



**Peaktop International Holdings Limited**

(incorporated in Bermuda with limited liability)

Stock Code: 925

Interim Report

2009



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. LEI Zhengang (*Chairman*)  
(appointed on 17 July 2009)  
Mr. QIAN Xu (*Chief Executive Officer*)  
(appointed on 17 July 2009)  
Mr. SIU Kin Wai  
(appointed on 17 July 2009)  
Mr. LI Chien Kuan  
(resigned on 17 August 2009)  
Mr. LIN Chun Fu  
(resigned on 22 September 2009)

### Non-executive Directors

Mr. LIN Chun Kuei  
(re-designated on 17 July 2009)  
Mr. Andree HALIM  
(resigned on 17 July 2009)  
Mr. NG Kin Nam  
(resigned on 17 July 2009)

### Independent Non-executive Directors

Mr. GOH Gen Cheung  
Mr. MA Chiu Cheung, Andrew  
Mr. NG Tang Fai, Ernesto

## AUDIT COMMITTEE

Mr. MA Chiu Cheung, Andrew (*Chairman*)  
Mr. GOH Gen Cheung  
Mr. NG Tang Fai, Ernesto

## NOMINATION COMMITTEE

Mr. NG Tang Fai, Ernesto (*Chairman*)  
Mr. GOH Gen Cheung  
Mr. MA Chiu Cheung, Andrew  
Mr. QIAN Xu (appointed on 17 July 2009)  
Mr. LI Chien Kuan  
(resigned on 17 July 2009)  
Mr. LIN Chun Kuei

## REMUNERATION COMMITTEE

Mr. GOH Gen Cheung (*Chairman*)  
Mr. MA Chiu Cheung, Andrew  
Mr. NG Tang Fai, Ernesto  
Mr. QIAN Xu (appointed on 17 July 2009)  
Mr. LI Chien Kuan  
(resigned on 17 July 2009)  
Mr. LIN Chun Kuei

## COMPANY SECRETARY

Mr. SIU Kin Wai  
(appointed on 17 July 2009)  
Mr. JAN Wing Fu, Barry  
(resigned on 17 July 2009)

## AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants  
(appointed on 25 August 2009)  
CCIF CPA Limited  
(resigned on 25 August 2009)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1603-1605, 16th Floor  
Tower III, Enterprise Square  
9 Sheung Yuet Road  
Kowloon Bay  
Kowloon  
Hong Kong

## PRINCIPAL BANKERS

Citic Ka Wah Bank Limited  
Fubon Bank (Hong Kong) Limited  
深圳平安銀行  
Agricultural Bank of China  
Standard Chartered Bank (Hong Kong) Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited  
Bank of Bermuda Building  
6 Front Street  
Hamilton HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

## SHARE LISTING

The Stock Exchange of Hong Kong Limited  
(Stock code: 925)

# SUMMARY

## **UNAUDITED INTERIM RESULTS**

The Board of Directors (the “Board”) of Peaktop International Holdings Limited (the “Company”) announces the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2009. The consolidated revenue of the Group was HK\$84,800,000 for the first half of 2009, decreased by 55% comparing to the corresponding period of last year. Loss attributable to the shareholders of the Company was HK\$22,266,000, jumped 18% compared to the corresponding period of 2008.

## **INTERIM DIVIDEND**

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

# BUSINESS OVERVIEW

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospects

During the six months ended 30 June 2009, the gross profit ratio of the Group was approximately 16%, which rebounded from approximately 13% in the corresponding period of last year, due primarily to the drop in global crude oil price and raw materials, the stabilized Renminbi and the significant decrease in product development costs charged as expenses of the Group (HK\$1,860,000 charged in the six months ended 30 June 2009 compared to HK\$10,350,000 charged in the six months ended 30 June 2008).

Even there existed slight improvement, however, the keen competition in the home, garden and plastic decorative products industry, together with the foreseen appreciation in Renminbi as well as the fluctuated price of crude oil and raw materials have caused uncertainties to the Group's future profitability. In view of this, the Board has considered the possibility of participating into new business to regain appropriate profitability to shareholders. In the second quarter of 2009, following our dedicated efforts, we had attracted Brilliant Bright Holdings Limited (which is wholly owned by Beijing Holdings Limited and which is in turn wholly owned by the 北京控股集團有限公司, a stated-owned enterprise established in the Mainland China (the "PRC") and is wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality) as our new investors and after that we will step into the property sector of the PRC. In order to signify this new strategic move, the Company's name will also be changed from Peaktop International Holdings Limited to Beijing Properties (Holdings) Limited in the foreseeable future.

Looking ahead, the Group will progressively reduce its reliance on manufacturing and trading of home, garden, and plastic decorative products. Majority of future resources of the Group will be allocated to the property sector. It is expected that with the proposed business diversification, the contribution from the existing businesses to the Group would become less material.

