



2009/10

INTERIM REPORT



HENRY GROUP HOLDINGS LIMITED



HENRY GROUP HOLDINGS LIMITED

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CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. Ng Chun For, Henry (*Chairman*)
Mr. Ng Ian (*Deputy Chairman and Chief Executive Officer*)

Non-executive director

Mr. Mak Wah Chi

Independent non-executive directors

Mr. Li Kit Chee
Mr. Ng Hoi Yue
Mr. Tsang Kwok Ming, Rock

Audit Committee

Mr. Li Kit Chee (*Committee Chairman*)
Mr. Mak Wah Chi
Mr. Ng Hoi Yue

Remuneration Committee

Mr. Li Kit Chee (*Committee Chairman*)
Mr. Mak Wah Chi
Mr. Tsang Kwok Ming, Rock

Company Secretary

Mr. Lee Pui Lam

Authorised Representatives

Mr. Ng Ian
Mr. Lee Pui Lam

Principal Place of Business

11th Floor, Cambridge House
Taikoo Place
979 King's Road
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Bankers

Bank of Shanghai
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

Auditors

BDO Limited

Principal Share Registrar and Transfer Office

Butterfield Corporate Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Stock Code

859

Corporate Website

www.henrygroup.hk

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

The board of directors (the "Board") of Henry Group Holdings Limited (the "Company") is pleased to present the condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2009, together with the comparative figures for the corresponding period in last year as follows:

		Unaudited	
		Six months ended 30 September	
	Notes	2009 HK\$'000	2008 HK\$'000
Turnover	3	18,222	12,493
Other income and gains		1,198	370
Increase in fair value of investment properties		90,000	25,210
Impairment loss of properties under development		(14,085)	—
Administrative and other operating expenses		(17,313)	(12,454)
Profit from operations		78,022	25,619
Finance costs	4	(20,674)	(10,728)
Share of losses on jointly-controlled entities		(12,115)	—
Profit before taxation		45,233	14,891
Taxation charge	5	(12,070)	(4,595)
Profit for the period	6	33,163	10,296
Profit/(loss) for the period attributable to:			
— Equity holders of the Company		50,593	10,296
— Minority interests		(17,430)	—
		33,163	10,296
Earnings per share for profit attributable to the equity holders of the Company	8		
— Basic (HK cents)		7.95	1.99
— Diluted (HK cents)		7.03	1.98

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Unaudited	
	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Profit for the period	33,163	10,296
Other comprehensive income		
Exchange difference arising from translation of financial statements of foreign operations	418	—
Recognition of hedging reserve of derivative financial instruments (net of deferred tax)	4,294	3,585
Other comprehensive income for the period	4,712	3,585
Total comprehensive income for the period	37,875	13,881
Total comprehensive income/(expenses) attributable to:		
— Equity holders of the Company	55,012	13,881
— Minority interests	(17,137)	—
	37,875	13,881

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009

		Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		2,296	2,727
Investment properties	9	990,000	900,000
Properties under development	10	2,512,416	2,466,462
Interests in jointly-controlled entities		22,464	34,579
Pledged deposits		—	5,000
Amount from a minority shareholder	16(a)	22,006	19,991
Deferred tax assets		4,794	5,415
		3,553,976	3,434,174
Current assets			
Trade and other receivables	11	44,408	7,581
Amount due from a jointly-controlled entity		15,228	14,478
Available-for-sale financial assets		74	74
Pledged deposits		—	135,000
Cash and bank balances		155,809	52,509
		215,519	209,642
Current liabilities			
Other payables, rental deposits received and accruals		29,140	99,380
Bank borrowings, current portion (secured)	12	4,951	10,944
Convertible notes	13	—	17,050
Amount due to a related party	16(b)	330	250
Tax payable		3,427	760
		37,848	128,384
Net current assets		177,671	81,258
Total assets less current liabilities		3,731,647	3,515,432

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2009

		Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
	Notes		
Non-current liabilities			
Rental deposits received		7,994	6,076
Bank borrowings, non-current portion (secured)	12	827,489	678,434
Convertible notes	13	149,329	141,045
Derivative financial instruments		8,252	13,395
Loans from related parties	16(c)	89,433	118,771
Amounts due to minority shareholders	16(d)	556,268	523,195
Loans from shareholders	16(e)	224,549	215,996
Deferred tax liabilities		514,289	502,351
		2,377,603	2,199,263
Net assets		1,354,044	1,316,169
Capital and Reserves			
Share capital	14	63,638	63,638
Reserves		642,571	587,559
Total equity attributable to equity holders of the Company		706,209	651,197
Minority interests		647,835	664,972
Total equity		1,354,044	1,316,169

