



**COSMOPOLITAN**  
INTERNATIONAL HOLDINGS LTD  
四海國際集團有限公司

(incorporated in the Cayman Islands with limited liability)  
(stock code : 120)

**2009** INTERIM REPORT





## Contents

- 2 Corporate Information
- 3 Management Discussion and Analysis
- 15 Condensed Consolidated Income Statement
- 17 Condensed Consolidated Statement of Comprehensive Income
- 18 Condensed Consolidated Statement of Financial Position
- 20 Condensed Consolidated Statement of Changes in Equity
- 21 Condensed Consolidated Statement of Cash Flows
- 22 Notes to the Condensed Consolidated Interim Financial Information

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors:

Mr. Bong Shu Yin, Daniel (*Chairman*)  
Mr. Cheng Sui Sang

#### Non-executive Directors:

Mr. Wang Baoning (*Vice Chairman*)  
Mr. Bong Shu Ying, Francis  
Mr. Ng Kwai Kai, Kenneth  
Mr. Leung So Po, Kelvin

#### Independent Non-executive Directors:

Mr. Li Ka Fai, David  
Mr. Lee Choy Sang  
Ms. Ka Kit

### AUDIT COMMITTEE

Mr. Li Ka Fai, David (*Chairman*)  
Mr. Lee Choy Sang  
Ms. Ka Kit

### REMUNERATION COMMITTEE

Mr. Bong Shu Yin, Daniel (*Chairman*)  
Mr. Lee Choy Sang  
Mr. Li Ka Fai, David

### SECRETARY

Mr. Cheng Sui Sang

### AUDITORS

SHINEWING (HK) CPA Limited

### REGISTERED OFFICE

P O Box 309, George Town  
Grand Cayman  
Cayman Islands  
British West Indies

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 801-802, 8th Floor  
68 Yee Wo Street  
Causeway Bay  
Hong Kong

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
46th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

Bank of Communications Co., Ltd.  
Industrial and Commercial Bank of  
China (Asia) Limited  
ABN AMRO Bank N.V.  
Deutsche Bank A.G.  
Standard Chartered Bank (Hong Kong)  
Limited

## GROUP FINANCIAL RESULTS

Cosmopolitan International Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$33,625,000 for the six months ended 30 September 2009, as compared with a loss of HK\$174,965,000 incurred in the six months ended 30 September 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The improvement in consolidated profit recorded for the period under review was attributed mainly to the following factors: -

- (i) There was a write-off of HK\$108,506,000 in the comparative period in 2008 in respect of the carrying value of the placement rights in relation to the convertible bonds due 2009.
- (ii) There was a net gain of HK\$30,355,000 on changes in fair value of the financial instruments for the six months ended 30 September 2009, marked to market closing prices as at 30 September 2009, as compared to a net loss in the six month period ended 30 September 2008 of HK\$47,281,000.
- (iii) There was a net fair value gain on disposal of held-for-trading investments for the period under review amounting to HK\$13,793,000, as compared to HK\$309,000 during the six month period ended 30 September 2008.
- (iv) Other income improved substantially to HK\$13,046,000 during the period under review (2008: HK\$3,787,000) mainly due to the increase in dividend income received.

## BUSINESS REVIEW

### General

The principal activities of the Group during the period under review continue to be investments in properties and securities. The turnover of the Group for the period under review was HK\$32,340,000, as compared to HK\$3,243,000 in comparative period last year, mainly attributed to the increased activities in securities investments. Following the financial tsunami which struck the global economies during the second half of 2008, the general investment climate has become volatile and the Group has then adopted a more conservative approach in assessing investment proposals. However, the economic climate and overall business sentiment appeared to have improved and stabilized during the past few months and the Group is presently assessing and evaluating a number of property development projects in the People's Republic of China (the "PRC"). As at 30 September 2009, the cash and bank balances within the Group were over HK\$237,000,000, which may enable the Group to take up good investment opportunities.

### Property Investments and Development Projects

#### Chengdu Project

This development project in Xindu District, Chengdu City, Sichuan Province, the PRC is operated through a joint venture that is 50% owned by each of the Group and Regal Hotels International Holdings Limited. The project site is composed of two separate land portions, one of which is planned to be developed into a hotel and commercial complex with a maximum gross floor area of about 180,000 square meters above ground together with a maximum of about 50,000 square meters of commercial and auxiliary services and car park areas below ground. The other portion with two plots of land is planned for residential development with a maximum gross floor area of about 315,000 square meters. The Planning Permits for Construction Land for the proposed development have been obtained and detailed planning work is progressing satisfactorily. Excavation works for the basement and foundation of the hotel will be completed shortly. The project is anticipated to be completed in phases within the next few years.