### Financial review

For the six months ended 30 June 2009, the Group's unaudited consolidated turnover was approximately HK\$84,800,000, representing a decrease of 55% when compared to HK\$187,696,000 of the corresponding period of last year, due primarily to continuous decrease, since the beginning of year 2008, in demand of the Group's products as a result of the downturn in the global real estate industry and the stock markets, particularly in the United States of America (the "USA").

Loss for the six months ended 30 June 2009 was approximately HK\$22,266,000 (six months ended 30 June 2008: HK\$18,834,000).

During the six months ended 30 June 2009, the USA and the Asia Pacific were the Group's largest selling markets which accounted for 89% (six months ended 30 June 2008: 83%) and 11% (six months ended 30 June 2008: 14%) of the Group's total turnover respectively.

# BUSINESS OVERVIEW

## **Selling and distribution, administrative and other operating expenses**

During the six months ended 30 June 2009, total selling and distribution expenses of the Group was HK\$16,024,000 (six months ended 30 June 2008: HK\$48,335,000), representing 19% (six months ended 30 June 2008: 26%) of total turnover and a decrease of 67% when compared to the corresponding period of last year. The decrease was in line with the significant decrease in the Group's turnover, particularly due to the decrease in sales to the USA market.

During the six months ended 30 June 2009, total administrative expenses of the Group was HK\$26,994,000 (six months ended 30 June 2008: HK\$37,179,000), representing 32% (six months ended 30 June 2008: 20%) of total turnover and a decrease of 27% when compared to the corresponding period of last year. The decrease was mainly due to the close of Waterwerks Pty. Limited in Australia, a 90% subsidiary of the Group, and the downsize of the Group's operation in Shenzhen of the PRC.

During the six months ended 30 June 2009, other operating expenses of the Group was HK\$738,000 (six months ended 30 June 2008: other operating income of HK\$24,007,000), representing 0.9% (six months ended 30 June 2008: 13%) of total turnover. The operating income of the corresponding period of the last year mainly arised from the disposal gain of subsidiaries in Vietnam and the de-registration of subsidiaries in the United Kingdom and in Australia.

## **Liquidity, financial resources and finance costs**

The Group finances its operations with internally generated cash flows and banking facilities. As at the date of the condensed consolidated statement of financial position, the Group had aggregate available banking facilities of HK\$142,244,000 (31 December 2008: HK\$119,192,000), of which: (i) approximately HK\$84,348,000 (31 December 2008: HK\$96,329,000) was utilized in long-term and short-term borrowings and trade finance borrowings which was subject to floating market rates; and (ii) approximately HK\$13,451,000 was utilized by mortgage loans related to the Company's office property located in Hong Kong and which had been fully repaid in August 2009 upon completion of the disposal of the property as disclosed in note 18(c) to these financial statements. The Group's cash and bank balances at the date of the condensed consolidated statement of financial position amounted to HK\$20,296,000 (31 December 2008: HK\$19,441,000), which was denominated in United States dollars, Hong Kong dollars and Renminbi. The cash balances, together with the unutilized banking facilities, will enable the Group to fund the operating needs of the home, garden and plastic decorative products industry.

In order to facilitate the cash requirements of the property business and for working capital purpose of the Group, the Company had issued 1,700,000,000 shares on 2 July 2009 to raise net proceeds of approximately HK\$248,800,000. To further facilitate the potential strategic investments in future, the Company is in process of issuing 540,000,000 shares and 200,000,000 unlisted warrants, which was approved in the special general meeting of shareholders held on 14 September 2009 but the allotment was not yet completed as of today, to further raise net proceeds of approximately HK\$266,900,000 and had successfully invited Timekey Limited, whose sole shareholder was Kerry Holdings Limited, a famous player in the property sector in both Hong Kong and the PRC, as our strategic investor.

## BUSINESS OVERVIEW

As at the date of the condensed consolidated statement of financial position, the Group's current ratio and quick ratio were 88% (31 December 2008: 41%) and 83% (31 December 2008: 34%) respectively and the total borrowing of the Group amounted to HK\$84,348,000 (31 December 2008: HK\$96,329,000), which respectively included short-term borrowing and long-term borrowing of HK\$36,618,000 (31 December 2008: HK\$50,951,000) and HK\$47,730,000 (31 December 2008: HK\$45,378,000). As at the same date, the Group's gearing ratio, defined as total borrowing as percentage of total equity, was 188% (31 December 2008: 144%).

During the six months ended 30 June 2009, total finance costs incurred by the Group amounted to HK\$2,367,000 (six months ended 30 June 2008: HK\$7,486,000). The decrease of total finance costs was in line with the decrease of the Group's total borrowings and the decrease of borrowing interest rates. The Group will continue to implement prudent financing policy in order to ensure that the Group will not be affected by short-term uncertainties.

### **Capital expenditure**

During the six months ended 30 June 2009, the Group spent approximately HK\$14,760,000 (six months ended 30 June 2008: HK\$30,200,000) as capital expenditure, which included HK\$14,588,000 (six months ended 30 June 2008: HK\$20,900,000) for construction in progress and prepaid lease payments and HK\$172,000 (six months ended 30 June 2008: HK\$9,300,000) for acquiring other fixed assets.

