



莊勝百貨集團有限公司  
JUNEFIELD DEPARTMENT STORE GROUP LIMITED

(Stock Code: 758)

INTERIM REPORT

09



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The board of directors (the "Board") of Junefield Department Store Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009 as below:

## **CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

*Six months ended 30 June 2009*

		<b>Six months ended</b>	
		<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
	<i>Note</i>		
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>24,922</b>	15,774
Cost of sales/services		<b>(8,014)</b>	(2,281)
Gross profit		<b>16,908</b>	13,493
Other income	5	<b>574</b>	16
Change in fair value of investment properties		<b>(1,926)</b>	–
Employee benefits expense		<b>(4,180)</b>	(3,925)
Depreciation of property, plant and equipment		<b>(411)</b>	(139)
Amortisation of prepaid land lease payments		<b>(15)</b>	(16)
Selling expenses		<b>(99)</b>	–
Other operating expenses		<b>(15,214)</b>	(7,259)
OPERATING (LOSS)/PROFIT		<b>(4,363)</b>	2,170
Finance costs	6	<b>(1,910)</b>	(3,253)
Share of profit of a jointly-controlled entity		<b>43,729</b>	53,919
PROFIT BEFORE TAX		<b>37,456</b>	52,836
Tax	7	<b>(671)</b>	(772)



**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT** *(continued)*

*Six months ended 30 June 2009*

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
<i>Note</i>		
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	<b>36,785</b>	52,064
<b>DISCONTINUED OPERATION</b>		
Loss for the period from a discontinued operation	–	(343)
<b>PROFIT FOR THE PERIOD</b>	<b><u>36,785</u></b>	<b><u>51,721</u></b>
Attributable to:		
Equity holders of the Company	<b>35,910</b>	51,721
Minority interests	<b>875</b>	–
	<b><u>36,785</u></b>	<b><u>51,721</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Basic and diluted	<i>8</i>	
– For profit for the period	<b><u>6.34 cents</u></b>	<b><u>11.24 cents</u></b>
– For profit from continuing operations	<b><u>6.34 cents</u></b>	<b><u>11.31 cents</u></b>



## **CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

*Six months ended 30 June 2009*

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
Profit for the period	<b>36,785</b>	51,721
Other comprehensive income:		
Currency translation difference	<b>588</b>	(891)
Total comprehensive income for the period	<b><u>37,373</u></b>	<u>50,830</u>
Attributable to:		
Equity holders of the Company	<b>36,498</b>	50,830
Minority interests	<b>875</b>	–
Total comprehensive income for the period	<b><u>37,373</u></b>	<u>50,830</u>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

Note	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
	<b>177,077</b>	2,727
	<b>15,060</b>	16,986
	<b>564</b>	548
	<b>82,761</b>	219,610
11	<b>53,872</b>	–
	<b>–</b>	–
	<b>329,334</b>	239,871
<b>CURRENT ASSETS</b>		
	<b>3,511</b>	–
12	<b>11,856</b>	745
	<b>17,013</b>	705
	<b>3,891</b>	4,412
	<b>346</b>	77
	<b>1,560</b>	941
	<b>–</b>	–
	<b>–</b>	1,687
	<b>7,113</b>	2,289
	<b>94,554</b>	3,375
	<b>139,844</b>	14,231
<b>CURRENT LIABILITIES</b>		
13	<b>19,803</b>	13,361
	<b>62,926</b>	28,509
	<b>28</b>	9,434
	<b>2,114</b>	1,229
	<b>2,265</b>	2,611
14	<b>19,967</b>	28,625
	<b>–</b>	69,851
	<b>107,103</b>	153,620



## **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*(continued)*

*At 30 June 2009*

	<i>Note</i>	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>32,741</b>	(139,389)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>362,075</b>	100,482
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>9,575</b>	9,575
Interest-bearing bank loan and other borrowings	<i>14</i>	<b>99,835</b>	–
<b>Total non-current liabilities</b>		<b>109,410</b>	9,575
<b>Net assets</b>		<b>252,665</b>	90,907
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	<i>15</i>	<b>99,957</b>	42,193
Reserves		<b>109,528</b>	48,714
		<b>209,485</b>	90,907
Minority interests		<b>43,180</b>	–
<b>Total equity</b>		<b>252,665</b>	90,907