## **Xinjiang Project**

The Xinjiang project is being conducted by a PRC subsidiary (新疆麗寶生態開發有限公司) (“Xinjiang Libao”) which is wholly-owned by Advanced Industry Limited (“AIL”) in which the Group acquired 60% interest in May 2008. The project involves re-forestation and landscape work in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC, which in return for the ecological improvement works undertaken, Xinjinag Libao would be granted land use rights for 30% of the land involved for development use, free of any payment of land premium. Due to the change in government policy, the development of the Phase 2 Land for ecological improvement and land swap would not be proceeded with and the Group will focus its resources in the Phase 1 Land. As the date stipulated in the relevant agreement for completion of the re-forestation work expired on 2 July 2009, the Group has taken a prudent view to make full provisions for the investment (including associated goodwill) in the last financial year. The Group management is actively negotiating with the Xinjiang authority for the possible renewal of the relevant agreement for completion of the required re-forestation work, with a view to restoring the viability of the project and, in pursuance thereof, is in the course of increasing the required share capital of Xinjiang Libao.

## **Rainbow Lodge**

The Group presently holds ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories, Hong Kong. The Group is planning to relaunch the leasing of the apartment units but the Group may also consider selling part of the units if the price offered is satisfactory.

## **Securities Investments**

The Group continues to maintain an active investment portfolio of listed and unlisted securities. Total financial assets at fair value through profit and loss stood at HK\$135,617,000 as at 30 September 2009. The Group recorded a net increase of HK\$30,355,000 on changes in fair value of the financial instruments during the period based on market closing prices as at 30 September 2009 as mentioned earlier under “Financial Review”.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

Current assets and current liabilities of the Group as at 30 September 2009 were HK\$376,100,000 and HK\$256,544,000, respectively (31 March 2009: HK\$296,875,000 and HK\$69,226,000, respectively). Cash and bank balances stood at HK\$237,862,000 as at 30 September 2009, as compared with HK\$192,673,000 as at 31 March 2009.

The Group's gearing ratio as at 30 September 2009, based on net borrowings (represented by convertible bond borrowings net of cash and bank balances) as a percentage of the net assets after deducting goodwill and minority interests, was approximately 72% (31 March 2009: 112%).

During the period under review, the Group did not use any financial instruments for hedging purposes and there was no hedging instrument outstanding as at 30 September 2009.

During the period under review, there was no change to the share capital of the Company.

### **CONTINGENT LIABILITIES**

There was no outstanding contingent liabilities of the Group as at 30 September 2009.

### **CAPITAL COMMITMENT**

The Group has capital commitment of HK\$73,672,000 outstanding as at 30 September 2009 (31 March 2009: HK\$73,991,000).

## **OUTLOOK**

The global economy which was seriously affected by the financial tsunami that started off in the second half of 2008 has generally stabilized and improved since the second quarter of 2009, after massive fiscal and monetary stimulus and credit expansion in various countries around the world. The property and stock markets, notably in the PRC and Hong Kong, have also staged substantial recovery. The economy in the PRC appears to have been least affected by the financial tsunami and has performed relatively well in comparison with other countries including the western economies. The Group remains optimistic of the medium to longer term prospects of the property sector in the PRC and continues to be committed to those projects that are being undertaken by the Group. The Group is cautiously optimistic that the current problems encountered in the Xinjiang Project would eventually be resolved satisfactorily, thereby reviving the potential and prospects of the project as originally envisaged. In the meantime, the Group is also actively reviewing other potential investments and property development projects in the PRC, with a view to achieving for the Group asset growth and profitability.

The Directors are confident that with the resources available at present, the Group will be able to progress ahead and to create long term value to the shareholders.

## **HUMAN RESOURCES**

As at 30 September 2009, the Group had two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. There are sixteen full time employees working in Hong Kong and the PRC. The Group will ensure each employee is fairly compensated and their contribution are rewarded with a general framework of the Group's salary and bonus scheme and are compatible with market norm.

