	—	11,056	11,056
Released on redemption of the convertible loan notes		—	—	—	(2,229)	—	—	—	(2,229)
Released on exercise of the convertible loan notes		—	—	—	(7,687)	—	—	—	(7,687)
Issue of subscription shares	(12)	2,000	26,000	—	—	—	—	—	28,000
Issue of new shares due to exercise of the convertible loan notes	(12)	9,258	199,048	—	—	—	—	—	208,306
Share issue expenses		—	(410)	—	—	—	—	—	(410)
At 30 June 2007 (unaudited)		33,109	403,646	201,971	23,030	17,670	15,071	(270,194)	424,303

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

		Unaudited six months ended 30 June	
		2007	2006
		HK$'000	HK$'000
Net cash generated by (used in) operating activities		**56,695**	(48,354)
Net cash generated by (used in) investing activities:			
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	Note	**—**	(64,755)
Other investing cashflow		**1,684**	(27,653)
		1,684	(92,408)
Net cash used in financing activities		**(53,041)**	(1,217)
Net increase (decrease) in cash and cash equivalents		**5,338**	(141,979)
Cash and cash equivalents at beginning of period		**1,671**	145,545
Effect of exchange rate changes		**8,845**	—
Cash and cash equivalents at end of period, represented by bank balances and cash		**15,854**	3,566

Note:

	Unaudited six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
NET ASSETS DISPOSED	—	89,819
Gain on disposal	—	40,771
	—	130,590
SATISFIED BY		
Cash	—	30,000
Amount due from CASH Group	—	100,590
	—	130,590
CASH OUTFLOW ARISING ON DISPOSAL		
Cash consideration received	—	30,000
Bank balances and cash disposed of	—	(94,755)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	—	(64,755)

Notes to the Unaudited Condensed Consolidated Financial Statements

(1) BASIS OF PREPARATION

The unaudited 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 ("Stock Exchange") ("Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

(2) PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared on the historical cost basis.

These condensed consolidated financial statements should be read in conjunction with the 2006 annual financial statements of the Group.

On 20 February 2006, the Company entered into a sale and purchase agreement ("Agreement") with Celestial Investment Group Limited ("CIGL", a wholly-owned subsidiary of CASH). Under the Agreement, the Company agreed to sell the 100% equity interest in CASH Retail Management (HK) Limited and its subsidiaries ("Retail Group"), and the entire loan due from the Retail Group to the Company as at 31 December 2005 to CIGL. The Retail Group represents all retail businesses in Hong Kong previously operated by the Group.

The transaction was completed on 30 June 2006 and the Group ceased to carry on any retail business in Hong Kong. Therefore, the results derived from the operations of the Retail Group were presented as discontinued operations in previous accounting period.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006 with the addition of the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA to existing standards which are relevant to the Group's operation and are mandatory for the financial year ending 31 December 2007 as follows:

HKAS 1 (Amendments)	"Presentation of Financial Statements: Capital Disclosures"
HKFRS 7	"Financial Instruments: Disclosures"
HK(IFRIC)-Int 9	"Reassessment of Embedded Derivatives"
HK(IFRIC)-Int 10	"Interim Financial Reporting and Impairment"

The adoption of the above new HKFRSs had no material effect on the Group's results of operations and financial position for the current or prior accounting periods, Accordingly, no prior period adjustment has been recognised.

The Group has not early adopted the following new standards or interpretations to existing standards that have been issued but are not yet effective for financial year ending 31 December 2007:

HKAS 23 (Revised)	"Borrowing Costs"
HKFRS 8	"Operating Segments"
HK(IFRIC)-Int 11	"HKFRS 2-Group and Treasury Share Transactions"
HK(IFRIC)-Int 12	"Service Concession Arrangements"

The Group is in the process of making an assessment of the impacts of these new standards or interpretations and it is not yet in a position to state what impact all these new standards or interpretations would have on its results and financial position in the period of initial application.