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2009

	Attributable to equity holders of the Company							Minority interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve	Accumulated losses/retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (audited)	42,193	42,424	230	19,465	(2,460)	(10,945)	90,907	-	90,907
Currency translation difference recognized directly in equity	-	-	-	-	588	-	588	-	588
Profit for the period	-	-	-	-	-	35,910	35,910	875	36,785
Total comprehensive income for the period	-	-	-	-	588	35,910	36,498	875	37,373
Acquisition of minority interests	-	-	-	-	-	-	-	42,305	42,305
Issue of new shares for acquisition of subsidiaries	36,667	25,666	-	-	-	-	62,333	-	62,333
Issue of new shares upon rights issue	21,097	-	-	-	-	-	21,097	-	21,097
Shares issue expenses	-	(1,350)	-	-	-	-	(1,350)	-	(1,350)
At 30 June 2009 (unaudited)	99,957	66,740	230	19,465	(1,872)	24,965	209,485	43,180	252,665
At 1 January 2008 (audited)	42,193	42,424	230	19,465	(1,627)	(101,428)	1,257	-	1,257
Currency translation difference recognized directly in equity	-	-	-	-	(891)	-	(891)	-	(891)
Profit for the period	-	-	-	-	-	51,721	51,721	-	51,721
Total comprehensive income for the period	-	-	-	-	(891)	51,721	50,830	-	50,830
At 30 June 2008 (unaudited)	42,193	42,424	230	19,465	(2,518)	(49,707)	52,087	-	52,087





## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2009

	Note	Six months ended	
		30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		<b>(9,640)</b>	6,444
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	16	<b>114,979</b>	(1,984)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		<b>(15,075)</b>	(7,191)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>90,264</b>	(2,731)
Effect of foreign exchange rate changes, net Cash and cash equivalents at beginning of the period		<b>915</b>	3,654
		<b>3,375</b>	3,815
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<b>94,554</b>	4,738
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<b>94,554</b>	4,738



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 13th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong respectively.

The principal activities of the Group are property investment, provision of property management and agency services and provision of brand sourcing consultancy and property management consultancy services for retail business in the People's Republic of China ("PRC"), and sales and manufacture of construction materials.

In the opinion of the directors of the Company, the immediate holding company of the Company is Prime Century Investments Limited ("PCI"), a company incorporated in British Virgin Islands, and the ultimate holding company of the Company is Junefield (Holdings) Limited, a company incorporated in Hong Kong.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim 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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").



### **3. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated interim financial statements have been prepared on the historical costs basis, except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2009.

HKAS 1 (Revised 2007)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised 2007)	<i>Borrowing Costs</i>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	<i>Operating Segments</i>
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	<i>Embedded Derivatives</i>
HK(IFRIC) – Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC) – Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC) – Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39



### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated interim financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, over 90% of the Group's revenues made to customers in PRC, no geographical segment information was presented. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14. The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 27 (Revised 2008)	<i>Consolidated and Separate Financial Statements</i> <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised 2008)	<i>Business Combinations</i> <sup>1</sup>
HK(IFRIC) – Int 17	<i>Distribution of Non-cash Assets to Owners</i> <sup>1</sup>
HK(IFRIC) – Int 18	<i>Transfers of Assets from Customers</i> <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>4</sup> Effective for transfers on or after 1 July 2009



### **3. PRINCIPAL ACCOUNTING POLICIES** *(continued)*

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### **4. SEGMENT INFORMATION**

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as starting point for the identification of such segments. No geographical segment is presented as over 90% of Group's revenue made to customers based in PRC.

Business segment information is chosen as the primary reporting segment format. The principal activities of the main business segments of the Group are as follows:

- (a) the property investment segment engages in property leasing;
- (b) the property management and agency services segment provides property management and agency services;
- (c) the consultancy services segment provides brand sourcing consultancy and property management consultancy services for retail business in PRC;
- (d) the sale and manufacture of construction materials; and
- (e) the construction segment engages in construction contract works as a main contractor or subcontractor, primarily in respect of design, decoration, electrical and mechanical works, which was discontinued on 31 December 2008.



**4. SEGMENT INFORMATION** *(continued)*

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**Business segments**

The following tables present revenue and results for the Group's business segments for the six months ended 30 June 2009 and 2008.

**Six months ended 30 June 2009**

	Continuing operations				Discontinued operation		
	Property investment (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Consultancy services (Unaudited) HK\$'000	Sale and manufacture of construction materials (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Construction (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:							
Sales to external customers	121	6,999	9,000	8,802	24,922	-	24,922
Segment results	115	1,576	5,069	2,573	9,333	-	9,333
Other income					574	-	574
Unallocated head office and corporate expenses					(12,344)	-	(12,344)
Change in fair value of investment properties					(1,926)	-	(1,926)
Finance costs					(1,910)	-	(1,910)
Share of profit of a jointly-controlled entity					43,729	-	43,729
Profit before tax					37,456	-	37,456
Tax					(671)	-	(671)
Profit for the period					36,785	-	36,785



**4. SEGMENT INFORMATION** (continued)

**Business segments** (continued)

Six months ended 30 June 2008

	Continuing operations					Discontinued operation	
	Property investment (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Consultancy services (Unaudited) HK\$'000	Sale and manufacture of construction materials (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Construction (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:							
Sales to external customers	343	6,431	9,000	-	15,774	-	15,774
Segment results	335	931	6,003	-	7,269	(751)	6,518
Other income					16	418	434
Unallocated head office and corporate expenses					(5,115)	(10)	(5,125)
Finance costs					(3,253)	-	(3,253)
Share of profit of a jointly-controlled entity					53,919	-	53,919
Profit/(loss) before tax					52,836	(343)	52,493
Tax					(772)	-	(772)
Profit/(loss) for the period					52,064	(343)	51,721