### **Foreign exchange exposure**

During the six months ended 30 June 2009, the Group was exposed to currency risk as certain cash and cash equivalents, trade and other receivables, trade and other payables, and banking facilities repayment were made essentially in the corresponding currencies, United States dollars and Renminbi. Exchange loss of approximately HK\$502,000 was recorded in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2009. During the first half of 2009, the Group did not experience any significant difficulties in its operations and liquidity caused by fluctuations in currency exchanges rates. The Group expects the fluctuations of exchanges rates of Hong Kong dollars against foreign currencies will not have significant impact on the results of the Group.

### **Impact of the revaluation of Renminbi**

During the six months ended 30 June 2009, all of the Group's sales are denominated in either United States dollars or Australian dollars while some of the Group's purchases are denominated in Renminbi. The appreciation of Renminbi in the first half of 2009 has caused slightly adverse effect on the current operating results and financial position of the Group. To reduce such possible adverse impact and exposure of the Group in future, we will incorporate the foreseeable exchange risk of possible appreciation in Renminbi, if any, in all of our quotations issued in future.

# BUSINESS OVERVIEW

## **Contingent liabilities**

As at the date of the condensed consolidated statement of financial position, the Group had no significant contingent liability (31 December 2008: Nil).

## **Charges on assets**

As at the date of the condensed consolidated statement of financial position, certain assets of the Group with aggregate carrying value of HK\$131,010,000 (31 December 2008: HK\$124,057,000) were pledged to secure loan facilities utilized by the Group.

## **Events after the end of the reporting period**

Please refer to note 18 of the condensed interim consolidated financial statements for details.

## **Employees**

As at the date of the condensed consolidated statement of financial position, the Group had a total of 660 (six months ended 30 June 2008: 1,700) employees. Total staff cost incurred during the six months ended 30 June 2009, excluding staff costs included in cost of sales and directors' remunerations, amounted to HK\$ 18,974,000 (six months ended 30 June 2008: HK\$37,200,000). The Group offers a comprehensive remuneration and benefit package to its employees, and remuneration policies are reviewed by the management on a regular basis.

The Group also adopts a share option scheme, which is reviewed and revised periodically in accordance with the latest statutory requirements. During the six months ended 30 June 2009, no option were granted or exercised under the share option scheme.

## **APPRECIATION**

The Board would like to express its sincere appreciation to the bankers, suppliers, customers, shareholders and staff for their continuing support to the Group.

By order of the Board

**Lei Zhengang**

*Chairman*

Hong Kong, 16 September 2009



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		<b>Six months ended 30 June</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
Revenue	3	<b>84,800</b>	187,696
Cost of sales		<b>(71,272)</b>	(163,113)
Gross profit		<b>13,528</b>	24,583
Other income and gains, net	4	<b>10,443</b>	22,902
Selling and distribution costs		<b>(16,024)</b>	(48,335)
Administrative expenses		<b>(26,994)</b>	(37,179)
Other operating (expenses)/income, net		<b>(738)</b>	24,007
Finance costs	6	<b>(2,367)</b>	(7,486)
Loss before tax	5	<b>(22,152)</b>	(21,508)
Income tax charge	7	<b>(114)</b>	2,674
Loss for the period		<b>(22,266)</b>	(18,834)
<b>Other comprehensive income for the period</b>			
Exchange differences arising on translation of foreign operations		<b>490</b>	6,212
Total comprehensive loss for the period		<b>(21,776)</b>	(12,622)
Loss for the period attributable to:			
Owners of the Company		<b>(22,266)</b>	(18,834)
Total comprehensive loss attributable to:			
Owners of the Company		<b>(21,776)</b>	(12,622)
Loss per share	8		
– Basic		<b>(HK2.2 cents)</b>	(HK1.9 cents)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	10	74,309	177,463
Investment properties		11,600	11,600
Prepaid land lease payments		20,859	59,426
Other intangible assets		705	820
Available-for-sale equity investments		6,967	6,967
Other non-current financial assets		12,497	12,497
<b>Total non-current assets</b>		<b>126,937</b>	268,773
<b>Current assets:</b>			
Inventories		10,956	18,462
Accounts and bills receivable	11	15,587	38,051
Prepayments, deposits and other receivables		18,172	10,728
Pledged deposit		22,625	11,260
Cash and cash equivalents		20,296	19,441
<b>Non-current assets held for sale</b>	12	<b>87,636</b>	97,942
		<b>148,905</b>	9,210
<b>TOTAL CURRENT ASSETS</b>		<b>236,541</b>	107,152
<b>TOTAL ASSETS</b>		<b>363,478</b>	375,925
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Issued capital	13	99,920	99,920
Reserves		(54,996)	(33,220)
<b>Total equity attributable to shareholders of the Company</b>		<b>44,924</b>	66,700
<b>Non-current liabilities:</b>			
Bank Loans	14	47,730	45,378
Deferred tax liabilities		563	563
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,293</b>	45,941
<b>Current liabilities:</b>			
Accounts and bills payable	15	66,266	62,824
Other payables and accruals		87,090	104,412
Bank loans and overdrafts	14	36,618	50,951
Tax payable		697	692
<b>Liabilities associate with non-current assets held for sale</b>	16	<b>190,671</b>	218,879
		<b>79,590</b>	44,405
<b>TOTAL CURRENT LIABILITIES</b>		<b>270,261</b>	263,284
<b>TOTAL LIABILITIES</b>		<b>318,554</b>	309,225
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>363,478</b>	375,925