(3) SEGMENT INFORMATION

For the six months ended 30 June 2006, the Group reported the geographical segments as its primary segment information and the business segments as its secondary segment information. For the six months ended 30 June 2007, the Directors consider that it is more appropriate to present the business segments as its primary segment information and the geographical segments as its secondary segment information.

Business segments

For the six months ended 30 June 2007

	Continuing operations				Discontinued operations	
	Operation of department stores HK$'000	Provision of retail premises HK$'000	Provision of retail management services HK$'000	Total HK$'000	Retailing of furniture and household goods and trendy digital products HK$'000	Consolidated HK$'000
Revenue	5,680	19,660	26,958	52,298	—	52,298
Segment profit	3,813	259	24,388	28,460	—	28,460
Unallocated corporate expenses				(2,730)	—	(2,730)
Finance costs				(5,829)	—	(5,829)
Profit before tax				19,901	—	19,901
Income tax expense				(8,845)	—	(8,845)
Profit for the period				11,056	—	11,056

For the six months ended 30 June 2006

	Continuing operations (restated)				Discontinued operations	
	Operation of department stores HK$'000	Provision of retail premises HK$'000	Provision of retail management services HK$'000	Total HK$'000	Retailing of furniture and household goods and trendy digital products HK$'000	Consolidated HK$'000
Revenue	17,145	26,055	12,606	55,806	426,452	482,258
Segment profit (loss)	8,354	13,317	11,615	33,286	(38,764)	(5,478)
Unallocated corporate expenses				(4,967)	—	(4,967)
Finance costs				(967)	(2,160)	(3,127)
Gain on disposal of discontinued operation				40,771	—	40,771
Profit (Loss) before tax				68,123	(40,924)	27,199
Income tax expense				(3,076)	—	(3,076)
Profit (Loss) for the period				65,047	(40,924)	24,123

Geographical segments

An analysis of the Group's revenue for the period by geographical segments is as follows:

	Continuing operations	Discontinued operations	
	The People's Republic of China ("PRC") HK$'000	Hong Kong HK$'000	Consolidated HK$'000
Revenue			
For the six months ended 30 June 2007	**52,298**	**—**	**52,298**
For the six months ended 30 June 2006	55,806	426,452	482,258

(4) INCOME TAX EXPENSE

	Unaudited six months ended 30 June 2007 HK$'000	2006 HK$'000
PRC enterprise income tax ("EIT")	**8,845**	3,076
Hong Kong profits tax	**—**	—
Tax charge for the period	**8,845**	3,076

The provision for PRC EIT is calculated based on the statutory income tax rate of 33% on the assessable profit of each of the entities now comprising the Group in the PRC as determined in accordance with the relevant income tax rules and regulations in the PRC.

No provision for Hong Kong profits tax was made as the Group had no assessable profit in Hong Kong for both periods.

(5) DISCONTINUED OPERATIONS

The results of discontinued operations are as follows:

	Unaudited six months ended 30 June 2007 HK$'000	2006 HK$'000
Revenue	**—**	426,452
Cost of sales	**—**	(287,602)
Other operating, administrative and selling expenses	**—**	(163,522)
Depreciation and amortisation	**—**	(14,092)
Finance costs	**—**	(2,160)
Loss before tax	**—**	(40,924)
Income tax expense	**—**	—
Loss for the period	**—**	(40,924)

(6) PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
This is stated after charging (crediting):						
Depreciation on property, plant and equipment	**1,167**	9,893	**—**	13,130	**1,167**	23,023
Interest on borrowings	**5,829**	967	**—**	2,160	**5,829**	3,127
Interest income	**(1,726)**	(34)	**—**	(1,112)	**(1,726)**	(1,146)

(7) EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the six months ended 30 June 2007 together with the comparative figures for 2006 are as follows:

	Unaudited six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Earnings		
Continuing operations		
Profits for the purpose of basic and diluted earnings per share	**11,056**	65,047
Discontinued operations		
Loss for the purpose of basic and diluted loss per share	**—**	(40,924)
Continuing and discontinued operations		
Profits for the purpose of basic and diluted earnings per share	**11,056**	24,123
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,287,844,555**	1,092,526,145

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share from continuing operations, discontinued operations, and continuing and discontinued operations.