**5. REVENUE AND OTHER INCOME**

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
<b>Revenue</b>		
Consultancy services fee	<b>9,000</b>	9,000
Gross rental income	<b>121</b>	343
Property management and agency fees	<b>6,999</b>	6,431
Sales of construction materials	<b>8,802</b>	–
	<hr/>	<hr/>
Attributable to continuing operations reported in the condensed consolidated interim income statement	<b>24,922</b>	15,774
	<hr/> <hr/>	<hr/> <hr/>
<b>Other income</b>		
Bank interest income	<b>55</b>	8
Reversal of impairment of amount due from a subsidiary's minority shareholder	<b>313</b>	–
Others	<b>206</b>	8
	<hr/>	<hr/>
Attributable to continuing operations reported in the condensed consolidated interim income statement	<b>574</b>	16
Reversal of impairment of amount due from a subsidiary's minority shareholder attributable to a discontinued operation	<b>–</b>	408
Others attributable to a discontinued operation	<b>–</b>	10
	<hr/>	<hr/>
	<b>574</b>	434
	<hr/> <hr/>	<hr/> <hr/>





## 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
Interest expenses on:		
Interest-bearing borrowings wholly repayable within five years	<b>1,741</b>	3,253
Total interest expenses on:		
Bank loan wholly repayable within five years	<b>675</b>	–
Less: interest capitalised	<b>(506)</b>	–
	<b>169</b>	–
	<b>1,910</b>	3,253

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## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the six months ended 30 June 2009, no provision for Hong Kong profits tax has made as the Group had no assessable profit arising in or derived from Hong Kong for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
Group – current tax:		
Hong Kong	–	595
Elsewhere	<b>671</b>	177
Tax charge for the period	<b>671</b>	772



**7. TAX (continued)**

Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji"), a subsidiary of the Group, is subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% on taxable income as reported in the statutory PRC financial statements for the period. Hunan Taiji is entitled to exemption from EIT for the first two profitable years commencing from the year ended 31 December 2007 and a 50% reduction from normal EIT for the three years following.

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

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the Company of approximately HK\$35,910,000 (six months ended 30 June 2008: HK\$51,721,000) and the weighted average of 566,297,080 (six months ended 30 June 2008 (restated): 460,196,905) ordinary shares in issue during the period. The comparative amount of the basic earnings per share for 2008 has been adjusted to reflect the impact of the rights issue during the period under review.

The Company had no diluting events existed for the six months ended 30 June 2009 and 2008.

The calculations of basic and diluted earnings per share are based on:

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
<hr/>		
<u>Earnings</u>		
Profit/(loss) attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation:		
From continuing operations	<b>35,910</b>	52,064
From a discontinued operation	-	(343)
	<hr/>	<hr/>
Profit attributable to equity holders of the Company	<b>35,910</b>	51,721
	<hr/> <hr/>	<hr/> <hr/>



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

*(continued)*

	<b>Number of shares</b>	
	<b>30 June 2009 (Unaudited)</b>	30 June 2008 (Unaudited) (Restated)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b><u>566,297,080</u></b>	<u>460,196,905</u>

## **9. INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

## **10. PRESENTATION OF DISCONTINUED OPERATION AND COMPARATIVE FIGURES**

On 31 December 2008, all shareholders of a subsidiary of the Group consented to terminate all its operations since there was no operating activities upon the expiry of its PRC business licence. The condensed consolidated interim income statement for the six months ended 30 June 2008 has been re-presented accordingly.

## **11. ACQUISITION OF SUBSIDIARIES**

On 8 April 2009, the Group acquired the entire issued share capital of Junefield (Building Material) Limited and assigned the shareholder's loan at the total consideration of HK\$55,000,000 paid in cash and issue of 366,666,667 consideration shares. The acquisition constituted a very substantial acquisition and connected transaction under the Listing Rules. It was approved by the shareholders of the Company at a special general meeting held on 21 May 2009. Details of this very substantial acquisition and connected transaction were set out in the Company's circular dated 5 May 2009. The acquisition was duly completed on 22 May 2009. The financial results of Junefield (Building Material) Limited have been consolidated into the financial statements of the Group since 22 May 2009.