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Convertible notes reserve HK\$'000	Share- based payment reserve HK\$'000	Hedging reserve HK\$'000	Contribution from shareholders HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2008 (Audited)	50,271	399,987	9,628	926	65,277	5,087	—	11,855	—	(63,789)	—	479,242
Net gain on cash flow hedges	—	—	—	—	—	—	3,585	—	—	—	—	3,585
Profit for the period	—	—	—	—	—	—	—	—	—	10,296	—	10,296
Total comprehensive income for the period	—	—	—	—	—	—	3,585	—	—	10,296	—	13,881
Share issued as part of the consideration for acquisition of subsidiaries	2,883	19,883	—	—	—	—	—	—	—	—	—	22,766
Discount arising on acquisition of subsidiary	—	—	—	—	—	—	—	22,781	—	—	—	22,781
At 30 September 2008 (Unaudited)	53,154	419,870	9,628	926	65,277	5,087	3,585	34,636	—	(53,493)	—	538,670
Exchange difference arising from translation of financial statements of an overseas subsidiary	—	—	—	—	—	—	—	—	(286)	—	(670)	(956)
Recognition of hedge reserve of derivative financial instruments	—	—	—	—	—	—	(14,770)	—	—	—	—	(14,770)
Loss for the period	—	—	—	—	—	—	—	—	—	(128,765)	(19,131)	(147,896)
Total comprehensive income/(expenses) for the period	—	—	—	—	—	—	(14,770)	—	(286)	(128,765)	(19,801)	(163,622)
Share issued as part of the consideration for acquisition of subsidiaries	10,484	23,065	—	—	—	—	—	—	—	—	—	33,549
Movement in equity arising from capital transactions: Discount arising on acquisition	—	—	—	—	—	—	—	215,503	—	—	—	215,503
Minority interests arising from acquisitions	—	—	—	—	—	—	—	—	—	—	684,773	684,773
Transfer to accumulated losses on lapse of share options	—	—	—	—	—	(1,182)	—	—	—	1,182	—	—
Recognition of equity component of convertible notes	—	—	—	—	7,296	—	—	—	—	—	—	7,296
At 1 April 2009 (Audited)	63,638	442,935	9,628	926	72,573	3,905	(11,185)	250,139	(286)	(181,076)	664,972	1,316,169
Recognition of hedging reserve of derivative financial instruments	—	—	—	—	—	—	4,294	—	—	—	—	4,294
Exchange difference arising from translation of financial statements of overseas subsidiary	—	—	—	—	—	—	—	—	125	—	293	418
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	50,593	(17,430)	33,163
Total comprehensive income/(expenses) for the period	—	—	—	—	—	—	4,294	—	125	50,593	(17,137)	37,875
Transfer to accumulated losses upon redemption of convertible notes	—	—	—	—	(1,410)	—	—	—	—	1,410	—	—
At 30 September 2009 (Unaudited)	63,638	442,935	9,628	926	71,163	3,905	(6,891)	250,139	(161)	(129,073)	647,835	1,354,044

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

	Unaudited	
	Six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Net cash used in operating activities	(33,414)	(5,082)
Net cash generated from/(used in) investing activities	10,835	(43,271)
Net cash generated from financing activities	125,872	27,443
Net increase/(decrease) in cash and cash equivalents	103,293	(20,910)
Cash and cash equivalents at beginning of the period	51,565	55,727
Cash and cash equivalents at end of the period	154,858	34,817
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	155,809	35,454
Bank overdraft	(951)	(637)
	154,858	34,817

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and 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”).

These condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 March 2009.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group had adopted certain 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 on 1 April 2009.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Company’s annual report for the year ended 31 March 2009.

HKAS 1 (Revised) — Presentation of Financial Statements

HKAS 1 (Revised 2007) Presentation of financial statements 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. Comparatives have been restated to conform with the revised standards.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

HKFRS 8 — Operating Segments

HKFRS 8 Segment information 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. 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 HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of those HKFRSs will have no material impact on the financial position of the Group.

3. SEGMENT INFORMATION

As mentioned in note 2, the Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. The adoption 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, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

As a result, following the adoption of HKFRS 8, the Group's reportable segments remain the same as prior year, including — property leasing and development, property agency services and securities investment.