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to shareholders of the Company									
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Property	Exchange	Statutory reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
				revaluation reserve (Unaudited) HK\$'000	fluctuation reserve (Unaudited) HK\$'000					
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 January 2009</b>	<b>99,920</b>	<b>172,582*</b>	<b>18,528*</b>	<b>17,997*</b>	<b>18,489*</b>	<b>23,786*</b>	<b>(284,602)*</b>	<b>66,700</b>	<b>-</b>	<b>66,700</b>
Exchange realignment and total income and expense for the period recognised directly in equity	-	-	-	-	490	-	-	490	-	490
Loss for the period	-	-	-	-	-	-	(22,266)	(22,266)	-	(22,266)
Total income and expense for the period	-	-	-	-	490	-	(22,266)	(21,776)	-	(21,776)
<b>At 30 June 2009</b>	<b>99,920</b>	<b>172,582*</b>	<b>18,528*</b>	<b>17,997*</b>	<b>18,979*</b>	<b>23,786*</b>	<b>(306,868)*</b>	<b>44,924</b>	<b>-</b>	<b>44,924</b>
At 1 January 2008	99,920	172,582	18,528	871	16,046	23,786	(175,780)	155,953	-	155,953
Exchange realignment and total income and expense for the period recognised directly in equity	-	-	-	-	6,212	-	-	6,212	-	6,212
Loss for the period	-	-	-	-	-	-	(18,834)	(18,834)	-	(18,834)
Total income and expense for the period	-	-	-	-	6,212	-	(18,834)	(12,622)	-	(12,622)
Disposal of a subsidiary	-	-	-	-	692	-	-	692	-	692
<b>At 30 June 2008</b>	<b>99,920</b>	<b>172,582</b>	<b>18,528</b>	<b>871</b>	<b>22,950</b>	<b>23,786</b>	<b>(194,614)</b>	<b>144,023</b>	<b>-</b>	<b>144,023</b>

\* These reserve accounts comprise the negative consolidated reserves of approximately HK\$54,996,000 and approximately HK\$33,220,000 in the condensed consolidated statement of financial position as at 30 June 2009 and 31 December 2008, respectively.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Net cash inflow from operating activities</b>	<b>10,399</b>	88,638
Interest received	10	101
Additions to property, plant and equipment	<b>(14,760)</b>	(30,195)
Additions to intangible assets	–	(76)
Proceeds on disposal of property, plant and equipment	<b>278</b>	1,730
Further proceeds on disposal of a subsidiary	<b>39,689</b>	37,331
<b>Net cash inflow from investing activities</b>	<b>25,217</b>	8,891
Interest paid	<b>(2,367)</b>	(7,486)
New bank loan raised	<b>47,867</b>	52,210
Shareholders loans raised	–	45,000
Repayment of bank loans	<b>(57,856)</b>	(200,295)
Repayment of other loans	<b>(20,000)</b>	(9,852)
Capital element of finance lease rental payments	–	(320)
<b>Net cash outflow from financing activities</b>	<b>(32,356)</b>	(120,743)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3,260</b>	(23,214)
<b>Cash and cash equivalents at beginning of period</b>	<b>17,311</b>	35,432
Effect of foreign exchange rate changes, net	<b>(275)</b>	2,971
<b>Cash and cash equivalents at end of period</b>	<b>20,296</b>	15,189
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>20,296</b>	17,045
Bank overdrafts	–	(1,856)
	<b>20,296</b>	15,189

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited 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 of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

In preparing these financial statements, the directors have considered the future liquidity of the Group and the Company notwithstanding:

- (i) The consolidated loss attributable to equity shareholders of the Group of approximately HK\$22,266,000 for the six months ended 30 June 2009
- (ii) The consolidated net current liabilities of approximately HK\$33,720,000 as at 30 June 2009.

The directors have adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to facilitate the cash requirements of the property business and for working capital purpose of the Group and the Company:

- (i) The Company had issued 1,700,000,000 shares on 2 July 2009 to raise net proceeds of approximately HK\$248,800,000.
- (ii) The Company is in process of issuing 540,000,000 shares and 200,000,000 unlisted warrants, to further raise net proceeds of approximately HK\$266,900,000.