**11. ACQUISITION OF SUBSIDIARIES** *(continued)*

The net assets acquired in the transaction and the goodwill arising are as follows:

	<b>Acquiree's carrying amount and fair value recognized on acquisition (Unaudited)</b> <i>HK\$'000</i>
<hr/>	
Net assets acquired:	
Property, plant and equipment	169,956
Inventories	2,955
Accounts receivable	1,600
Prepayments, deposits and other receivables	18,256
Tax recoverable	582
Cash and bank balances	66,115
Accounts payable	(4,885)
Accruals and other payables	(35,560)
Amount due to a shareholder	(49,359)
Interest-bearing bank loan	(113,254)
Minority interest	(42,304)
	<hr/>
	14,102
Goodwill arising	53,872
Amount due to a shareholder acquired	49,359
	<hr/>
	117,333
	<hr/> <hr/>
Satisfied by:	
Cash	55,000
Consideration shares <i>(Note)</i>	62,333
	<hr/>
	117,333
	<hr/> <hr/>
Net cash inflow arising on acquisition:	
Cash paid	(55,000)
Cash acquired	66,115
	<hr/>
	11,115
	<hr/> <hr/>



## 11. ACQUISITION OF SUBSIDIARIES *(continued)*

*Note:*

HK\$62,333,000 of the total consideration was satisfied by issue of 366,666,667 consideration shares at an issue price of HK\$0.15 per consideration share. The acquisition was duly completed on 22 May 2009. The closing price of the shares of the Company on 22 May 2009 was HK\$0.17 per share.

## 12. ACCOUNTS RECEIVABLE

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Accounts receivable	<b>27,044</b>	15,786
Impairment	<b>(15,188)</b>	(15,041)
	<b>11,856</b>	745

The Group's accounts receivable included an amount of HK\$9,000,000 (31 December 2008: Nil) due from Wuhan Junefield Sogo Department ("Wuhan Sogo"), a related company of the Group, which is non-interest-bearing and denominated in Hong Kong dollars and an amount of approximately HK\$338,000 (31 December 2008: Nil) due from Hualing Steel Company Limited ("Hualing Steel"), a related company of the Group, which is non-interest-bearing and denominated in Renminbi ("RMB"). The Group does not grant credit period to these related companies. Payment in advance is normally required. Detailed of these related party transactions are set out in note 21 to the interim financial statements.

Other accounts receivable are due immediately from the date of billing. Payment in advance is normally required for the provision of property management services and payment upon delivery is normally required for the sale of construction materials. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management to minimize credit risk. Accounts receivable are non-interest-bearing and denominated in RMB.



**12. ACCOUNTS RECEIVABLE** *(continued)*

An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follow:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Within 1 month	<b>1,500</b>	22
1 to 3 months	<b>5,805</b>	278
Over 3 months	<b>19,739</b>	15,486
	<b>27,044</b>	15,786
Impairment	<b>(15,188)</b>	(15,041)
	<b>11,856</b>	745

**13. ACCOUNTS PAYABLE**

An aged analysis of the Group's accounts payable as at the balance sheet date, based on invoice date, is as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Within 1 month	<b>4,614</b>	–
1 to 3 months	<b>1,319</b>	–
Over 3 months	<b>13,870</b>	13,361
	<b>19,803</b>	13,361

Accounts payable are non-interest-bearing and are denominated in RMB.



#### 14. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Bank loan, secured ( <i>Note (i)</i> )	<b>114,097</b>	–
Other loans		
– Secured ( <i>Note (ii)</i> )	–	23,000
– Unsecured ( <i>Note (iii)</i> )	<b>5,705</b>	5,625
	<b>5,705</b>	28,625
Total bank loan and other loans	<b>119,802</b>	28,625
Portion classified as current liabilities	<b>(19,967)</b>	(28,625)
Non-current portion	<b>99,835</b>	–

*Notes:*

- (i) During the six months ended 30 June 2009, the Group obtained a bank loan of approximately HK\$114,097,000 through its acquisition of Hunan Taiji. On 21 January 2009, Hunan Taiji entered into a bank loan agreement (“Loan Agreement”) with Industrial and Commercial Bank of China, Loudi Lianyuan Steel sub-branch, to obtain a long-term bank loan amounting to RMB100,000,000. Pursuant to the Loan Agreement, Beijing Junefield Sogo Department Store, a related company of the Group, and Lianyuan Steel Group Limited, minority shareholder of Hunan Taiji would provide Hunan Taiji with bank guarantees free of charges. The loan is denominated in RMB, bears interest at an interest rate equivalent to that of a relevant term loan quoted by The People’s Bank of China plus 20% and will be due in December 2013.



**14. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS** *(continued)*

- (ii) During the period under review, the Company fully repaid the lender and all the pledged assets have been released. The secured other loan was denominated in Hong Kong dollars, beared interest at a rate of 2% per month and was secured by:
  - (a) a debenture incorporating a floating charge on all assets of the Company;
  - (b) a share mortgage in respect of the two issued ordinary shares of Ever Park Development Limited ("EPD") , a subsidiary of the Company;
  - (c) a debenture incorporating a first floating charge over the undertaking, investment properties and assets of EPD;
  - (d) a deed of guarantee signed by Mr. Zhou Chu Jian He, Chairman of the Board of the Company;
  - (e) a debenture incorporating a first floating charge over the undertaking, properties and assets of PCI, the immediate holding company of the Company;
  - (f) a share mortgage in respect of the issued ordinary share of US\$1.00 in PCI; and
  - (g) assignment of receivables of EPD.
- (iii) The unsecured other loan is denominated in RMB, bears interest at a rate of 9.5% per annum and has no fixed terms of repayment.