(a) Business segments

	Unaudited			
	Six months ended 30 September 2009			
	Property leasing and development HK\$'000	Provision of property agency services HK\$'000	Securities investment HK\$'000	Total HK\$'000
GROSS PROCEEDS	14,714	3,508	—	18,222
TURNOVER	14,714	3,508	—	18,222
RESULTS				
Segment results	7,381	335	(1)	7,715
Increase in fair value of investment properties				90,000
Unallocated corporate income				96
Unallocated corporate expenses				(19,789)
Profit from operations				78,022
Finance costs				(20,674)
Share of losses on jointly-controlled entities				(12,115)
Profit before taxation				45,233
Taxation charge				(12,070)
Profit for the period				33,163

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

	Unaudited Six months ended 30 September 2008			
	Property leasing and development HK\$'000	Provision of property agency services HK\$'000	Securities investment HK\$'000	Total HK\$'000
GROSS PROCEEDS	9,996	2,497	15,153	27,646
TURNOVER	9,996	2,497	—	12,493
RESULTS				
Segment results	7,939	(1,320)	(10)	6,609
Increase in fair value of investment properties				25,210
Unallocated corporate income				290
Unallocated corporate expenses				(6,490)
Profit from operations				25,619
Finance costs				(10,728)
Profit before taxation				14,891
Taxation charge				(4,595)
Profit for the period				10,296

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

(b) Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

For the six months ended 30 September 2009, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets	
	Unaudited At 30 September 2009 HK\$'000	Audited At 31 March 2009 HK\$'000
The PRC	2,708,227	2,639,483
Hong Kong	1,061,268	1,004,333
	3,769,495	3,643,816

For the six months ended 30 September 2008, the Group's operations were in Hong Kong. Accordingly, no geographical segment was presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

4. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Interest charge on bank borrowings		
— wholly repayable within five years	2,165	73
— wholly repayable after five years	9,066	4,059
Interest expenses on interest rate swaps	3,092	—
Imputed interest on convertible notes (note 13)	9,306	6,596
Imputed interest on interest-free loan		
from a minority shareholder (note 16(d)(i))	6	—
Interest on loans from related parties		
(note 16(c)(i))	2,764	—
Imputed interest on interest-free loan		
from a related party (note 16(c)(ii))	1,687	—
Interest on amounts due to minority		
shareholders (note 16 (d)(ii))	12,998	—
Interest on loans from shareholders (note 16(e))	8,554	—
Others	33	—
	49,671	10,728
Less: amount capitalised into properties under		
development (note 10)	(28,997)	—
	20,674	10,728

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

5. TAXATION

	Unaudited	
	Six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax for the period	360	826
Deferred tax		
— Change in fair value on investment properties in Hong Kong	14,850	4,411
— Revaluation of properties under development in the PRC	(3,521)	—
— Effect of change in tax rate	—	(642)
— Others	381	—
	11,710	3,769
	12,070	4,595

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for the PRC income tax for the period has been made as the PRC subsidiary sustained a loss during the period. The Group did not have any business operation in the PRC in 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

6. PROFIT FOR THE PERIOD

	Unaudited	
	Six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging/(crediting) the followings:		
Directors' remuneration	1,149	1,402
Other staff costs	7,442	7,344
Total staff costs	8,591	8,746
Depreciation of property, plant and equipment	443	277
Write-off/loss on disposal of property, plant and equipment	6	100
Imputed interest income generated from amount due from a minority shareholder (note 16(a))	(928)	—
Interest income on bank deposits	(56)	(122)
Property rental income under operating leases, net of direct outgoings of HK\$806,239 (2008: HK\$41,609)	(13,908)	(9,954)

7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2009 (2008: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Unaudited	
	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Earnings		
Profit for the period attributable to the equity holders of the Company for the purpose of calculating basic earnings per share	50,593	10,296
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible notes	6,917	5,267
Profit for the period attributable to the equity holders of the Company for the purpose of calculating diluted earnings per share	57,510	15,563

	Unaudited	
	Six months ended 30 September	
	2009 Number of ordinary shares	2008 Number of ordinary shares
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	636,376,710	514,998,053
Effect of dilutive potential ordinary shares:		
Share options	—	3,942,085
Convertible notes	182,124,661	172,724,661
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	818,501,371	691,664,799

No diluted earnings per share in respect of share option has been presented in the current period as the exercise prices of the Company's share options were higher than average market price of the shares for the six months ended 30 September 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

9. INVESTMENT PROPERTIES

	HK'000
At fair value	
At 1 April 2009 (Audited)	900,000
Increase in fair value during the period	90,000
At 30 September 2009 (Unaudited)	990,000

The investment properties of the Group were revalued as at 30 September 2009 by AA Property Services Limited, an independent professional valuer on an open market value basis.

The Group's investment properties are held in Hong Kong under long term leases.

