



東方銀座控股
Oriental Ginza Holdings
Oriental Ginza Holdings Limited

Stock Code : 00996

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The board of directors (the “Board” or the “Directors”) of Oriental Ginza Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Notes	Unaudited six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
Revenue	(3)	121,264	142,036
Other income and net gains		7,585	2,362
Operating lease rentals		(17,840)	(20,560)
Employee benefits expense		(6,194)	(8,023)
Depreciation of property, plant and equipment		(3,008)	(3,167)
Finance costs		(56,295)	(56,441)
Other operating expenses		(14,650)	(18,557)
Profit before tax		30,862	37,650
Income tax expense	(4)	(5,650)	(7,166)
Profit for the period	(5)	25,212	30,484
Attributable to:			
Equity holders of the Company		25,212	30,484
Minority interests		—	—
		25,212	30,484
Dividends:			
Dividends recognised as distribution during the period			
— payment of 2007 final dividend of HK\$0.0026	(6)	—	25,104
Earnings per share			
Basic (HK\$ per share)	(7)	2.6 cents	4.2 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Profit for the period	25,212	30,484
Other comprehensive income, net of tax		
– Exchange differences arising on translation of foreign operations	1,234	113,169
Total comprehensive income for the period	26,446	143,653
Total comprehensive income attributable to:		
– Equity holders of the Company	26,446	143,653
– Minority interests	–	–
	26,446	143,653

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	(8)	45,255	48,284
Investment properties	(8)	3,075,669	3,075,941
		3,120,924	3,124,225
Current assets			
Properties held for sale	(9)	306,725	327,787
Trade receivables	(10)	78,148	70,652
Prepayments, deposits and other receivables		275,184	357,372
Pledged bank deposits	(11)	77,722	78,259
Bank balances and cash	(11)	126,130	39,858
		863,909	873,928
Total assets		3,984,833	3,998,153
Current liabilities			
Trade payables	(12)	174,942	188,491
Accrued liabilities and other payables		187,502	188,960
Taxation payable		37,168	33,631
Bank borrowings, secured		422,350	372,350
		821,962	783,432
Net current assets		41,947	90,496
Total assets less current liabilities		3,162,871	3,214,721
Capital and reserves			
Share capital	(13)	193,109	193,109
Share premium and reserves		1,360,634	1,334,188
Equity attributable to equity holders of the Company		1,553,743	1,527,297
Minority interests		2	2
Total equity		1,553,745	1,527,299
Non-current liabilities			
Bank borrowings, secured		1,135,876	1,214,172
Deferred tax liabilities		473,250	473,250
		1,609,126	1,687,422
		3,162,871	3,214,721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity holders of the Company									
	Notes	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	*The PRC statutory reserves HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2008 (audited)		33,109	420,456	9,404	17,466	21,773	414,739	916,947	2	916,949
Profit for the period		–	–	–	–	–	30,484	30,484	–	30,484
Exchange differences arising on translation of foreign operations		–	–	–	113,169	–	–	113,169	–	113,169
Total comprehensive income for the period 30 June 2008		–	–	–	113,169	–	30,484	143,653	–	143,653
Issue of new shares	(13)	160,000	1,040,000	–	–	–	–	1,200,000	–	1,200,000
Dividends recognised as distribution	(6)	–	–	–	–	–	(25,104)	(25,104)	–	(25,104)
Share issue expenses		–	(30,200)	–	–	–	–	(30,200)	–	(30,200)
At 30 June 2008 (unaudited)		193,109	1,430,256	9,404	130,635	21,773	420,119	2,205,296	2	2,205,298
At 1 January 2009 (audited)		193,109	1,430,256	9,404	131,024	23,172	(259,668)	1,527,297	2	1,527,299
Profit for the period		–	–	–	–	–	25,212	25,212	–	25,212
Exchange differences arising on translation of foreign operations		–	–	–	1,234	–	–	1,234	–	1,234
Total comprehensive income for the period 30 June 2009		–	–	–	1,234	–	25,212	26,446	–	26,446
Issue of new shares		–	–	–	–	–	–	–	–	–
Dividends recognised as distribution		–	–	–	–	–	–	–	–	–
Share issue expenses		–	–	–	–	–	–	–	–	–
At 30 June 2009 (unaudited)		193,109	1,430,256	9,404	132,258	23,172	(234,456)	1,553,743	2	1,553,745