	Unaudited six months ended 30 June	
	2007	2006
	HK$	HK$
Earnings (loss) per share		
Continuing operations		
Basic earnings per share	**0.9 cent**	6.0 cents
Discontinued operations		
Basic loss per share	**—**	(3.8) cents
Continuing and discontinued operations		
Basic earnings per share	**0.9 cent**	2.2 cents

The computation of diluted earnings (loss) per share for the six months ended 30 June 2007 and 2006 did not assume the exercise of the Company's convertible loan notes existed during the period since their exercise would result in an increase (decrease) in earnings (loss) per share.

(8) PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK$50,000.

(9) TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days to trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
0-30 days	**4,317**	912
31-60 days	**4,513**	—
61-90 days	**4,130**	16,813
Over 90 days	**12,545**	62,062
	25,505	79,787

The Directors consider that the carrying amount of the trade and other receivables approximate their fair values.

(10) TRADE AND OTHER PAYABLES

The average credit period taken for trade purchase is 30 to 90 days. The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
0-30 days	**693**	2,892
31-60 days	**—**	850
61-90 days	**—**	2,425
Over 90 days	**7,619**	5,420
	8,312	11,587

The amount due to a director was unsecured, interest-free and repayable on demand.

The Directors consider that the carrying amount of the trade and other payables approximate their fair values.

(11) CONVERTIBLE LOAN NOTES ("LOAN NOTES")

First Convertible Loan Note

On 15 August 2005, the Company issued a convertible loan note (the "First Convertible Loan Note") with a principal amount of HK$108,000,000 to AustChina Information Technology Pyt Limited. The First Convertible Loan Note was subsequently transferred to Mr. Pun So on 10 February 2006. The First Convertible Loan Note bears zero coupon rate. The maturity date is 31 August 2007 or any other date mutually agreed between the Company and the noteholder. The First Convertible Loan Note shall be repaid on the maturity date if no conversion is noted. The conversion price of the First Convertible Loan Note is HK$0.45 per share (subject to adjustment) and the conversion right attached to the First Convertible Loan Note can be exercised at any time after the expiry of 6 months from the issue date of the First Convertible Loan Note and ending on the maturity date.

Second Convertible Loan Note

On 30 December 2005, the Company issued another convertible loan note with a principal amount of HK$180,000,000 (the "Second Convertible Loan Note") to Mr. Qian Song Wen (the "Timecastle Vendor") for settlement of part of the consideration for the acquisition of the Timecastle International Limited ("Timecastle") and its subsidiaries ("Timecastle Group") under the share purchase agreement dated 24 August 2005 (the "Timecastle S&P Agreement"). The Second Convertible Loan Note bears zero coupon rate. The maturity date is 31 December 2007 or any other date mutually agreed between the Company and the Timecastle Vendor, on which all outstanding principal amount of the Second Convertible Loan Note shall be fully repaid. The Company has the repayment right at any time during the conversion period. The conversion price of the Second Convertible Loan Note is HK$0.45 per share (subject to adjustment). Pursuant to a supplemental agreement dated 26 April 2006 (the "Timecastle Supplemental Agreement"), the terms of the Second Convertible Loan Note were changed as follows: (i) the Timecastle Vendor undertook to the Group that he shall not exercise any conversion right attached to the Second Convertible Loan Note (with principal amount as adjusted by the Group, if any) at any time before the 7th business day after the issue of the audited accounts of the Timecastle Group for the year ending 31 December 2006, or the date on which the reorganization to convert Oriental Kenzo Commercial (Beijing) Limited (東方銀座商業(北京)有限公司), a PRC incorporated company, into a wholly foreign owned enterprise in accordance with the PRC laws and the transfer of the entire interest of Oriental Kenzo Commercial (Beijing) Limited (東方銀座商業(北京)有限公司) to the wholly-owned subsidiary of Timecastle becomes effective, whichever is the later; and (ii) the principal amount of the Second Convertible Loan Note shall be reduced by an amount of approximately HK$1,694,000 which is equal to the shortfall of the audited net profit after tax of the Timecastle Group for the year ending 31 December 2006 prepared in accordance with Hong Kong Financial Reporting Standards to the guaranteed profit of RMB80 million multiplied by 6.5 less the balance of the consideration due to the Timecastle Vendor, which has been included in "Prepayments, deposits and other receivables" on the consolidated balance sheet as at 31 December 2006.