10. PROPERTIES UNDER DEVELOPMENT

	HK'000
At cost	
At 1 April 2009 (Audited)	2,466,462
Interest capitalised (note 4)	28,997
Additions	31,042
Impairment loss	(14,085)
At 30 September 2009 (Unaudited)	2,512,416

The Group's properties under development are held in the PRC under long term leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables were trade receivables of approximately HK\$8,266,000 (net of provisions). The trade receivables mainly consist of agency fees receivable from customers and rental receivables. The agency fees receivable from customers are obliged to settle the amounts due upon the completion of the relevant agreements. The aged analysis of the Group's trade receivables, and net of provisions, is as follows:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Up to 30 days	5,282	4,309
31–60 days	1,877	456
61–90 days	391	134
More than 90 days	716	220
	8,266	5,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

12. BANK BORROWINGS — SECURED

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Borrowings comprised:		
Bank loans	831,489	688,434
Bank overdraft	951	944
	832,440	689,378
Less: Current portion	(4,951)	(10,944)
Non-current portion	827,489	678,434

The bank borrowings are repayable as follows:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
On demand or within one year	4,951	10,944
After one year but within two years	4,200	10,600
After two years but within five years	42,544	54,635
After five years	780,745	613,199
	832,440	689,378

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

13. CONVERTIBLE NOTES

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Liability component at beginning of period	158,095	114,845
Proceeds of issues	—	35,720
Equity component	—	(7,296)
Liability component on initial recognition	—	28,424
Imputed interest (note 4)	9,306	14,826
Proceeds upon redemption of convertible notes	(18,072)	—
Liability component at end of period	149,329	158,095
Current portion	—	17,050
Non-current portion	149,329	141,045

- (a) On 17 November 2008, the Company issued two batches of convertible notes in the principal amount of HK\$17,860,000 each as part of the consideration for the acquisition of Uptodate Management Limited. The convertible notes bear interest at 1.68% per annum with the respective maturity dates on 1 August 2009 and 1 February 2012 or convertible into shares of the Company one month after maturing at the initial conversion price of HK\$1.9 per share subject to adjustment to take into account of capital transactions with dilutive effect.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

During the period, one of the convertible notes with the maturity date on 1 August 2009 were redeemed and fully settled. The remaining convertible notes with the maturity date on 1 February 2012 could be converted to 9,400,000 shares of the Company at the conversion price of HK\$1.9 per share. If there is no conversion, they will be repaid on the maturity date with the interest thereof.

The convertible notes were split between the liability and equity components of approximately HK\$28,424,000 and HK\$7,296,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The respective effective interest rates of the liability component of the two convertible notes are 14.23% and 15.13% per annum.

- (b) On 25 June 2007, the Company issued a convertible note in the principal amount of HK\$129,105,609 as part of the consideration for the acquisition of Max Act Enterprises Limited. The convertible note bears interest at 1.68% per annum with maturity date of 5 years from the date of issuance and are repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK\$0.98 per share and subsequently adjusted to HK\$0.937 as a result of the completion of placing in November 2007. For details of adjustment to the conversion price, please refer to the Company's announcement dated 16 November 2007. No conversion was made during the period. The whole amount of the convertible note will be converted to 137,786,135 shares of the Company at the conversion price of HK\$0.937 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity component of approximately HK\$81,318,000 and HK\$47,787,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible note equity reserve. The effective interest rate of the liability component is 11.41% per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

- (c) On 14 November 2007, the Company issued a convertible note in the principal amount of HK\$42,625,000 as part of the consideration for the acquisition of Seedtime International Limited. The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK\$1.25 per share subject to adjustment to take into account for capital transactions with dilutive effect. Subsequently, it was adjusted to HK\$1.22 as a result of taking into account the dilutive effect of the share placement in November 2007. No conversion was made during the period. The whole amount of the convertible note will be converted to 34,938,524 shares of the Company at the conversion price of HK\$1.22 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity component of approximately HK\$25,135,000 and HK\$17,490,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 12.95% per annum.

14. SHARE CAPITAL

	Number of Shares	Amount
	Number '000	HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2009 and at 30 September 2009	1,000,000	100,000
Issued and fully paid:		
At 1 April 2009 and at 30 September 2009	636,377	63,638

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

15. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Within one year	1,733	1,762
In the second to fifth year inclusive	1,046	128
	2,779	1,890

Operating lease payments represent rental payable by the Group for certain of its office premises and directors' quarters.