Note: *The People's Republic of China (the "PRC")

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Net cash generated by operating activities	168,395	91,669
Net cash generated/(used in) by investing activities	984	(1,157,392)
Net cash (used in)/generated by financing activities	(84,607)	1,024,493
Net increase/(decrease) in cash and cash equivalents	84,772	(41,230)
Cash and cash equivalents at 1 January	17,660	59,930
Effects of exchange rate changes	1,484	28,459
Cash and cash equivalents at 30 June	103,916	47,159
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	126,130	56,849
Bank overdrafts, secured	(22,214)	(9,690)
Cash and cash equivalents	103,916	47,159

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The principal accounting policies adopted and methods of computation used in the preparation of unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated 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, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). 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 new and revised standards, amendments or interpretations that have been issued but are not yet effective. 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 the beginning of the first annual reporting period beginning on or after 1 July 2009. 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 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.

3. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the directors that are used to assess performance and allocate resources. The Group is principally engaged in property investment business, retail-related consultancy and management services business in the PRC. The segment information provided to the directors for the reportable segments for the period ended is as follows:

For the six months ended 30 June 2009

	Property investment business HK\$'000	Retail-related consultancy and management services business HK\$'000	Consolidated HK\$'000
REVENUE			
External sales	102,285	18,979	121,264
RESULTS			
Segment results	96,385	(3,756)	92,629
Finance costs			(56,295)
Unallocated income			—
Unallocated corporate expenses			(5,472)
Profit before tax			30,862
Income tax expense			(5,650)
Profit for the period			25,212

For the six months ended 30 June 2008

	Property investment business HK\$'000	Retail-related consultancy and management services business HK\$'000	Consolidated HK\$'000
REVENUE			
External sales	102,047	39,989	142,036
RESULTS			
Segment results	87,938	12,654	100,592
Finance costs			(56,441)
Unallocated income			116
Unallocated corporate expenses			(6,617)
Profit before tax			37,650
Income tax expense			(7,166)
Profit for the period			30,484

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

All segment revenues were from external customers and there was no inter-segment sales during the period (2008: Nil). Unallocated costs consist primarily of administrative expenses, which contribute to all operating segments.

Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, finance costs and income tax expenses.

Segment assets and reconciliation to total assets are as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Property investment business	3,906,598	3,904,711
Retailed-related consultancy and management services business	73,937	80,809
Unallocated assets	4,298	12,633
	3,984,833	3,998,153

Segment assets consist primarily of investment properties, properties held for sale and other receivables. Unallocated assets comprise property, plant and equipment and cash and cash equivalents.

4. INCOME TAX EXPENSE

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
PRC enterprise income tax ("EIT")		
Current period	5,616	6,397
Underprovision in prior year	34	769
Hong Kong profits tax	—	—
Tax charge for the period	5,650	7,166

The provision for PRC EIT is calculated based on the statutory income tax rate of 25% (six months ended 30 June 2008: 25%) on the assessable profit of each of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations in the PRC.

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

5. PROFIT FOR THE PERIOD

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

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Depreciation of property, plant and equipment	3,008	3,167
Interest on borrowings	56,295	56,441
Interest income	(238)	(980)
Loss on disposal of property, plant and equipment	29	—
Gain on disposal of investment properties	—	(565)
Gain on disposal of properties held for sale	(1,823)	—

6. DIVIDENDS

A final dividend in respect of 2007 of HK\$0.0026 per share in a total amount of approximately HK\$25,104,000 has been declared in the Annual General Meeting on 2 June 2008 and was paid during 2008. The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2009 is based on the following data:

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Earnings		
Profit for the purpose of calculating basic and diluted earnings per share	25,212	30,484
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	965,542,931	734,773,700

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment of approximately HK\$1,535,000 and disposed of property, plant and equipment with carrying amount of approximately HK\$1,521,000.