## 15. ISSUED CAPITAL

	<b>Number of shares</b> <i>'000</i>	<b>Par value</b> <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each at 31 December 2008 (audited) and 30 June 2009 (unaudited)	<u>25,000,000</u>	<u>2,500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 January 2009 (audited)	421,934	42,193
Issue of shares for acquisition of subsidiaries ( <i>Note (i)</i> )	366,667	36,667
Issue of shares upon rights issue ( <i>Note (ii)</i> )	<u>210,967</u>	<u>21,097</u>
Ordinary shares of HK\$0.10 each at 30 June 2009 (unaudited)	<u>999,568</u>	<u>99,957</u>

### Notes:

- (i) On 25 May 2009, the Company allotted and issued 366,666,667 ordinary shares of HK\$0.10 each at the issued price of HK\$0.15 per share to partly settle the consideration for acquisition of 100% equity interest in Junefield (Building Material) Limited. The completion date of the acquisition was 22 May 2009. The closing price of the shares of the Company on 22 May 2009 was HK\$0.17 per share.
- (ii) On 11 June 2009, the Company allotted and issued 210,967,100 rights shares at a price of HK\$0.10 each to qualifying shareholders on the basis of 1 rights share for every 2 existing shares in issue held on 20 May 2009.

## 16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### Major non-cash transaction

During the period under review, the Group received dividends of approximately HK\$181,148,000 for 3 years ended from 31 December 2006 to 2008, of which was used to settle the loan from Wuhan Plaza Management Co., Ltd. ("WPM"), a jointly-controlled entity of the Group.



## 17. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leases certain of its investment properties under operating lease arrangements, which leases negotiated for terms ranging from one to three years.

At 30 June 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Within one year	<b>191</b>	267
In the second to fifth years, inclusive	<b>–</b>	54
	<b>191</b>	321

### (b) As lessee

The Group leases certain of office property under operating lease arrangements, which leases negotiated for a term of two years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Within one year	<b>792</b>	–
In the second to fifth years, inclusive	<b>396</b>	–
	<b>1,188</b>	–



## 18. LITIGATIONS

- (a) On 26 February 2007, the Intermediate People's Court in Wuhan City, Hubei Province, PRC (湖北省武漢市中級人民法院) held that Wuhan Huaxin Real-Estate Development Co., Ltd. ("WHRED") designated as an available-for-sale investment of the Group, was liable to refund the purchase considerations paid by certain buyers for purchasing certain premises units at No. 688 Jiefang Avenue, Wuhan City of approximately HK\$1,237,000. As WHRED was reclassified as an available-for-sale investment, and the Group has not provided any financial guarantee to WHRED, the directors of the Company do not expect the above claims to have any impact on the Group.
- (b) In December 2002, a former director of a subsidiary which was disposed of in prior years commenced litigation in PRC against the Group with total claims of approximately RMB19,000,000. On 18 August 2009, the Company received a Civil Case Judgement Wu Jing Chu Zi Order No. 72 (2003) (民事判決書(2003)武經初字第72號) dated 6 August 2009 issued by the Intermediate People's Court in Wuhan City, Hubei Province, PRC (中華人民共和國湖北省武漢市中級人民法院), under which the claim made by the former director was rejected on the basis of insufficient fact and evidence to support the claim.

## 19. COMMITMENTS

- (a) At 30 June 2009, the Group had the following capital commitments:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	<b>46,863</b>	–
Acquisition of land use rights	<b>12,350</b>	–
	<b>59,213</b>	–



**19. COMMITMENTS** *(continued)*

**(b) Other commitments**

Pursuant to the joint venture agreement dated 30 June 2006 (the "Joint Venture Agreement") in relation to the establishment of Hunan Taiji, a subsidiary of the Group, the minority shareholder of Hunan Taiji is responsible to guarantee the supply of raw materials required by Hunan Taiji and to procure Hualing Steel to enter into the materials supply agreement with Hunan Taiji to supply granulated steel slag to Hunan Taiji at a unit price of RMB4 per ton (Value Added Tax ("VAT") inclusive).

Hualing Steel and Hunan Taiji entered into a materials supply agreement for the annual supply of granulated steel slag to Hunan Taiji based on its expected demand for granulated steel slag. Pursuant to the materials supply agreement, Hunan Taiji agreed to purchase of granulated steel slag of 50,000 tons per month for the period from 1 January to 31 December 2009.

**20. CONTINGENT LIABILITIES**

At 30 June 2009, the Group had no material contingent liabilities, save as disclosed in these interim financial statements.