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

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

## **DIRECTORS' INTERESTS IN SHARE CAPITAL**

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 30 September 2009, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporation as defined in the SFO.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 September 2009, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of the Company's share capital</b>
Giant Sino Group Limited ( <i>Note 1</i> )	880,715,218	39.08%
Lendas Investments Limited ( <i>Note 2</i> )	200,000,000	8.88%
Winart Investments Limited ( <i>Note 2</i> )	180,000,000	7.99%
Fountain Sky Limited ( <i>Note 2</i> )	66,800,000	2.96%
United Gold Investments Limited ( <i>Note 3</i> )	175,000,000	7.77%
Great Prospect Development Limited ( <i>Note 4</i> )	243,642,857	10.81%
Profit Giant Holdings Limited ( <i>Note 4</i> )	70,806,092	3.14%

Save as disclosed herein, there was no other person who, as at 30 September 2009, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

*Notes:*

1. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman of the Company and an Executive Director) and as to 28% by Mr. Wang Baoning (being the Vice-Chairman of the Company and a Non-executive Director). Space Capital Investments Limited was deemed to be interested in the 880,715,218 shares held by Giant Sino Group Limited.
2. Each of Lendas Investments Limited and Winart Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg Holdings Limited ("Paliburg").

Fountain Sky Limited is a wholly owned subsidiary of Regal Hotels (Holdings) Limited, which is in turn a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels International Holdings Limited ("Regal Hotels"). Regal Hotels is the listed associate of, and owned as to 47.20% as at 30 September 2009 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg.

Paliburg is the listed subsidiary of, and owned as to 57.66% as at 30 September 2009 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City International Holdings Limited ("Century City"), which is a listed company controlled by, and owned as to 51.86% as at 30 September 2009 by, Mr. Lo Yuk Sui.

Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Lendas Investments Limited, Winart Investments Limited and Fountain Sky Limited under Part XV of the SFO.

3. United Gold Investments Limited is a wholly owned subsidiary of Yield High Investments Limited, which is in turn wholly owned by Mr. Luk Yan. Each of Yield High Investments Limited and Mr. Luk Yan was deemed to be interested in the 175,000,000 shares held by United Gold Investments Limited under Part XV of the SFO.
4. Great Prospect Development Limited is a wholly owned subsidiary of International Securities Investments Limited which in turn is wholly owned subsidiary of Capital Builder Investments Limited which in turn is a wholly owned subsidiary of Wan's Family Company Limited which in turn is wholly owned by Ms. Wan Ho Yan, Letty.

Profit Giant Holdings Limited is wholly owned by Ms. Wan Ho Yan, Letty.

Ms. Wan Ho Yan, Letty was deemed to be interested in the 243,642,857 shares held by Great Prospect Development Limited and 70,806,092 shares held by Profit Giant Holdings Limited respectively under Part XV of the SFO.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2010 issued by Fancy Gold Limited, a wholly-owned subsidiary of the Company (“Convertible Bonds due 2010”)

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2010 issued	Adjusted conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Valuegood International Limited (Note 1)	707,250,000	HK\$0.20	16 July 2007 to 2 May 2010	31.39%
United Gold Investments Limited (Note 2)	10,250,000	HK\$0.20	16 July 2007 to 2 May 2010	0.45%

Notes:

1. Valuegood International Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and owned as to 47.20% as at 30 September 2009 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and owned as to 57.66% as at 30 September 2009 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and owned as to 51.86% as at 30 September 2009 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2010 held by Valuegood International Limited under Part XV of the SFO.
2. United Gold Investments Limited is a wholly owned subsidiary of Yield High Investments Limited, which is in turn wholly owned by Mr. Luk Yan. Each of Yield High Investments Limited and Mr. Luk Yan is deemed to be interested in the underlying shares of the Company pursuant to Convertible Bonds due 2010 held by United Gold Investments Limited under Part XV of the SFO.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 that have been issued or may be issued by Apex Team Limited, a wholly-owned subsidiary of the Company (“Convertible Bonds due 2013”)

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013	Adjusted conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Time Crest Investments Limited (Note 1)	333,333,333	HK\$0.30	29 February 2008 to 31 January 2013	14.79%
Well Mount Investments Limited (Note 1)	333,333,333 (Note 3)	HK\$0.30	14 days after the date of issue (Note 3) to 31 January 2013	14.79%
Jumbo Pearl Investments Limited (Note 2)	333,333,333	HK\$0.30	29 February 2008 to 31 January 2013	14.79%
Sun Joyous Investments Limited (Note 2)	333,333,333 (Note 3)	HK\$0.30	14 days after the date of issue (Note 3) to 31 January 2013	14.79%

**Notes:**

- Each of Time Crest Investments Limited and Well Mount Investments Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and owned as to 47.20% as at 30 September 2009 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and owned as to 57.66% as at 30 September 2009 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and owned as to 51.86% as at 30 September 2009 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Time Crest Investments Limited and Well Mount Investments Limited under Part XV of the SFO.