During the period, investment properties with a carrying amount of approximately HK\$272,000 were disposed of, resulting in no gain or loss on disposal.

At 30 June 2009, the Directors considered the carrying amount of the Group's buildings and investment properties carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no fair value gains or loss has been recognised in the current period.

At 30 June 2009, certain of the Group's investment properties with carrying value of approximately HK\$3,002,490,000 (31 December 2008: HK\$3,002,490,000) have been pledged to secure the bank borrowings and other banking facilities granted to the Group.

9. PROPERTIES HELD FOR SALE

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Properties situated in the PRC	306,725	327,787

10. TRADE RECEIVABLES

The Group allows credit periods of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0-30 days	9,469	13,597
31-60 days	—	3,369
61-90 days	—	3,113
Over 90 days	68,679	50,573
	78,148	70,652

11. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits and bank balance carried interest at prevailing market rates. Included in pledged bank deposits and bank balances of the Group totalling HK\$201,451,000 (31 December 2008: HK\$113,722,000) were denominated in Renminbi ("RMB"). RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

At 30 June 2009, the Group's bank borrowings and other banking facilities were secured by pledged bank deposits of approximately HK\$77,722,000 (31 December 2008: HK\$78,259,000).

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0-30 days	—	79,887
31-60 days	—	—
61-90 days	—	—
Over 90 days	174,942	108,604
	174,942	188,491

13. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.02 each at 1 January 2008		7,500,000,000	150,000
Increase in authorised share capital	(a)	42,500,000,000	850,000
Reduced due to Share Consolidation	(b)	(45,000,000,000)	—
Ordinary shares of HK\$0.20 each at 31 December 2008 and 30 June 2009			
		5,000,000,000	1,000,000
Issued and fully paid:			
Ordinary shares of HK\$0.02 each at 1 January 2008		1,655,429,312	33,109
Issue of placing shares	(c)	8,000,000,000	160,000
Reduced due to Share Consolidation	(b)	(8,689,886,381)	—
Ordinary shares of HK\$0.20 each at 31 December 2008 and 30 June 2009			
		965,542,931	193,109

Notes:

(a) Increase in authorised share capital

Pursuant to an ordinary resolution passed by the Company's shareholders at the special general meeting held on 9 January 2008, the authorised share capital of the Company was increased from HK\$150,000,000 to HK\$1,000,000,000 by the creation of an additional 42,500,000,000 ordinary shares of HK\$0.02 each.

(b) Share consolidation

Pursuant to an ordinary resolution passed by the Company's shareholders at the special general meeting held on 2 June 2008, every 10 ordinary shares of HK\$0.02 each in the issued and unissued share capital of the Company were consolidated into 1 ordinary share of HK\$0.20 each (the "Share Consolidation"). The Share Consolidation took effect on 3 June 2008.

(c) Issue of placing shares

On 14 March 2008, the Company completed, through the placing agent, the placing of an aggregate of 8,000,000,000 new shares of HK\$0.02 each in the capital of the Company at a placing price of HK\$0.15 each to independent third parties. The Company raised net proceeds of approximately HK\$1,169,000,000 which were used as to approximately HK\$1,120,000,000 for the settlement of the outstanding debts and the remaining balance of approximately HK\$49,000,000 as general working capital of the Group.

14. COMMITMENTS AND CONTINGENT LIABILITIES

(A) Operating Lease Commitments

The Group as lessee

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	49,378	49,377
In the second to fifth year inclusive	172,952	189,112
Over five years	278,879	290,763
	501,209	529,252

The Group as lessor

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	193,806	208,814
In the second to fifth year inclusive	696,135	696,229
Over five years	1,244,608	1,341,374
	2,134,549	2,246,417

(B) Capital Commitments

As at 30 June 2009, the Group has no material capital expenditure.

(C) Contingent Liabilities

As at 30 June 2009, the Group has no material contingent liabilities.