## 21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these interim financial statements, the Group had the following material transactions with related parties during the period under review:

### (a) Significant transactions with related parties

		<b>Six months ended</b>	
		<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
	<i>Note</i>		
Property management fee received	(i)	<b>1,263</b>	989
Brand sourcing consultancy and property management consultancy services fee received	(ii)	<b>9,000</b>	9,000
Purchases of raw materials	(iii)	<b>275</b>	–
Logistics services fee charged	(iv)	<b>493</b>	–
Rental expenses paid	(v)	<b>396</b>	–

#### *Notes:*

- (i) The Group provided WPM, a jointly-controlled entity of the Group, with property management services, for which property management fees of approximately HK\$1,263,000 (six months ended 30 June 2008: HK\$989,000) was charged.
- (ii) The Group provided brand sourcing consultancy and property management consultancy services to Wuhan Sogo, a related company of the Group, for which consultancy services fee of HK\$9,000,000 (six months ended 30 June 2008: HK\$9,000,000) was charged.



**21. RELATED PARTY TRANSACTIONS** *(continued)*

**(a) Significant transactions with related parties** *(continued)*

- (iii) Pursuant to the materials supply agreement, Hualing Steel acts as the supplier of Hunan Taiji for the supply of the required granulated steel slag. Pursuant to the Joint Venture Agreement, the minority shareholder of Hunan Taiji procured Hualing Steel to enter into the materials supply agreement with Hunan Taiji to supply granulated steel slag to Hunan Taiji at a unit price of RMB4 per ton (VAT inclusive). The unit material price was determined at the time of entering into the Joint Venture Agreement to establish Hunan Taiji.
- (iv) Lianyuan Logistics Company Limited (湖南漣鋼物流有限公司) provided logistics services to Hunan Taiji. Pursuant to the logistics services agreement in relation to the transportation of granulated steel slag, the logistics services fee was determined on an annual basis between Hunan Taiji and Lianyuan Logistics Company Limited with reference to the prevailing market price of similar transportation services.
- (v) Rental expenses paid to the ultimate holding company.

**(b) Compensation of key management personnel of the Group**

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
Short-term employee benefits	<b>570</b>	570



**22. SUBSEQUENT EVENTS**

On 14 August 2009, an indirect wholly-owned subsidiary of the Company entered into an agreement to purchase 25 office units in Beijing, PRC together with the fixtures and furnishings therein at a total cash consideration of RMB35,600,000 (equivalent to approximately HK\$40,367,000) and a sum of HK\$24,000,000 (equivalent to approximately RMB21,165,600) has been paid to the seller as deposit upon the signing of the agreement. Upon the completion on 4 September 2009, the Group paid the balance of approximately HK\$16,367,000 (equivalent to approximately RMB14,434,400) to the seller.

**23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board on 10 September 2009.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months ended 30 June 2009, the Group recorded a turnover in respect of its continuing operations of approximately HK\$24,922,000 (six months ended 30 June 2008: HK\$15,774,000), representing an increase of 58% over the corresponding period of 2008. The increase of turnover for the period under review was mainly due to income derived from sales of slag powder from the newly acquired construction material business.

The Group recorded net profit for the period under review was approximately HK\$36,785,000 (six months ended 30 June 2008: HK\$51,721,000), representing a decrease of 29% over the corresponding period of 2008. Net profit dropped was mainly due to the decrease in share of profit from retail business in Wuhan because of rental increment and expenses incurred for the acquisition of the new construction material business during the period under review.

### Operations Review and Future Prospects

#### *Property management and agency services business*

The 51%-owned subsidiary in Wuhan, PRC recorded a turnover of approximately HK\$6,999,000 (six months ended 30 June 2008: HK\$6,431,000) and profit of approximately HK\$1,034,000 (six months ended 30 June 2008: HK\$762,000) representing an increase of 9% and 36% respectively for the period under review as its average occupancy rate on office tower stood at above 90%. In light of the slowdown in revenue growth in this year, the management has focused to look for opportunity for expanding services to independent third parties to sustain better performance of this subsidiary.





## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Operations Review and Future Prospects** *(continued)*

#### ***Investment properties***

During the period under review, the Group recorded a turnover of approximately HK\$121,000 (six months ended 30 June 2008: HK\$343,000) attributable from leasing out its investment properties situated in Beijing, PRC, representing a decrease of 65% as compared to corresponding period of 2008. Due to the weakening demand and abundant supplies of vacant office area in Beijing office leasing market, there was a decrease in number of office units leased out during the period under review. However, demand of office units in Beijing began going up in the second quarter of 2009. In view of the gradually increasing demand of high quality office premises in Beijing, it is anticipated that more office units could be leased out and to generate recurrent income to the Group in the future.

#### ***Consultancy services for retail business in PRC***

During the period under review, the Group recorded HK\$9,000,000 (six months ended 30 June 2008: HK\$9,000,000) in revenue. The services agreement entered with Wuhan Sogo, under which the Company provided brand sourcing consultancy and property management consultancy services by acting as its agent to introduce international reputable brands to rent retail booths in the shopping centre of Wuhan Sogo, will expire by the end of September 2009. The Group will negotiate with Wuhan Sogo in due course.