In the opinion of the directors, in light of the various measures implemented to date, the Group and the Company will have sufficient working capital to meet its current and future requirements. It is reasonable to expect the Group and the Company to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Should the Group and the Company be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2.1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the financial statements for the year ended 31 December 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs) that are adopted for the first time for the current period’s financial statements.

The principal effects of adopting the new and revised HKFRs are as follows:

### HKFRS 8 – Operating Segments

This standard requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments during the period ended 30 June 2009 were the same as the business segments previously identified under HKAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 3.

### HKAS 1 (revised 2007) – Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income; it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The group has elected to present in one statement.

The adoption of these new and revised standards has had no material effect on these financial statements.

## 2.2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new standards, amendments or interpretations that have been issued but are not yet effective in these financial statements.

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)	Consolidated and Separate Financial Statements <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 Transaction <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <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

The adoption of HKFRS 3 (revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENTAL INFORMATION

As at the date of interim result, the Group is principally engaged in the home, garden and plastic decorative products industry. The nature of the products and the production processes and the methods used to distribute the products to customers in different geographical locations are similar. The directors consider that geographical segments by location of customers are the components reviewed by the management in order to allocate resources to the segment and to assess its performance.

An analysis of the Group's turnover and results for the six months ended 30 June 2009 by geographical segments is as follows:

#### Geographical segments by location of customers

	Six months ended 30 June 2009 (Unaudited)				
	United States of America HK\$'000	Europe HK\$'000	Asia Pacific HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue from external customers	75,273	284	9,088	155	84,800
Segment results	(3,514)	(1,473)	2,991	–	(1,996)
Unallocated operating income and expenses					(17,789)
Loss from operations					(19,785)
Finance costs					(2,367)
Loss before taxation					(22,152)
Taxation					(114)
Loss for the period					(22,266)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Six months ended 30 June 2008 (Unaudited)				
	United States of America HK\$'000	Europe HK\$'000	Asia Pacific HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue from external customers	156,103	6,032	25,559	2	187,696
Segment results	(37,669)	(2,477)	15,586	–	(24,560)
Unallocated operating income and expenses					10,538
Loss from operations					(14,022)
Finance costs					(7,486)
Loss before taxation					(21,508)
Taxation					2,674
Loss for the period					(18,834)



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Other revenue</b>		
Bank interest income	10	101
Other income	129	1,151
	<b>139</b>	1,252
<b>Gains, net</b>		
Gain on disposal of non-current assets classified as held for sale	–	5,308
Compensation income from demolition work performed for other party	4,385	304
Fair value gain on properties revaluation in PRC	–	7,142
Reversal of over provision of commission fee payable to suppliers	5,397	89
Reversal of provision for inventories	370	6,473
Reversal of provision for doubtful debts	152	2,334
	<b>10,304</b>	21,650
Other income and gains, net	<b>10,443</b>	22,902

### 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Depreciation	7,065	11,247
Amortization of intangible assets	115	115
Amortization of land lease payments	662	661
Provision for doubtful debts	–	1,149
Loss on disposal of property, plant and equipment	343	2,764

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans and other borrowings wholly repayable		
Within five years	<b>2,240</b>	7,308
Over five years	<b>127</b>	178
	<b>2,367</b>	7,486

## 7. INCOME TAX CHARGE

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current period provision:		
Elsewhere	<b>72</b>	957
	<b>72</b>	957
Under/(over) provision in prior periods:		
Elsewhere	<b>42</b>	(494)
Deferred taxation		
Elsewhere	<b>–</b>	(3,137)
	<b>114</b>	(2,674)

No Hong Kong profits tax has been provided as the Group does not derive any assessable profit arising in Hong Kong during the six months ended 30 June 2009.

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 for both periods.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss of the six months ended 30 June 2009 attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2009 and 2008 have not been disclosed, as no diluting events existed during these periods.

The calculations of basic loss per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss attributable to shareholders of the Company, used in the basic loss per share calculation	<u>(22,266)</u>	<u>(18,834)</u>
	<b>Number of shares</b>	
	<b>As at 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Issued ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>999,196,000</u>	<u>999,196,000</u>

### 9. DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the period (six months ended 30 June 2008: Nil)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group spent approximately HK\$14,760,000 (six months ended 30 June 2008: HK\$30,200,000) as capital expenditure, which included HK\$14,588,000 (six months ended 30 June 2008: HK\$20,900,000) on construction in progress, prepaid lease payments and property held for sale as well as HK\$172,000 (six months ended 30 June 2008: HK\$9,300,000) for acquiring other fixed assets. The significant reduction during the period was mainly due to the transfer of property, plant and equipment and prepaid lease payments which related to the disposal of a subsidiary, with a carrying value of HK\$148,905,000, to "non-current assets held for sale", as disclosed in note 12(a) to these financial statements.

In addition, the Group disposed of certain of its plant and machinery with a carrying value of HK\$622,000 for proceeds of HK\$278,000, and recognized a loss HK\$344,000 during the six months ended 30 June 2009.