In May 2007, the principal amount of the Second Convertible Loan Note was adjusted to HK$178,306,425 after the issue of the audited accounts of the Timecastle Group for the year ending 31 December 2006.

In May 2007, the First Convertible Loan Note was partially settled by cash to the extent of HK$78 million and fully converted the balance to the extent of HK$30 million, and the Second Convertible Loan Note was fully converted, resulting in the issue of an aggregate of 462,903,167 shares by the Company.

The Loan Notes contain two components, liability and equity elements. The equity element is presented in equity heading "Convertible loan notes equity reserve". The effective interest rate of the liability component is 6.26%.

(11) CONVERTIBLE LOAN NOTES ("LOAN NOTES") (Continued)

The movement of the liability component of the Loan Notes for the period/year is set out below:

	First Convertible Loan Note HK$'000	**Second Convertible Loan Note** HK$'000	**Total** HK$'000
Principal amount	108,000	180,000	288,000
Equity component	(11,898)	(21,048)	(32,946)
Liability component at date of issue	96,102	158,952	255,054
Imputed interest charged	7,941	10,197	18,138
Liability component at 31 December 2006	104,043	169,149	273,192
Imputed interest charged	1,267	3,625	4,892
Adjustment per Timecastle Supplemental Agreement	—	(1,591)	(1,591)
Settled by cash	(75,874)	—	(75,874)
Converted to ordinary shares	(29,436)	(171,183)	(200,619)
Liability component at 30 June 2007	—	—	—

(12) SHARE CAPITAL

	Note	**Number of shares**	**Amount** HK$'000
Authorised:			
Ordinary shares of HK$0.02 each			
At 1 January 2007 and 30 June 2007		**3,000,000,000**	60,000
Issued:			
Ordinary shares of HK$0.02 each			
At 1 January 2007		**1,092,526,145**	21,851
Issue of subscription shares	(a)	**100,000,000**	2,000
Issue of new shares due to exercise of the Loan Notes	(b)	**462,903,167**	9,258
At 30 June 2007		**1,655,429,312**	33,109

Notes:

(a) In February 2007, 100,000,000 new shares of HK$0.02 each at the subscription price of HK$0.28 per share were issued to Fit Top Investments Limited ("Fit Top"), a company wholly-owned by Ms. Tin Yuen Sin Carol ("Ms. Tin"), and the total net proceeds of HK$27.5 million had been raised for general working capital of the Group pursuant to the top-up subscription agreement dated 9 February 2007 entered into between the Company and Fit Top, pursuant to which Fit Top agreed to subscribe for new shares in amount equivalent to the number of shares actually placed by the placing agent under the placing agreement dated 9 February 2007 between Fit Top and the placing agent at a subscription price of HK$0.28 per share.

(b) In May 2007, the two Loan Notes holders exercised their rights to convert the whole outstanding principal balances of the Loan Notes of HK$30,000,000 and HK$178,306,425 respectively at the exercise price of HK$0.45 per share, resulting in the issue of 66,666,667 shares and 396,236,500 shares of HK$0.02 each on 2 May 2007 and 11 May 2007 respectively.

(13) DIVIDEND

No dividend was paid during the period. The Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

(14) CONTINGENT LIABILITIES

As at 30 June 2007, the Group has no material contingent liabilities.