2. Each of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and owned as to 57.66% as at 30 September 2009 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and owned as to 51.86% as at 30 September 2009 by, Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Jumbo Pearl Investments Limited and Sun Joyous Investments Limited under Part XV of the SFO.
3. As at 30 September 2009, Well Mount Investments Limited and Sun Joyous Investments Limited have not exercised their options to subscribe for the relevant Convertible Bonds due 2013.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2011 issued by Ample Legend Limited, a wholly-owned subsidiary of the Company ("Convertible Bonds due 2011")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2011 issued	Conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Great Select Holdings Limited (Note 1)	93,333,333	HK\$0.30	4 March 2009 to 18 February 2011	4.14%

Note:

1. Great Select Holdings Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and owned as to 57.66% as at 30 September 2009 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and owned as to 51.86% as at 30 September 2009 by, Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2011 held by Great Select Holdings Limited under Part XV of the SFO.

## **CORPORATE GOVERNANCE**

### **Code of Corporate Governance Practices**

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) during the six months ended 30 September 2009, except that:

- (1) The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual; and
- (2) The Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms.

The deviation in item (1) above is due to the practical necessity and effective management on account of the Group’s corporate operating structure.

Although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

### **Model Code for Securities Transactions by Directors**

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 a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2009.

## REVIEW OF RESULTS

The Audit Committee of the Company currently comprises Mr. Li Ka Fai, David (Chairman of the Committee), Mr. Lee Choy Sang and Ms. Ka Kit, all of them are Independent Non-executive Directors of the Company.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2009.

## REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 20 December 2005. The remuneration committee presently comprises the Chairman, Mr. Bong Shu Yin, Daniel and two Independent Non-executive Directors, namely, Mr. Li Ka Fai, David and Mr. Lee Choy Sang. The remuneration committee holds at least one meeting every year. The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the senior management. The remuneration and the employment contracts of any newly appointed Directors and any compensation of removal and dismissal of Directors have to be reviewed and approved by the remuneration committee.

# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	NOTES	Unaudited Six months ended 30 September 2009 HK\$'000	Unaudited Six months ended 30 September 2008 HK\$'000
<b>Continuing operations</b>			
Turnover	3	<b>32,340</b>	3,243
Net fair value gain on disposal of held-for-trading investments		<b>13,793</b>	309
Interest income		<b>1,144</b>	1,849
Other income		<b>13,046</b>	3,787
Gain (loss) on changes in fair value of financial instruments, net	4	<b>30,355</b>	(47,281)
Administrative expenses		<b>(6,348)</b>	(7,809)
Share of results of jointly controlled entities		<b>(422)</b>	(1,321)
Write-down of properties under development		<b>(731)</b>	—
Write-off of derivative financial assets		—	(108,506)
Finance costs		<b>(17,155)</b>	(16,025)
Profit (loss) before tax	5	<b>33,682</b>	(174,997)
Income tax expense	6	<b>(57)</b>	—
Profit (loss) for the period from continuing operations		<b>33,625</b>	(174,997)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		—	(307)
Profit (loss) for the period		<b>33,625</b>	(175,304)



## CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	NOTE	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Attributable to:			
Owners of the Company		<b>33,625</b>	(174,965)
Non-controlling interests		—	(339)
		<b>33,625</b>	(175,304)
Earnings (loss) per share	8		
From continuing and discontinued operations			
– Basic		<b>1.49 HK cents</b>	(9.23) HK cents
– Diluted		<b>1.32 HK cents</b>	N/A
From continuing operations			
– Basic		<b>1.49 HK cents</b>	(9.21) HK cents
– Diluted		<b>1.32 HK cents</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Profit (loss) for the period	<b>33,625</b>	(175,304)
Other comprehensive income		
Exchange differences arising on translation of financial statements of foreign operations	<b>8</b>	187
Exchange differences arising on share of exchange reserve of jointly controlled entities	<b>180</b>	2,410
Other comprehensive income for the period (net of tax)	<b>188</b>	2,597
Total comprehensive income (loss) for the period	<b>33,813</b>	(172,707)
Total comprehensive income (loss) attributable to:		
Owners of the Company	<b>33,813</b>	(172,470)
Non-controlling interests	—	(237)
	<b>33,813</b>	(172,707)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009