15. RELATED PARTY TRANSACTIONS

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

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Remuneration to key management personnel of the Group		
Short-term benefits	1,959	1,688
Post-employment benefits	58	24
	2,017	1,712

16. POST BALANCE SHEET EVENTS

On 19 August 2009, two wholly-owned subsidiaries of the Group signed two framework agreements in relation to proposed acquisition of interests in two companies which have interests in certain lands and buildings in Beijing and Tianjian respectively. Details of the two framework agreements were set out in the two Company's announcements dated 21 August 2009. On 8 September 2009, the two wholly-owned subsidiaries of the Group signed two supplemental framework agreements in relation to the above proposed acquisitions in which the Group agreed to pay earnest money to a firm of solicitors as escrow agent. Details of the two supplemental framework agreements were set out in the two Company's announcements dated 8 September 2009.

On 31 August 2009, the Company entered into a placing agreement, pursuant to which up to 100,000,000 existing shares would be sold by Bold Merit International Limited and up to 30,000,000 existing shares would be sold by Fit Top Investments Limited, and the sale shares will be placed by the placing agent to not less than six independent professional, institutional and/or individual investors. On 31 August 2009, the Company also entered into a subscription agreement, pursuant to which, the Company agreed to issue and allot 130,000,000 new ordinary shares of HK\$0.20 each in the Company and up to 100,000,000 new shares would be issued to Bold Merit International Limited and up to 30,000,000 new Shares would be issued to Fit Top Investments Limited by the Company. The new share allotment was completed on 11 September 2009. Details of the placing agreement and the subscription agreement were set out in the Company's announcements dated 31 August 2009.

17. COMPARATIVE FIGURES

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

● REVIEW AND OUTLOOK

REVIEW OF OPERATIONS

Business Environment

The global financial crisis in 2008 has swept many countries and caused setback for different businesses. This financial contagion spread to the PRC in the second half of 2008, hitting particularly hard the export sector and the capital markets. Coupled with tightened credit market, natural disasters of snowstorms and Sichuan earthquake, the property prices experienced the first time a material adjustment in this decade. For our Group, there were adverse effects to our business operation particularly to our retail-related consultancy and management service sector. For the first half of financial year 2009, much of the Group's revenue was from rental income of our investment property portfolio. This was attributable to the components of our assets which comprise about 71% of retail and office space as well as the properties' prime locations in Beijing. The Board was pleased of this contribution from the investment property as it demonstrated that the acquisition of the two properties in Beijing in 2007 brought positive contributions to the Group.

Property Investment

The Group's investment property portfolio comprising Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場) covers a total unsold area of about 135,300m², with 66,800m² or 49% of retail space, 30,500m² or 23% of office space, 20,300m² or 15% of residential apartments, 17,700m² or 13% of recreational and ancillary facilities as well as 1,172 car park spaces.

Oriental Kenzo Plaza (東方銀座廣場) is located at Dongzhimen (東直門), Dong Cheng District (東城區) of East Second Ring area (東二環區) of Beijing, opposite to the Beijing Capital Airport Express Rail Terminal. The basement of the Oriental Kenzo Plaza's shopping mall is directly linked to Dongzhimen station of the Beijing Subway. The entire complex covers a site area of about 15,500m² with a total floor area of approximately 138,000m². The unsold floor area was about 62,200m² (retail space: 34,500m², offices: 21,300m², residential apartments: 6,400m² and 509 car parks). Rental occupancy rates were approximately 100% for retail space; 91% for offices; 53% for residential apartments; and majority of car parks were rented on an hourly rate basis.

Jing Gang City Plaza (京港城市廣場) at Shilipu (十里堡) is a large-scale property project comprising 3 different phases of development, namely Jing Gang City Plaza (京港城市廣場), International Metro Centre (都會國際) and The Metropolitan (都會華庭). It is located on Chao Yang Road (朝陽路), Chao Yang District (朝陽區) of East Fourth Ring area (東四環區) of Beijing. The entire complex covers a site area of about 68,700m² with a total floor area of 298,300m². The unsold floor area was about 73,100m² (retail space: 32,300m², offices: 9,200m², residential apartments: 13,900m², recreational and ancillary facilities: 17,700m² and 663 car parks). Rental occupancy rates were approximately 98% for retail space; 43% for offices; 78% for residential apartments; 80% for recreational and ancillary facilities; and majority of car parks were rented on an hourly rate basis.