The Group as lessor

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

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Within one year	29,821	24,038
In the second to fifth year inclusive	31,070	29,369
	60,891	53,407

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

16. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

During the period, the Group had the following material transactions and balances with connected and related parties:

- (a) Amount due from a minority shareholder, Premium Assets Development Limited, is interest free and not repayable within the next twelve months. The amount was stated at fair value as at the balance sheet date which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the loan for the period amounted to approximately HK\$928,000 and was credited to profit or loss.
- (b) Mr. Chan Kwok Hung is a director of a non wholly-owned subsidiary. The amount is unsecured, interest free and has no fixed repayment term.
- (c) Loans from related parties consist of the following:

		Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
	Notes		
Asia Century Worldwide Limited ("Asia Century")	(i)	49,446	80,501
北京栢宇興業房地產開發有限公司 (Beijing Grand-Pac Ventures Limited) ("BGPV")	(ii)	39,987	38,270
		89,433	118,771

- (i) The Chairman, Mr. Ng Chun For, Henry has a controlling interest in Asia Century. At 30 September 2009, the loan from Asia Century amounted to HK\$48,200,000 and carries fixed interest rate at 6% per annum, unsecured and not repayable within the next twelve months. Interest paid to Asia Century for the period amounted to approximately HK\$2,764,000 (2008: Nil) was charged to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

- (ii) BGPV is a company incorporated in the PRC, in which a director of a non wholly-owned subsidiary has equity interest. The amount due is unsecured, interest free and is not repayable before 14 November 2015. The amount was stated at fair value as at the balance sheet date which is estimated by discounting the nominal value of the loan of approximately RMB60,180,000 at current market interest rate of similar financial instruments over the repayment period. Imputed interest on the nominal value of the loan for the period amounted to approximately HK\$1,687,000 (2008: Nil) and was charged to profit or loss.

- (d) Amounts due to minority shareholders comprise the following:

		Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
	Notes		
Uni-Land Property Group Limited	(i)	777	771
Best Task Limited (being a wholly-owned subsidiary of Dragonwing International Limited)	(ii)	555,491	522,424
		556,268	523,195

- (i) The amount is unsecured, interest free and repayable on 31 October 2010. The amount was stated at fair value as at the balance sheet date which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the loan for the period amounted to approximately HK\$6,000 and was charged to profit or loss.
- (ii) The amounts include pro-rata shareholder's loans of approximately HK\$292,769,000, which carries fixed interest at 9% per annum and interest payable thereon of approximately HK\$34,007,000. The loan and interest payable are unsecured and are not expected to be repayable within the next twelve months. The interest on the loan for the period amounted

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

to approximately HK\$12,998,000 (2008: Nil) and was charged to profit or loss. The remaining balance of approximately HK\$228,714,000 (2008: Nil) is unsecured, interest free and in substance represents pro-rata quasi equity investment in the subsidiary from a minority shareholder.

- (e) Loans from shareholders represent the following:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Mr. Ng Chun For, Henry	208,000	200,078
Mr. Ng Ian	8,002	7,687
Mr. Ng Eric	8,002	7,686
Mr. Chan Kwai Ping, Albert	545	545
	224,549	215,996

The loans from shareholders are unsecured, bearing fixed interest rate at 9% per annum and are not repayable within the next twelve months. Interest on these loans for the period amounted to approximately HK\$8,554,000 (2008: Nil) and was charged to profit or loss.

- (f) The Company has given a corporate guarantee in favour of a bank to secure bank facilities granted to a non-wholly owned subsidiary to the extent of approximately HK\$950,000 (2008: HK\$950,000).
- (g) During the period, Grand Fly Enterprises Limited, an indirect non-wholly owned subsidiary, recognised consultancy fees in aggregate of approximately HK\$1,500,000 to Noble Sino Profits Limited, a company controlled by Mr. Chung Toi Chiu, Steven, being a director of certain subsidiaries and a controlling shareholder of a minority shareholder.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2009

According to the Listing Rules, the consultancy fees constitutes a connected transaction of the Company and was disclosed in the circular dated 27 October 2008.

- (h) During the period, High Fly Investments Limited (“High Fly”) (being a non-wholly owned subsidiary of the Company) as lender entered into a supplemental agreement (“Agreement”) whereby High Fly agreed to arrange for additional financing of the development project in Shanghai in form of shareholder’s loan to its subsidiary, Grandyear Estate Limited (“Grandyear”) from HK\$600 million to HK\$644 million (“HF Loan”). According to the Listing Rules, the HF Loan constitutes a continuing connected transaction of the Company required reporting, announcement and independent shareholders’ approval. The revised cap for the HF Loan of HK\$650 million was duly approved by the independent shareholders of the Company at the special general meeting held on 10 June 2009. For details of the HF Loan, please refer to the Company’s circular dated 22 May 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Ginza-style properties portfolio in Hong Kong

Jardine Center, Jardine's Bazaar, Causeway Bay

Rental income derived from Jardine Center (total gross floor area ("GFA") of about 52,800 square feet) for the six months ended 30 September 2009 amounted to approximately HK\$10,134,000, up by 3% from approximately HK\$9,886,000 for the same period last year. The occupancy of Jardine Center stayed at a high level of nearly 96% on average. Jardine Center continuously provided a steady recurrent revenue to the Group and accounted for approximately 56% of turnover for the period. The Group will continue to refine its tenant mix and perform regular refurbishments to make Jardine Center more attractive.