### 11. ACCOUNTS AND BILLS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of 90 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts and bills receivable are non-interest-bearing.

An aged analysis of the accounts and bills receivable as at the date of the condensed consolidated statement of financial position, based on the payment due date and net of provisions, is as follows:

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
Current	<b>14,677</b>	35,456
Less than 1 month past due	<b>218</b>	641
1 to 3 months past due	–	981
More than 3 months past due	<b>692</b>	973
	<hr/> <b>15,587</b> <hr/>	<hr/> 38,051 <hr/>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. NON-CURRENT ASSETS HELD FOR SALE

#### a) For the six months ended 30 June 2009

Pursuant to the agreement entered into between the Company and Tactic Investment Group Limited, an independent third party, the Company agreed to dispose of its 100% equity interest in Peaktop Technologies Limited ("PTL"), a subsidiary incorporated in Hong Kong and whose sole asset is its 100% equity interest in Shenzhen Yuansheng Light Industrial Products Co., Ltd (the "PRC Subsidiary"), at a total consideration of RMB240,000,000 (approximately HK\$271,200,000). Pursuant to the same agreement, the company would transfer all the business, assets and liabilities in the PRC Subsidiary, other than the property and the term loan, to other subsidiaries of the Company. The amount of HK\$148,905,000 represented the carrying value of the property, plant and equipment, and the prepaid lease payment of the underlying land of the PRC Subsidiary as at the date of the condensed consolidated statement of financial position. Deposits amounting to RMB70,000,000 (approximately HK\$79,590,000) of the total consideration, which included RMB35,000,000 (approximately HK\$39,690,000) and RMB35,000,000 (approximately HK\$39,900,000) received in March 2009 and June 2008 respectively, were included as "Liabilities associate with non-current assets held for sale" in the condensed consolidated statement of financial position. The whole transaction is expected to be completed in September 2009.

#### b) For the year ended 31 December 2008

Pursuant to an agreement entered into between the Company and Wu Guo Hui ("Mr. Wu"), an independent third party, the Company agreed to dispose of certain buildings, prepaid lease payments and leasehold improvements in Fuqing City to Mr. Wu at a total consideration of RMB8,180,000 (approximately HK\$9,210,000). The amount HK\$9,210,000 represented the carrying value of the disposed property after recognizing an impairment loss of approximately HK\$4,295,000. Deposits amounting to RMB4,000,000 (approximately HK\$4,505,000) and RMB1,000,000 (approximately HK\$1,131,000) were received in December 2008 and June 2009 respectively. The remaining balance of RMB3,180,000 (approximately HK\$3,596,580) is expected to be received in September 2009.

### 13. ISSUED CAPITAL

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
<i>Authorized:</i>		
5,000,000,000 ordinary shares of HK\$0.10 each	<b>500,000</b>	500,000

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
<i>Ordinary shares, issued and fully paid:</i>		
999,196,000 (2008: 999,196,000) ordinary shares of HK\$0.1 each	<b>99,920</b>	99,920

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regard to the Company's residual assets.

There were no movements in the issued capital of the Company in either the current or the last year interim reporting periods.

### 14. BORROWINGS

As at 30 June 2009, the Group had aggregate available banking facilities of HK\$142,244,000 (31 December 2008: HK\$119,192,000), of which: (i) approximately HK\$84,348,000 (31 December 2008: HK\$96,329,000) was utilized in long-term and short-term borrowings and trade finance borrowings which was subject to floating market rates; and (ii) approximately HK\$13,451,000 was utilized by mortgage loans related to the Company's office property located in Hong Kong and which had been fully repaid in August 2009 upon completion of the disposal of the property as disclosed in note 18(c) to these financial statements.

### 15. ACCOUNTS AND BILLS PAYABLE

The accounts payables are non interest-bearing and are basically settled within one year or repayable on demand.

An aged analysis of the accounts and bills payable as at the date of the condensed consolidated statement of financial position, based on the payment due date, is as follows:

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
Due within 1 month or on demand	<b>45,693</b>	40,675
Due after 1 month but within 2 months	<b>5,966</b>	6,580
Due after 2 months but within 3 months	<b>1,796</b>	4,330
Due after 3 months	<b>12,811</b>	11,239
	<b>66,266</b>	62,824

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 16. LIABILITIES ASSOCIATE WITH NON-CURRENT ASSETS HELD FOR SALE

### a) For the six months ended 30 June 2009

It represented the accumulated deposits received for the disposal of the PRC Subsidiary as disclosed in note 12 to these financial statements.

### b) For the year ended 31 December 2008

The amount represented the deposits of HK\$4,505,000 and HK\$39,900,000 received for, respectively, the disposal of certain buildings, prepaid lease payments and leasehold improvements in Fuqing City and for disposal of the PRC Subsidiary as disclosed in note 12 to these financial statements.