(15) RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

		Unaudited six months ended 30 June 2007 HK$'000	2006 HK$'000
CASH Group			
Disposal of subsidiaries	Note	**—**	130,590
Rental expenses paid		**—**	2,518
Compensation to key management personnel of the Group			
Short-term employee benefits		**1,503**	—
Post-employment benefits		**43**	—
		1,546	—

Note:

During the six months ended 30 June 2006, the Group disposed of the 100% equity interest in the Retail Group and the entire loan due from the Retail Group to the Company at a final cash consideration of HK$130,590,000 pursuant to the sale and purchase agreement dated 20 February 2006 entered into between the Company and a wholly-owned subsidiary of CASH. At 30 June 2006, the remaining balance of the consideration of HK$100,590,000 was due from CASH Group to the Company. In April 2007, all the remaining balance of the consideration was repaid.

(16) COMMITMENTS

(A) Operating lease commitments

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under the non-cancellable operating leases in rented premises which fall due as follows:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
Within one year	**66,383**	41,931
In the second to fifth year inclusive	**693,860**	602,091
Over five years	**1,194,379**	1,232,804
	1,954,622	1,876,826

(16) COMMITMENTS (Continued)

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for retail premises in the PRC for the following future minimum lease payments:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
Within one year	**58,544**	53,675
In the second to fifth year inclusive	**129,017**	52,459
Over five years	**173,421**	53,410
	360,982	159,544

(B) Capital commitments

As at 30 June 2007, the Group has no material capital commitments.

(17) EVENTS AFTER THE BALANCE SHEET DATE

(a) On 14 April 2007, the Group entered into two sale and purchase agreements ("S&P Agreements") with Mr. Long Rui Ming, John (the "Vendor") to acquire the entire equity interests in each of Fortune International Business Limited ("FIB"), and Sunny Sky Properties Limited ("SSP") and their respective shareholder's loans (the "Proposed Acquisition") at a total consideration of HK$1.6 billion.

On 15 August 2007, the Group entered into two supplemental deeds with the Vendor to amend certain terms of the S&P Agreements in order to reflect the changes in value in the FIB group companies and the SSP group companies. Furthermore, to reduce the dilution effect to the existing shareholders of the Company, the consideration will be settled wholly by payment of cash instead of a combination of cash consideration and issue of the Company's shares.

Details of the above Proposed Acquisitions are set out in the announcements dated 19 April 2007 and 15 August 2007 and the circular dated 17 September 2007, which are subject to the approval of the ordinary resolutions by shareholders of the Company in the special general meeting on 15 October 2007.

(b) The Board proposes to change the name of the Company from CASH RETAIL MANAGEMENT GROUP LIMITED (時惠環球控股有限公司* for identification purposes only) to ORIENTAL GINZA HOLDINGS LIMITED and adopt the Chinese name of 東方銀座控股有限公司 as a secondary name.

(c) The Board proposes the increase in authorised share capital from HK$60,000,000 to HK$150,000,000 by creation of an additional 4,500,000,000 ordinary shares of HK$0.02 each.

Details of the above proposed change of name and increase in authorised share capital are set out in the announcement dated 17 September 2007 and the circular dated 20 September 2007, which are subject to the approval of the special resolution and ordinary resolution respectively by shareholders of the Company in the special general meeting on 15 October 2007.

(18) COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the current period's presentation.

Review and Outlook

BUSINESS REVIEW

Development planning advisory service for shopping malls

The Group provides professional development planning advisory services to assist our clients in developing and managing shopping malls. Advisory services offered include feasibility study, market research, market positioning, shopping mall design and decoration, business canvass and image management. During the period, the Group provided advisory service to two shopping malls in Beijing, the PRC.