#### ***Construction material business***

During the period under review, the Group has extended business into another segment – the sale and manufacture of construction materials, by acquiring an indirect 60%-owned subsidiary, Hunan Taiji Construction Material Co., Ltd. (“Hunan Taiji”) which principally engages in the business of sale and manufacture of slag powder in Hunan Province, PRC. It recorded a turnover of HK\$8,802,000 and profit of HK\$2,189,000 for the period under review while the financial results of which has been consolidated into the financial statements of the Group since 22 May 2009. Hunan Taiji currently has one production line with a designed annual production capacity of 600,000 tons slag powder and expects the second production line with same capacity would be put into operation in early 2010. Looking ahead, with the PRC government’s stimulus measures on speeding up the massive infrastructure projects, it is anticipated that the construction momentum will likely start to translate into increased demand for construction materials and the profit contribution from this new business segment will increase.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Operations Review and Future Prospects** *(continued)*

#### ***Retail business in Wuhan***

During the period under review, the Group's indirect 49%-owned jointly-controlled entity, Wuhan Plaza Management Co., Ltd. ("WPM"), recorded a sales rose up 7% while the Group's share of profit after tax of WPM, amounted to approximately HK\$43,729,000 (six months ended 30 June 2008: HK\$53,919,000) which represented a decrease of 19% as compared to last corresponding period. Since the court made a final ruling on the lease litigation on 16 September 2008, the Group adjusted the last period's share of profit after tax from WPM with the rental proposed according to the two resolutions of WPM passed in October 2006. Nonetheless, if taking into account the annual rental adjustment pursuant to the final ruling on last period's share of profit after tax, there was an increase of 3% to the last corresponding period.

The Group received dividends of HK\$181,148,000 for 3 years ended 31 December 2006 to 2008, of which the Group fully settled the loan from WPM. According to the Law of the People's Republic of China on Enterprise Income Tax, the Group paid a tax of approximately HK\$4,679,000 on the dividend received for the year ended 31 December 2008.

With the PRC government's stimulus measures on boosting domestic consumption, the retail market continued to record positive result though the growth was not as strong as in the previous year. Looking ahead, the Group remains optimistic about the prospect of the retail industry in PRC.

#### ***Prospects***

Following the completion of acquisition of the sale and manufacture of construction material business, the Group will proactively continue to identify acquisition opportunities that relate to its existing business or to diversify into different business sectors with the view to increase value for shareholders. The Group will further actively strengthen the financial position of the Group, and consider raising funds by suitable means when opportunities arise.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Jointly-Controlled Entities**

During the period under review, the Group acquired the entire issued share capital of Junefield (Building Material) Limited and assigned the shareholder's loan at the total consideration of HK\$55,000,000 paid in cash and issue of the 366,666,667 consideration shares. The acquisition constituted a very substantial acquisition and connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). It was approved by the shareholders of the Company at a special general meeting held on 21 May 2009. Details of this very substantial acquisition and connected transaction were set out in the Company's circular dated 5 May 2009. The acquisition was duly completed on 22 May 2009.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates or jointly-controlled entities during the period under review.

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### **Liquidity and Financial Resources**

As at 30 June 2009, the Group had net assets of approximately HK\$252,665,000 (31 December 2008: HK\$90,907,000) with total assets of approximately HK\$469,178,000 (31 December 2008: HK\$254,102,000) and total liabilities of approximately HK\$216,513,000 (31 December 2008: HK\$163,195,000). The Group's current ratio, which equals current assets divided by current liabilities, was 1.31 (31 December 2008: 0.09).

The Group's bank balances and short term deposits which are mainly denominated in Hong Kong dollars and Renminbi ("RMB"), amounted to approximately HK\$101,667,000 as at 30 June 2009 (31 December 2008: HK\$5,664,000). The Group's gearing ratio, as a ratio of total interest-bearing borrowings and bank loan to total assets as at 30 June 2009, was 0.26 (31 December 2008: 0.39).

The directors of the Company (the "Directors") believe that the Group has sufficient financial resources for its operations. The Group will remain cautious in the Group's liquidity management.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Capital Structure and Treasury Policies**

The Group adopts a prudent approach with respect to treasury and funding policies with a focus on risk management and transactions that are directly related to the underlying business of the Group.

### **Borrowings**

During the period under review, the Group fully settled the loan of approximately HK\$69,851,000 due to its jointly-controlled entity and the secured other loan of HK\$23,000,000. As at 30 June 2009, the Group had an interest-bearing bank loan of approximately HK\$114,097,000 (31 December 2008: Nil) is secured by guarantees executed by a related company of the Group and a minority shareholder of a subsidiary, denominated in RMB, bearing interest at an interest rate equivalent to that of a relevant term loan quoted by The People's Bank of China plus 20% and will be due in December 2013. An unsecured other loan of approximately HK\$5,705,000 (31 December 2008: HK\$5,625,000) is denominated in RMB and interest-bearing at 9.5% per annum with no fixed term of repayment.

Save as disclosed above, the Group had no other borrowings as at 30 June 2009.