## 17. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the six months ended 30 June 2009:

Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	<u>3,299</u>	<u>4,150</u>

## 18. EVENTS AFTER THE END OF THE REPORTING PERIOD

### (a) 1,700,000,000 Ordinary Shares Placement

On 24 April 2009, the Company entered into a placing agreement with a placing agent pursuant which the Company had conditionally agreed to place, on a fully underwritten basis by the placing agent, a maximum of 1,700,000,000 shares at a price of HK\$0.15 per share to certain placees (the "Placement"). The net aggregate proceeds from the placement, after deducting relevant expenses, is approximately HK\$248,800,000. The Placement was approved by resolutions passed in the special general meeting held on 22 June 2009 and which had been completed on 2 July 2009. Upon completion of the Placement, the issued and fully paid shares of the Company were increased to 2,699,196,000 shares.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### **(b) 540,000,000 Ordinary Shares Placement and 200,000,000 Unlisted Warrants Issuance**

On 28 July 2009 and 30 July 2009, the Company had respectively entered into a placing agreement and a supplemental placing agreement pursuant which the Company had appointed the placing agent, on a fully underwritten basis, to procure not fewer than six placees to subscribe for a maximum of 540,000,000 shares at a price of HK\$0.50 per share and a maximum of 200,000,000 unlisted warrants at an issue price of HK\$0.01 per unit of warrant (the "New Placement"). The maximum net aggregate proceeds of the New Placement, after deducting relevant expenses, is approximately HK\$266,900,000. The New Placement was approved by resolutions passed in the special general meeting held on 14 September 2009 and is expected to be completed in September 2009. Upon completion of the New Placement, the issued and fully paid shares of the Company will be increased to 3,239,196,000 shares and which will be further increased to 3,439,196,000 shares assuming the subscription rights attaching to the unlisted warrants are fully exercised.

### **(c) Disposal of Properties**

On 15 July 2009, The Company entered into an agreement with an independent third party pursuant which the Company's office property located in Hong Kong was sold at a total consideration of HK\$27,800,000. The transaction was completed on 21 August 2009 and a loss of approximately HK\$3,531,500 arising from this disposal will be recorded for the year ending 31 December 2009 based on the carrying value (including all relevant costs and revaluation surplus) of the office property of approximately HK\$31,331,500.

On 8 September 2009, Lu He Yuansheng Light Industrial Products Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party pursuant which a property which is located in Shuishun, Luhe, PRC was sold at a total consideration of RMB20,000,000 (approximately HK\$22,598,000). The transaction is expected to be completed in December 2009.

### **(d) Change of Company Name**

Pursuant to a special resolution passed in the special general meeting held on 14 September 2009, the English name of the Company was changed from "Peaktop International Holdings Limited" to "Beijing Properties (Holdings) Limited" and a new Chinese name "北京建設(控股)有限公司" in place of the existing Chinese name "元昇國際集團有限公司" for identification was adopted.

## **19. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.

## **20. OTHER FINANCIAL INFORMATION**

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2009 amounted to HK\$33,720,000 (2008: HK\$156,132,000) and HK\$93,217,000 (2008: HK\$112,641,000), respectively.



# DISCLOSEABLE INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY

As at the date of the condensed consolidated statement of financial position, the interests or short positions of the directors (the "Directors") and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares:

Name of Director	Notes	Number of ordinary shares held, capacity and nature of interest			Total	Approximate percentage of the Company's issued share capital (%)
		Personal	Family	Corporate		
Mr. LIN Chun Kuei		135,059,200	–	–	135,059,200	13.52
Mr. LIN Chun Fu		33,690,800	–	–	33,690,800	3.37
Mr. Andree HALIM	1	42,086,000	–	127,822,000	169,908,000	17.00
Mr. NG Kin Nam	2	60,123,200	6,107,000	89,291,800	155,522,000	15.56

Notes:

1. Tian Wan Pte. Ltd. is the beneficial owner of 127,822,000 Shares. The entire issued share capital of Tian Wan Pte. Ltd. is beneficially owned as to 50% each by Mr. Andree HALIM and Mr. Daniel HALIM, the son of Mr. Andree HALIM. Accordingly, Mr. Andree HALIM is deemed to be interested in 127,822,000 shares beneficially owned by Tian Wan Pte. Ltd.
2. Jade Investment Limited is the beneficial owner of 89,291,800 shares. The entire issued share capital of Jade Investment Limited is beneficially owned as to 50% each by Mr. NG Kin Nam and Ms. Jocelyn O. Angeleslao, the spouse of Mr. NG Kin Nam. Accordingly, Mr. NG Kin Nam is deemed to be interested in the 89,291,800 Shares beneficially owned by Jade Investment Limited. Mr. NG Kin Nam is also deemed to be interested in the 6,107,000 shares beneficially owned by Ms. Jocelyn O. Angeleslao.
3. Both Mr. Andree HALIM and Mr. NG Kin Nam had resigned as directors of the Company with effect from 17 July 2009. Mr. Lin Chun Fu had resigned as directors of the Company with effect from 22 September 2009.