The rising prosperity in the PRC together with the policies for the relaxation of restrictions on foreign retailers entering China have caused great influx of foreign retailers in the prime cities of the PRC, especially in Beijing and Shanghai. The competition from foreign retailers has posed great threat to the local retailers and consequently boosted the demand of facilities development and management advisory services for the local shopping malls. Furthermore, as a consequence of the increase in citizens' disposable income and consumption power in the PRC, the consumers are not just looking for stores with variety of quality merchandise, but also want to have enjoyable shopping experiences from the one-stop shopping malls, which provide convenience and comfortable environment for them to shop, relax and gather with families and friends. With the maturing of the retail market, it is expected that the demand for better managed retail space will further increase and there will be an increasing needs of development planning advisory services for shopping malls to address the demand from both tenants and end-users.

Advertising and promotion advisory services

The Group renders full advertising and promotion advisory services which include the provision of advices on marketing strategies, brand management, commercials production and graphic designs. Moreover, the Group organizes seasonal promotion activities to increase the customer traffic and stimulate consumer spending of the shopping malls. During the period, successful campaigns such as "Kite-Flying Festival" co-organized with The Beijing Kite-Flying Association, "DongFeng Nissan Vehicle All-Function Competition"("東風日產汽車全能賽") co-organized with DongFeng Nissan Passenger Vehicle Company and "Try-Ride Try-Drive Experience Festival" ("試乘試駕體驗節") co-organized with a series of famous PRC vehicle manufacturers were launched with remarkable consumers' participations.

Store management services

During the six months ended 30 June 2007, the Group had entered into leasing agreements with shopping malls landlords and retail tenants in order to provide them all-in-one store management services, including but not limited to application for licence, fire prevention approval, shop renovation co-ordination and grand opening preparation.

Operation of department stores

The operation of Oriental Kenzo (Beijing) Department Store ceased in last year owing to the early termination of the tenancy agreement by the landlord. The Group has identified several potential locations for the set up of new department store so as to utilise its advantages of having a full retail business licence for chain store operations throughout the PRC.

FINANCIAL REVIEW

Financial results

For the six months ended 30 June 2007, the Group recorded a total revenue of approximately HK$52.3 million (2006: HK$55.8 million), representing a decrease of approximately HK$3.5 million or 6.3% as compared with last period. The net profit for the period was approximately HK$11.1 million, representing a decrease of approximately HK$13.0 million or 53.9% as compared with the net profit of approximately HK$24.1 million in last period.

On 20 February 2006, the Group entered into an agreement to dispose of its entire equity interest in the Retail Group with brand names of Pricerite, 3C Digital and LifeZtore, to a wholly-owned subsidiary of CASH, the Company's former holding company, at a consideration of HK$130.6 million. The disposal was completed on 30 June 2006. For the six months ended 30 June 2007, the Group ceased to consolidate the results of the Retail Group, that were classified as discontinued operation in last corresponding period. The revenue from continuing operations were mainly derived from retail-related business in the PRC market, including the provision of development planning advisory services for shopping malls, the provision of advertising and promotion advisory services, the provision of store management services and operation of department stores.

Capital structure, liquidity and financial resources

As at 30 June 2007, the current assets and current liabilities of the Group were approximately HK$449.7 million (31 December 2006: HK$532.4 million) and HK$104.2 million (31 December 2006: HK$432.8 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 4.3 times, which showed a significant improvement when compared with that of approximately 1.2 times at the previous year end. The Group's total assets and total liabilities amounted to approximately HK$528.5 million (31 December 2006: HK$612.1 million) and HK$104.2 million (31 December 2006: HK$432.8 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.2 as at 30 June 2007, which also showed a significant improvement as compared with approximately 0.7 as at 31 December 2006.

The cash and cash equivalents as at 30 June 2007 was approximately HK$15.9 million (31 December 2006: HK$1.7 million). The increase was mainly attributable to the proceeds from the top-up subscription of shares of the Company in February 2007.