L'hart, Lockhart Road, Causeway Bay

During the period, the new 24-storey ginza-style building (total GFA of about 32,600 square feet) with unique duplex retail floors, which was opened to tenancy in September 2008, achieved satisfactory occupancy rate of 70% in the midst of economic downturn and contributed steady rental income approximately HK\$4,580,000. With the Hong Kong economy showing signs of recovery, L'hart has been receiving more enquiries from prospective tenants. The earning strength of L'hart will be reflected more fully in the second half financial year ending 31 March 2010.

Uni-Land Property Agency ("Uni-land")

The retail property agency business operated by Uni-land reported a turnover of approximately HK\$3,508,000 despite slowdown of leasing activities. Uni-Land is committed to further enhancing its operational efficiency to bolster business performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Divestment of a 50/50 joint venture project — 8 Hau Fook Street, Tsim Sha Tsui after 30 September 2009

As announced in October 2009, the Group entered into a sale and purchase agreement with co-owner, pursuant to which, the Group disposed of 50% interest in the development project situated in 8 Hau Fook Street through the dispose of its jointly-controlled entity (“Disposal”). The Directors consider that the Disposal, which was completed in November 2009, represented a good opportunity for the Group to realise its investment at a reasonable price and curtail further upfront investment cost as well as operating expenses. The Disposal, based on the consideration and the unaudited aggregate book value of the Group’s investment in the project, has realized an one-off gain of approximately HK\$2,465,000 for the Group in the financial year ending 31 March 2010. The proceeds from the Disposal will be retained as general working capital of the Group. For details of the Disposal, please refer to the Company’s circular dated 27 October 2009.

Expansion in Mainland China

68 Yuyuan Road, Jingan District, Shanghai

On the China front, the Group’s joint venture development project for Ginza Shopping Avenue is a landmark for the Group’s entry into the PRC retail property market. The Group has 30% beneficial interest in the project with the balance in the hands of a reputable US-based real estate fund and a seasoned property investor in the PRC market.

On a site area of approximately 11,400 square metres, the property under development has a total planned GFA of approximately 79,000 square metres and will be developed into a 19-storey plus 3 basement levels (with car parks) shopping complex with a public transport interchange therein.

The entire development project is expected to be completed and is set to be launched into operation by early 2013. The construction of basement levels and public transport interchange are progressing on schedule and is expected to be completed by April 2010 ready for the advent of the 2010 Shanghai World Expo.

Aside from its prime location, the project has great prospect of integrating with a public transport terminal on ground level and directly linking to the exit of metro stations at basement levels. With unique features designed by a renowned architectural firm, the project promised to be a multi-dimensional ‘must go’ shopping destination catering for the enhancing lifestyle of Shanghai population. Prestigious retail brands have already indicated interests in renting spaces in the shopping complex.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROSPECTS

Thanks to the PRC government's massive stimulus measures and aggressive bank lending helped to boost liquidity across sectors, market sentiment and economy substantially rebounded in 2009. It is unquestionable that China will be able to achieve the gross domestic product ("GDP") growth target of 8% this year. The resilience of real estate sector is expected to sustain, given robust retail consumption and continuous favourable fiscal and monetary policy from the PRC government.

Going forward, the Group will continue to look for attractive opportunities and acquire new sites or properties suitable for replicating our successful business model to bring attractive returns to shareholders of the Company.

FINANCIAL REVIEW

Turnover and profit

For the six months ended 30 September 2009, the Group recorded a turnover of approximately HK\$18,222,000, representing an increase of 46% against the same period last year. The growth was primarily due to additional rental income from the new L'hart and higher renewal rental from Jardine Center.

The Group's profit attributable to the Company's equity holders for the period increased by 391% to approximately HK\$50,593,000. The surge was mainly due to an increase of approximately HK\$75,150,000 in the gain on fair value changes on investment properties (net of deferred tax) benefiting from the resilience of Hong Kong property market.

If the gain on fair value changes on the investment properties (net of deferred tax) were excluded, the Group would record loss attributable to the Company's equity holders for the period amount to approximately HK\$24,557,000 (2008: Loss HK\$10,503,000).

The Board does not recommend the payment of an interim dividend for the period (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY AND FINANCIAL RESOURCES

The Group monitors its liquidity requirements on a short to medium terms basis and arranges re-financing of the Group borrowings in order to satisfy long term capital commitments when appropriate. During the period, in order to maximize efficiency of debt financing utilization, the Group refinanced its bank borrowings denominated in Hong Kong dollar with better repayment terms and lower interest rate as well as arranged a new bank facility approximately RMB580 million and further enlarged to approximately RMB710 million from a bank in the PRC subsequent to the balance sheet date. The Group also has aggregate committed un-drawn revolving loan facilities available of approximately HK\$70,000,000.