## DISCLOSEABLE INFORMATION

In addition to the above, certain directors hold shares in certain subsidiaries of the Company, in a non-beneficial capacity, solely for the purpose of complying with minimum company membership requirements.

Save as disclosed above, as at the date of the condensed consolidated statement of financial position, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); and (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests in the Company" and "Share Option Scheme", at no time during the six months ended 30 June 2009 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### **SHARE OPTION SCHEME**

The Company adopts a share option scheme which complies with the requirements of Chapter 17 of the Listing Rules.

During the six months ended 30 June 2009, no share options were granted or exercised under the share option scheme.

## DISCLOSEABLE INFORMATION

### SUBSTANTIAL SHAREHOLDERS

As at the date of the condensed consolidated statement of financial position, so far as is known to the Directors and the chief executive of the Company, the following person (not being Directors and chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 and Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Long positions in the shares:

Name	Notes	Capacity and nature of interest	Number of ordinary Shares held	Approximate percentage of the Company's issued share capital (%)
Ms. Jocelyn O. Angeleslao	1	Through a controlled corporation	89,291,800	8.94
	1	Directly beneficially owned	6,107,000	0.61
	1	Through the spouse	60,123,200	6.01
			155,522,000	15.56
Jade Investment Limited	1	Directly beneficially owned	89,291,800	8.94
Tian Wan Pte. Ltd.	2	Directly beneficially owned	127,822,000	12.79
Mr. Daniel HALIM	2	Through a controlled corporation	127,822,000	12.79
Lin Huang Su Feng	3	Through the spouse	135,059,200	13.52

*Notes:*

- Ms. Jocelyn O. Angeleslao is the spouse of Mr. NG Kin Nam, an Executive Director who had resigned on 17 July 2009, and the beneficial owner of 50% of the existing issued share capital of Jade Investment Limited. Accordingly, she is deemed to be interested in the 60,123,200 shares beneficially owned by Mr. NG Kin Nam and the 89,291,800 Shares beneficially owned by Jade Investment Limited. She is also the beneficial owner of 6,107,000 shares.
- Tian Wan Pte. Ltd. is the beneficial owner of 127,822,000 shares. The entire issued share capital of Tian Wan Pte. Ltd. is beneficially owned as to 50% each by Mr. Andree HALIM (one of the Director of the Company who had resigned on 17 July 2009) and Mr. Daniel HALIM, the son of Mr. Andree HALIM.
- Ms. Lin Huang Su Feng is the spouse of Mr. Lin Chun Kuei (one of the Directors of the Company). Accordingly, she is deemed to be interested in 135,059,200 Shares which are beneficially owned by Mr. Lin.

## DISCLOSEABLE INFORMATION

(ii) Long positions in the shares of subsidiaries of the Company:

<b>Name of subsidiary</b>	<b>Name of substantial shareholder</b>	<b>Percentage of shareholding (%)</b>
Waterwerks Pty. Ltd.	Infiniti Marketing Group Pty. Ltd.	10

As at the date of the condensed consolidated statement of financial position, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interest in shares disclosed above in respect of the Directors and chief executive of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital.

Save as disclosed above, as at the date of the condensed consolidated statement of financial position, so far as is known to the Directors and chief executive of the Company were not aware of any other person (other than the Directors and chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2009.

## REMUNERATION COMMITTEE

The remuneration committee was established in 2005, which is responsible for formulating and making recommendation to the Board on the Group's policy and structure for all the remunerations of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

During the six months ended 30 June 2009, the majority of the remuneration committee members are Independent Non-executive Directors. Members of the remuneration committee are Mr. Goh Gen Cheung (*Chairman*), Mr. Ma Chiu Cheung, Andrew, Mr. Ng Tang Fai, Ernesto and Mr. Qian Xu. Both Mr. Lin Chun Kuei and Mr. Li Chien Kuan had resigned as the member of remuneration committee with effect from 17 July 2009. Mr. Qian Xu was appointed as the member of remuneration committee with effect from 17 July 2009.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, with deviations from code provisions A.2.1 and A.4.1 of the CG Code in respect of the separates roles of the Chairman and Chief Executive Officer ("CEO") and the appointment of Independent Non-executive Directors for a specific terms.

Code A.2.1 of the CG Code provides that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The Chairman and CEO of the Company during the six months ended 30 June 2009 is Mr. Lin Chun Kuei who had been re-designated as a non-executive director with effect from 17 July 2009. During the six months ended 30 June 2009, the Board considered that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there was a professional and independent non-executive element on the Board and a clear division of responsibility for the running of the business of the Group. Effective 17 July 2009, Mr. Lei Zhengang was appointed as the Chairman and an executive director and Mr. Qian Xu was appointed as the CEO and an executive director of the Group and this Code A.2.1 was then complied.

Code A.4.1 of the CG Code provides that Non-executive directors should be appointed for a specific term, subject to re-election. Currently, the two out of three Independent Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2009.