### **Capital Commitments**

As at 30 June 2009, the Group had capital commitments of HK\$59,213,000 (31 December 2008: Nil). Details of capital commitments are shown in note 19 to the interim financial statements.

### **Charge of Assets**

During the period under review, debentures incorporating floating charges on all assets of the Company and the entire interests/rights in certain subsidiaries were charged to a lender for secured an interest-bearing borrowing have been released.

Save as disclosed above, the Group did not have any pledge or charge on assets as at 30 June 2009.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Litigations**

Details of Litigations are shown in note 18 to the interim financial statements.

### **Exchange Rate Exposure**

The Group's turnover and costs are partially denominated in RMB, which will largely offset each other. However, as all of the Group's borrowings are denominated in RMB and reported in Hong Kong dollars, there were translation losses being charged to administrative expenditure as a result of the RMB appreciation. During the period under review, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

### **Employee and Remuneration Policy**

As at 30 June 2009, the Group had about 289 employees (six months ended 30 June 2008: 167 employees) of whom 9 (six months ended 30 June 2008: 7) are based in Hong Kong and 280 (six months ended 30 June 2008: 160) based in PRC. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice. The remuneration policy and package of the Group's employees are periodically reviewed and approved. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.



## SUPPLEMENTARY INFORMATION

### Directors' and Chief Executives' Interests in Securities

As at 30 June 2009, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

<b>Name of director</b>	<b>Number of shares held through a controlled corporation</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Zhou Chu Jian He	697,837,417 ( <i>Note</i> )	69.81

*Note:* These 697,837,417 shares are held by Prime Century Investments Limited ("PCI"), a company wholly-owned by Junefield (Holdings) Limited ("JHL"). Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

Save as disclosed above, as at 30 June 2009, so far as is known to the Directors and the chief executives of the Company, no other person had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## **SUPPLEMENTARY INFORMATION** *(continued)*

### **Substantial Shareholders' Interests in Securities**

As at 30 June 2009, so far as is known to the Directors and the chief executives of the Company, the interests or short positions of the persons, other than the Directors or chief executive of the Company, 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:

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued share capital</b>
PCI <i>(Note)</i>	Directly beneficially owned	697,837,417	69.81
JHL <i>(Note)</i>	Through a controlled corporation	697,837,417	69.81
Mr. Zhou Chu Jian He <i>(Note)</i>	Through a controlled corporation	697,837,417	69.81

*Note:* These 697,837,417 shares are held by PCI, a company wholly-owned by JHL. Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

Save as disclosed above, as at 30 June 2009, the Company had not been notified of any person (other than the Directors or chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.



## **SUPPLEMENTARY INFORMATION** *(continued)*

### **Share Option Scheme**

The Company has adopted a share option scheme (the "New Scheme") on 29 June 2009. The purpose of the New Scheme is to attract, retain and motivate talented participants to strive for future development and expansion of the Group. Unless otherwise altered or terminated, the New Scheme shall be valid and effective for a period of 10 years commencing on the date of its adoption.

Under the New Scheme, the Directors are authorised, at any time within 10 years after the adoption date, to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is granted, which date must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Company's share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

During the period from the date of adoption of the New Scheme to 30 June 2009, no options had been granted by the Company under the New Scheme.

On 29 June 2009, the share option scheme approved by the shareholders of the Company on 10 November 1999 (the "Old Scheme") was terminated. During the past years, the Company had granted 27,416,000 options to certain employees and directors of the Group pursuant to the Old Scheme, out of which 2,108,000 had been forfeited and 25,308,000 expired in accordance with the terms of the Old Scheme. No share option under the Old Scheme was granted, forfeited, exercised or expired during the six months ended 30 June 2009 and 2008.

### **Code on Corporate Governance Practices**

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2009, except for the deviation in respect of the communication with shareholders under code provision E.1.2 of the CG Code.





## **SUPPLEMENTARY INFORMATION** *(continued)*

### **Code on Corporate Governance Practices** *(continued)*

Under the code provision E.1.2. on the CG Code, the chairman of the board should attend the annual general meeting. Mr. Zhou Chu Jian He, the Chairman of the Board, did not attend the annual general meeting of the Company held on 20 May 2009 due to other business engagement. Other Directors were present at the annual general meeting to answer the shareholders' questions.

### **Directors' Securities Transaction**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. The Company has made specific enquiry of all Directors as to whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code for the six months ended 30 June 2009.

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

During the review period, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

### **Review of Interim Results**

The Audit Committee has reviewed the results of the Group for the six months ended 30 June 2009.

### **Board of Directors**

As at the date of this report, the Board comprises four executive Directors, namely Mr. Zhou Chu Jian He (Chairman), Mr. Ng Man Chung, Siman (Deputy Chairman), Mr. Liu Zhongsheng (Chief Executive Officer), and Mr. Zhang Xiaobing and three independent non-executive Directors, namely Mr. Leung Man Kit, Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

By Order of the Board  
**Zhou Chu Jian He**  
*Chairman*

Hong Kong, 10 September 2009