Retail-Related Consultancy and Management Services

The Group offers comprehensive retail-related consultancy and management services to its clients, encompassing different service areas including development planning consultancy services for shopping malls advertising and promotion consultancy services and operation of retail premises and store management services. During the period under review, the Group managed a total floor area of approximately 40,000 m² of retail premises operated by individual operators under different business themes.

FINANCIAL REVIEW

For the six months ended 30 June 2009, the Group recorded a total revenue of approximately HK\$121.3 million (six months ended 30 June 2008: HK\$142.0 million), representing a decrease of approximately HK\$20.7 million or 14.6% as compared with the same period last year. The net profit for the period was approximately HK\$25.2 million, representing a decrease of approximately HK\$5.3 million or 17.3 as compared with the net profit of approximately HK\$30.5 million in the corresponding period last year. This is mainly due to the decrease of revenue in retail-related consultancy and management services business during the period.

As at 30 June 2009, the current assets and current liabilities of the Group were approximately HK863.9 million (31 December 2008: HK\$873.9 million) and HK\$822.0 million (31 December 2008: HK\$783.4 million) respectively. The liquidity ratio, which is calculated at current assets over current liabilities, was approximately 1.1 times, which did not have a significant fluctuation when compared with that of approximately 1.1 times at the previous year end. The Group's total assets and total liabilities amounted to approximately HK\$3,984.8 million (31 December 2008: HK\$3,998.2 million) and HK\$2,431.1 million (31 December 2008: HK\$2,470.9 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.6 as at 30 June 2009, which also did not have a significant fluctuation as compared with approximately 0.6 as at 31 December 2008.

The cash and cash equivalents (net of bank overdrafts) as at 30 June 2009 was approximately HK\$103.9 million (31 December 2008: HK\$17.7million).

The Group's bank borrowing as at 30 June 2009 amounted to approximately HK\$1,558.2 million (31 December 2008: HK\$1,586.5 million). Out of the total outstanding bank borrowings, approximately HK\$422.4 million (31 December 2008: HK\$372.4 million) are repayable within one year. The Group's gearing ratio, calculated as total interest bearing borrowings over total shareholders' funds, was 100% as at 30 June 2009 as compared to 104% on 31 December 2008. There was no significant fluctuation in the gearing ratio during the period.

PROSPECT

2009 is expected to be another challenging year with many uncertainties as the global economy will continue to be very difficult. The PRC government has pledged to increase government spending as an active, direct and efficient way to aim for economic growth of 8 per cent. The PRC is expected to run a 950 billion Yuan fiscal deficit budget this year, the highest in six decades. As highlighted by Premier Wen Jiabao at the opening of the 2nd session of the PRC's 11th National People's Congress held in March 2009, one of the macro economic goals is to formulate a long-term growth strategy led mainly by domestic consumption rather than exports. We can anticipate that much of the growth in the coming years for the PRC will hinge on domestic consumption.

We remain optimistic about the medium to long term prospect of the PRC economy and in particular its retail industry given its huge domestic market and potential for growth. We will capitalise on the PRC's growth opportunities by following a disciplined approach to investment and development. We are confident that we are well-positioned and shall be able to emerge stronger from the storm.

As disclosed above, on 19 August 2009, two wholly-owned subsidiaries of the Group signed two framework agreements in relation to proposed acquisitions of interests in two companies which have interests in certain lands and buildings in Beijing and Tianjian respectively. The said proposed acquisitions, if materialised, will strength the Group's real estate related investments in the PRC.

CHARGES ON ASSETS

As at 30 June 2009, the Group's certain investment properties with carrying value of approximately HK\$3,002.5 million (31 December 2008: HK\$3,002.5 million) and bank deposits of approximately HK\$77.7 million (31 December 2008: HK\$78.3 million) were charged to secure bank borrowings and other banking facilities.