The bank borrowings as at 30 June 2007 amounted to approximately HK$20.5 million (31 December 2006: HK$20.0 million), representing an increase of 2.5% solely due to the appreciation of Renminbi ("RMB") in which the bank borrowings were denominated. The effective interest rate is 9.2% per annum and the bank loan is secured by a corporate guarantee given by a third party. All the outstanding borrowings are repayable within one year. As at 30 June 2007, all the liability component of the convertible loan notes had been either settled by cash or converted to ordinary shares of the Company (31 December 2006: HK$273.2 million). The Group's gearing ratio, calculated as total interest bearing borrowings over total shareholders' funds, was 4.8% as at 30 June 2007 as compared to 163.5% on 31 December 2006.

As at 30 June 2007, the authorized share capital of the Company was HK$60 million divided into 3,000,000,000 shares of HK$0.02 each and the issued share capital of the Company was approximately HK$33.1 million divided into 1,655,429,312 shares of HK$0.02 each.

On 9 February 2007, Fit Top, a substantial shareholder of the Company which is wholly-owned by a Director of the Company, entered into a placing agreement and a top-up subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, Fit Top placed through the placing agent an aggregate of 100 million existing shares in the Company to the placees, who and whose ultimate beneficial owner(s) are independent third parties of the Company and its connected persons, at a price of HK$0.28 per share. Pursuant to the top-up subscription agreement, Fit Top subscribed for an aggregate of 100 million shares in the Company at a price of HK$0.28 per share.

In May 2007, the Loan Note were partially settled by cash to the extent of HK$78 million and fully converted the balance to the extent of approximately HK$208.3 million, resulting in the issue of an aggregate of 462,903,167 shares by the Company.

INDUSTRY REVIEW

According to the information from Beijing Municipal Bureau of Statistics, the gross domestic product (GDP) of Beijing in 2006 amounted to approximately RMB772 billion, representing a year-on-year growth of approximately 12%. In terms of permanent population, the GDP per capita in Beijing reached RMB49,505 in 2006, representing a growth of approximately 8.8% over the previous year. The per capita disposable income of urban households in Beijing also recorded a significant year-on-year growth of approximately 12% and reached approximately RMB20,000 in 2006. Although real estate prices have risen strongly, the growth of per capita net disposable income has outpaced the growth of real estate prices in the recent years.

IMPORTANT EVENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 14 April 2007 and 15 August 2007, two wholly-owned subsidiaries of the Company entered into two respective sale and purchase agreements and two respective supplemental deeds respectively with an independent third party to acquire the entire equity interest in each of Fortune International Business Limited and Sunny Sky Properties Limited and their respective shareholder's loans at a total consideration of HK$1.6 billion. A refundable deposit in total of HK$210 million was paid in April 2007. Fortune International Business Limited and Sunny Sky Properties Limited are investment holding companies and their subsidiaries (the "Acquired Groups") are principally engaged in property investment and development and real estate management. Major assets owned by the Acquired Groups include two commercial and residential complexes, namely Oriental Kenzo Plaza (東方銀座廣場) and Shilibao (十里堡), in Beijing, the PRC. The proposed acquisition constituted a very substantial acquisition and is subject to shareholders' approval at the forthcoming special general meeting and the fulfilment or waive of the conditions precedent. References are made to the announcements dated 19 April 2007 and 15 August 2007 and the circular dated 17 September 2007.

PROSPECTS

China has experienced exceptional economic growth in the recent years as a result of the strong manufacturing activities and exports as well as increasing domestic wealth and rising consumption. The rising prosperity together with the liberalization of the retail sector in the PRC has also boosted retailer demand for the limited amount of high quality retail space in prime locations. Furthermore, the increasing business activities associated with the 2008 Olympics and the 2010 World Expo are expected to underpin strong growth in retail market and strong demand for quality office premises in Beijing.