As at 30 September 2009, the Group's total cash balance amounted to approximately HK\$155,809,000. The Group's bank borrowings as at 30 September 2009 amounted to approximately HK\$832,440,000. The Group's bank borrowings were under securities and subject to a floating rate basis. Of those borrowings, approximately HK\$4,951,000 were repayable within one year from the end of reporting period while the remaining mainly was due for repayment after five years from the end of the reporting period.

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 63.9% as of 31 March 2009 to 64.1% as of 30 September 2009.

TREASURY POLICY

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong dollar and Renminbi in relation to its PRC operations. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign currency risk exposure closely with the usage of hedging instruments when the need arises.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CHARGE ON ASSETS

As at 30 September 2009, the Group has pledged:

- i) investment properties in Hong Kong as security for banking facilities with an aggregate carrying amount of approximately of HK\$990,000,000 granted to the Group; and
- ii) properties under development in the PRC as security for banking facilities with a carrying amount of approximately of HK\$2,512,000,000 granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2009, the Group had about 30 employees based in Hong Kong and the PRC. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature.

CONTINGENT LIABILITIES

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Corporate guarantees given by the Company for banking facilities granted to certain subsidiaries	646,200	637,000
A corporate guarantee given by the Company for banking facilities granted to a subsidiary of the Group's jointly-controlled entity	105,000	105,000
	751,200	742,000

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMMITMENTS

Capital commitments outstanding at the end of the period not provided for in the financial statements were as follows:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Construction cost of properties under development		
Contracted for	213,009	281,219
Authorised but not contracted for	—	—
	213,009	281,219

EVENT AFTER THE BALANCE SHEET DATE

On 8 October 2009, the Group entered into a sale and purchase agreement, pursuant to which, the Group disposed of its interest in jointly-controlled entities at a consideration of approximately HK\$53,500,000 ("Disposal"). For details of the Disposal, please refer to the Company's circular dated 27 October 2009.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

Advances to entities under Rules 13.13 and financial assistance to and guarantees given for facilities granted to the Company's affiliated company under Rule 13.16

The following disclosure summarises the advances and guarantees granted by the Group to (i) entity which exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 30 September 2009, and (ii) the Company's affiliated companies which in aggregate exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules as at 30 September 2009:

Affiliated company	Attributable interest held by the Group %	Non-interest bearing advance (A) HK\$'000	Guarantee given by the Company (B) HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advance and guarantee given (A + B) HK\$'000
Winner Ever Limited	50%	15,228 (Note 1)	105,000 (Note 2)	73,550	120,228

Notes:

- (1) The advance was interest free, unsecured and repayable on demand.
- (2) The proportional corporate guarantee was provided to a bank for securing the banking facilities granted to Sky Dragon Limited (being a wholly-owned subsidiary of Winner Ever Limited).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The proforma balance sheet of the affiliated company, as attributable to the Group, as at 30 September 2009 is as follows:

	HK\$'000
Non-current assets	123,000
Current assets	21,740
Current liabilities	(37,309)
Net current liabilities	(15,569)
Non-current liabilities	(84,967)
Shareholders' equity	22,464

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

SHARE OPTION SCHEME

A share option scheme, which will expire on 2 September 2013, was adopted by the Company at the Annual General Meeting held on 3 September 2003. The primary purpose of the share option scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the share option scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries, and other eligible persons as specified under the terms of the share option scheme, to subscribe for shares in the Company in accordance with the terms of the share option scheme for the consideration of HK\$1 for each lot of share options granted. The total number of shares in respect of which options may be granted under the share option scheme is not permitted to exceed 63,637,671 shares, being 10% of the issued share capital of the Company at the date of approval of the refreshment of the 10% general limit at the Annual General Meeting held on 2 September 2009. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company.

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the board of directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

- (a) the closing price of shares at the date of grant of a share option;

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

- (b) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a share.