FOREIGN EXCHANGE EXPOSURE

Substantially all of the Group's sales and operating costs are denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the Directors consider that the currency risk is not significant.

The Group currently does not have a formal currency hedging policy in relation to currency risk. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

EMPLOYEE INFORMATION

As at 30 June 2009, the Group had a total of 78 employees (30 June 2008: 125 employees). The employees of the Group are remunerated in accordance with their working experience and performance, and their salaries and benefits are kept at market level. For the period ended 30 June 2009, the total staff costs of the Group was approximately HK\$6.0 million (30 June 2008: HK\$8.0 million), representing a decrease of approximately 25% over the previous year.

	Unaudited six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Salaries	4,630	7,370
Contributions to retirement benefits schemes	95	113
Other benefits	1,469	540
	6,194	8,023

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained 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 pursuant to the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Model Code"), were as follows:

Long positions in the ordinary share of HK\$0.20 each of the company

Name	Capacity	Number of shares held	Shareholding (%)
Ms. Tin Yuen Sin Carol	Beneficial owner	25,958,000	2.69
	Interest in controlled corporation (Note)	53,155,135	5.50
	Total	79,113,135	8.19

Note: At 30 June 2009, Ms. Tin Yuen Sin Carol was deemed to be interested in 53,155,135 ordinary shares of the Company through her 100% beneficial interest in Fit Top Investments Limited.

Save as disclosed above, as at 30 June 2009, none of the directors, chief executive nor their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors and the chief executive of the Company, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Long positions in the ordinary share of HK\$0.20 each of the company

Name	Capacity	Number of shares held	Shareholding (%)
Ms. Tin Yuen Sin Carol	Beneficial owner	25,958,000	2.69
	Interest in controlled corporation (Note 1)	53,155,135	5.50
	Total	79,113,135	8.19
Mr. Long Rui Ming	Interest in controlled corporation (Note 2)	154,909,800	16.04

Note:

1. This interest is held by Fit Top Investments Limited of which Ms. Tin Yuen Sin Carol wholly owns the entire issued share capital. Pursuant to SFO, Ms. Tin Yuen Sin Carol was deemed to be interested in the shares of the Company held by Fit Top Investments Limited.
2. This interest is held by Bold Merit International Limited of which Mr. Long Rui Ming wholly owns the entire issued share capital. Pursuant to SFO, Mr. Long Rui Ming was deemed to be interested in the shares of the Company held by Bold Merit International Limited.

Save as disclosed above, as at 30 June 2009, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

SHARE OPTION SCHEME

No share options to subscribe for shares in the Company has been granted and held by participants under the share option scheme of the Company during the six months ended 30 June 2009.

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

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

CORPORATE GOVERNANCE

The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), are established throughout the six months ended 30 June 2009.

Throughout the six months ended 30 June 2009, the Company meets all the code provisions as set out in the CG Code, except for the deviation summarised as follows :

CG Code

A.2.1 The roles of Chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual

Deviation and considered reason

During the six months ended 30 June 2009, the Company did not have officer with the title of CEO after Mr. Yip Ying Chi Benjamin's resignation as CEO with effect from 4 December 2008. During the period when there was no officer with the title of CEO, the CEO duties had been undertaken by the members of the Board.

COMPLIANCE WITH THE MODEL CODE

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed this interim report 2009 and the Group's unaudited consolidated results for the six months ended 30 June 2009 although the auditors of the Company have not reviewed such interim results.

On behalf of the Board

Tin Yuen Sin Carol

Chairperson

Hong Kong, 28 September 2009

As at the date hereof, the Board comprises Ms. Tin Yuen Sin Carol, Mr. Xu Yi, Mr. Zhang Feng, Mr. Li Sai Ho and Mr. Fok Wai Ming Eddie as executive directors, Mr. John Peter Ben Wang as non-executive director and Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris as independent non-executive directors.