The Directors believe that the new measures introduced by the PRC Government to control properties supply and real estate transactions will further strengthen the market controls and promote healthy and sustainable growth in the industry. The Directors consider that the strong growth and structural changes underway throughout the economy as well as the expectation of the further RMB appreciation will fuel investment interest for quality properties in the PRC and keep the medium- to long-term prospects of the property market in the PRC remain positive. The Directors believe that the investment in the Acquired Groups will allow the Company to diversify its income source and to tap into the property investment business in the PRC which the Directors consider to have substantial growth potential in the future in light of the rapid growth in the economy in the PRC. After completion of the proposed acquisition, the Group's scope of business shall expand to include property investment while the existing retail-related business, including the provision of development planning advisory services for shopping malls, the provision of advertising and promotion advisory services, the provision of store management services and operation of department stores are maintained. Given the promising market potential, the Directors expect that the Acquired Groups can contribute steady rental income as well as potential gain for asset appreciation to the Group in the future. Therefore, for the year ahead, the Group will expand its business scope to property investment while continuing its efforts on further developing retail business in the PRC.

CHARGES ON ASSETS

As at 30 June 2007, none of the Group's assets was under charges (31 December 2006: Nil).

EXPOSURE TO EXCHANGE RATES

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars and RMB. As RMB is becoming more volatile, the Group's operations and performances might thus be affected. Presently, the Group does not have any currency hedging policy but will closely monitor the fluctuation of RMB exchange rate and take appropriate measures to minimise any adverse impact that may be caused by such fluctuation.

EMPLOYEE INFORMATION

As at 30 June 2007, the Group had 138 employees (30 June 2006: 38 employees). Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the period under review was approximately HK$3.1 million (30 June 2006: HK$58.6 million).

Directors' Interests in Shares, Underlying Shares and Convertible Loan Notes

As at 30 June 2007, the interests of the Directors and chief executive of the Company in the shares, underlying shares and convertible loan notes of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules ("Model Code") were as follows:

LONG POSITIONS IN THE ORDINARY SHARE OF HK$0.02 EACH OF THE COMPANY

Name	Capacity	Number of shares held	Shareholding (%)
Ms. Tin	Beneficial owner	86,000,000	5.19
	Held by a controlled corporation (Note)	531,551,354	32.11
		617,551,354	37.30

Note : At 30 June 2007, Ms. Tin was deemed to be interested in 531,551,354 ordinary shares of the Company through her 100% beneficial interest in Fit Top as disclosed in the "Substantial Shareholders" below.

Save as disclosed above, as at 30 June 2007, none of the Directors, chief executive nor their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares or convertible loan notes of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Share Option Scheme

No share options to subscribe for shares in the Company has been granted and held by participants under the share option scheme of the Company during the six months ended 30 June 2007.

Substantial Shareholders

As at 30 June 2007, the persons, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Ordinary share of HK$0.02 each of the Company

Name	Capacity	Number of shares	Number of underlying shares	Shareholding (%)
Fit Top (Note)	Beneficial owner	531,551,354	—	32.11

Note:

Fit Top was a company wholly owned by Ms. Tin. Pursuant to SFO, Ms. Tin was deemed to be interested in the shares held by Fit Top. The above interest has already been disclosed in the section headed "Directors' Interests in Securities" above.

Save as disclosed above, as at 30 June 2007, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

Purchase, Sale or Redemption of The Company's Securities

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company has complied throughout the six months ended 30 June 2007 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors therein throughout the period.

Review of Interim Results

The audit committee of the Company has reviewed this interim report 2007 and the Group's unaudited consolidated results for the six months ended 30 June 2007 although the external auditors of the Company have not reviewed such interim results.

On behalf of the Board
Tin Yuen Sin Carol
Chairperson

Hong Kong, 21 September 2007

As at the date hereof, the executive Directors are Ms. Tin Yuen Sin Carol, Mr. Choi Chiu Fai Stanley, Mr. Chan Hon Ming Alan, Mr. Tse Pui To Dickson, Mr. Lam Yat Ming and Mr. Zhang Feng, and the independent non-executive Directors are Mr. Ng Ka Chung Simon, Mr. Chan Wai Yip Freeman and Ms. Leung Po Ying Iris.