Details of the share options granted by the Company pursuant to the share option scheme and the options outstanding as at 30 September 2009 were as follows:

Number of grantee	Option grant date	Exercise share	Exercise price HK\$	Number of share options outstanding	Approximate percentage of interest in issued share capital
Executive directors	28 October 2005	28 October 2005 to 27 October 2015	0.676	4,000,000	0.63%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	4,000,000	0.63%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	2,000,000	0.31%
Independent non-executive director	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.15%
Non-executive director	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
Employee	2 April 2007	2 April 2007 to 1 April 2017	0.686	500,000	0.08%
Eligible persons	28 October 2005	28 October 2005 to 27 October 2015	0.676	640,000	0.10%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
				16,140,000	2.52%

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 September 2009, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

(a) Long positions in ordinary shares of HK\$0.1 each of the Company

Number of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Interest of controlled corporations	304,552,533 (Notes 1 and 2)	47.86%
Mr. Ng	Personal	33,274,587	5.23%
Mr. Ng Ian	Personal	4,601,227	0.72%

Note 1: Henry Jewellery Holdings Limited ("HJHL"), a company incorporated in the British Virgin Islands, owned 137,356,200 shares of the Company. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

Note 2: Jumbo Step International Limited (“Jumbo Step”), a company incorporated in the British Virgin Islands owned 167,196,333 shares of the Company, is wholly-owned by Mr. Ng. Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.

(b) Long positions in underlying shares of the Company

(i) Share options

Under the share option scheme of the Company, share option may be granted to certain participants including the Directors and employees of the Company and its subsidiaries to subscribe for shares of the Company. Details of share options granted to Directors of the Company are as follows:

Name of Director	Option grant date	Exercise period	Exercise price HK\$	Number of share option outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
Mr. Tsang Kwok Ming, Rock	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
				13,000,000	2.03%

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

(ii) Debentures

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of a controlled corporation	172,724,659 (Note 3)	27.14%

Note 3: Jumbo Step is interested in 172,724,659 Shares by virtue of the convertible notes in the respective principal amount of HK\$129,105,609.21 and HK\$42,625,000 issued by the Company in June and November 2007 respectively (subject to conversion price adjustment) ("Convertible Notes"). Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.

(II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of Associated Corporations of the Company

Long positions in the shares of associated corporations of the Company:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the associated corporation
Mr. Ng	HJHL (Note 1)	Personal beneficial owner	80	80%
Mr. Ng Ian	HJHL (Note 1)	Personal beneficial owner	10	10%
Mr. Ng	Jumbo Step (Note 2)	Personal beneficial owner	1	100%

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 September 2009, any 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) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 30 September 2009, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise been notified to the Company were as follows:

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of controlled corporations (Note 5)	477,277,192	75%
	Personal (Note 4)	38,274,587	6.01%
HJHL	Beneficial owner (Note 1)	137,356,200	21.58%
Jumbo Step	Beneficial owner (Note 2)	339,920,992	53.42%
Well Garden Limited	Interest of controlled corporation	61,895,826	9.73%
Mr. Chung Toi Chiu, Steven	Beneficial owner (Note 6)	97,056,441	15.25%
Premium Assets Development Limited ("Premium Assets")	Interest of controlled corporation	97,056,441	15.25%
Euphoria Limited	Beneficial owner	51,600,000	8.11%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	51,600,000	8.11%
Asset Managers Holdings Co., Ltd.	Interest of controlled corporation	51,600,000	8.11%
Inchigo Asset Management International, Pte. Ltd.	Interest of controlled corporation	51,600,000	8.11%
Asset Managers International Co., Ltd.	Interest of controlled corporation	51,600,000	8.11%

Note 4: Please refer to section regarding interest and short positions in shares, underlying shares and debentures of the Company on pages 39 and 40.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

Note 5: Mr. Ng owns 304,552,533 shares and 172,724,659 shares by virtue of Convertible Notes of the Company through HJHL and Jumbo Step. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO. Mr. Ng, being a Director, is also a director of Jumbo Step and HJHL. Mr. Ng Ian, being a Director, is also a director of HJHL.

Note 6: Mr. Chung Toi Chiu, Steven (“Mr. Chung”) owns 87,656,441 shares and 9,400,000 shares by virtue of the convertible notes through Premium Assets. Mr. Chung is entitled to exercise or control of the exercise of 73.83%, more than one-third, of the voting rights of Premium Assets so he is deemed to be interested in all shares held by Premium Assets by virtue of the SFO.

Save as disclosed above, as at 30 September 2009, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the interim period.

Review by Audit Committee

The audit committee comprises an non-executive director and two independent non-executive directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Chairman of the Audit Committee) and Mr. Ng Hoi Yue. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company (the “Directors”). All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the review period.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES (CONTINUED)

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

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

By Order of the Board

Ng Ian

Chief Executive Officer

Hong Kong, 22 December 2009

The Directors of the Company as at the date of this report are:

Executive Directors

Mr. Ng Chun For, Henry (*Chairman*)

Mr. Ng Ian (*Deputy Chairman and Chief Executive Officer*)

Non-executive Director

Mr. Mak Wah Chi

Independent non-executive Directors

Mr. Li Kit Chee

Mr. Ng Hoi Yue

Mr. Tsang Kwok Ming, Rock