	NOTES	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
<b>Non-current assets</b>			
Property and equipment	9	368	320
Investment properties		70,000	70,000
Club membership		360	360
Interests in jointly controlled entities		175,306	175,229
		<b>246,034</b>	<b>245,909</b>
<b>Current assets</b>			
Loan receivable		—	11,500
Prepayments, deposits and other receivables		960	781
Financial assets at fair value through profit or loss	10	135,617	86,880
Derivative financial assets	11	1,661	5,041
Cash and bank balances		237,862	192,673
		<b>376,100</b>	<b>296,875</b>
<b>Current liabilities</b>			
Accounts payable	12	14,006	—
Accrued liabilities and other payables		7,516	5,547
Derivative financial liabilities	13	53,651	41,414
Income tax payable		22,322	22,265
Convertible bonds		159,049	—
		<b>256,544</b>	<b>69,226</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2009

	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
Net current assets	<b>119,556</b>	227,649
Total assets less current liabilities	<b>365,590</b>	473,558
Non-current liability		
Convertible bonds	<b>199,341</b>	341,256
	<b>166,249</b>	132,302
Capital and reserves		
Share capital	<b>2,253</b>	2,253
Reserves	<b>163,996</b>	130,049
Equity attributable to owners of the Company	<b>166,249</b>	132,302
Non-controlling interests	—	—
	<b>166,249</b>	132,302

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Attributable to owners of the Company

	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Exchange fluctuation reserve	Contributed surplus (Note 1)	Convertible bonds reserve	Retained profits (accumulated losses)	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009 (audited)	2,253	165,029	209	28,309	4,122	26,801	29,373	(123,794)	132,302	—	132,302
Total comprehensive income for the period	—	—	—	—	188	—	—	33,625	33,813	—	33,813
Forfeiture of unclaimed dividend (Note 2)	—	—	—	—	—	—	—	134	134	—	134
At 30 September 2009 (unaudited)	<u>2,253</u>	<u>165,029</u>	<u>209</u>	<u>28,309</u>	<u>4,310</u>	<u>26,801</u>	<u>29,373</u>	<u>(90,035)</u>	<u>166,249</u>	<u>—</u>	<u>166,249</u>
At 1 April 2008 (audited)	1,896	111,051	209	28,309	1,372	26,801	86,788	102,034	358,460	819	359,279
Acquisition of interest in subsidiaries	—	—	—	—	—	—	—	—	—	5,470	5,470
Total comprehensive income (loss) for the period	—	—	—	—	2,495	—	—	(174,965)	(172,470)	(237)	(172,707)
At 30 September 2008 (unaudited)	<u>1,896</u>	<u>111,051</u>	<u>209</u>	<u>28,309</u>	<u>3,867</u>	<u>26,801</u>	<u>86,788</u>	<u>(72,931)</u>	<u>185,990</u>	<u>6,052</u>	<u>192,042</u>

Notes:

1. The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group reorganisation in 1991, net of subsequent distributions. Under the Companies Law of Cayman Islands, the contributed surplus is distributed under certain specific circumstances.
2. The amount represents the unclaimed dividends which were declared on or before the year ended 31 March 2000. Pursuant to the Article 155 of the Articles of Association of the Company, the board of directors of the Company forfeited all dividends unclaimed for six years after having been declared and reverted the amount to the Company.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Net cash from operating activities	<b>44,494</b>	22,998
Net cash from (used in) investing activities	<b>528</b>	(104,590)
Net cash used in financing activities	<b>(21)</b>	—
Net increase (decrease) in cash and cash equivalents	<b>45,001</b>	(81,592)
Cash and cash equivalents at beginning of the period	<b>192,673</b>	304,513
Effect of foreign exchange rate changes	<b>188</b>	209
Cash and cash equivalents at end of the period, representing cash and bank balances	<b>237,862</b>	223,130

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

## 1. GENERAL

The Company is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section of the interim report for the six months ended 30 September 2009.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2009 ("Interim Financial Information") is presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred as the "Group") are property investment, property development, investment in listed and unlisted securities and other investments.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" which is one of the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Information has been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009.

Except as described below, the accounting policies used in the Interim Financial Information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("New HKFRSs") issued by the HKICPA, which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008
HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Interpretation ("Int") 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The adoption of the New HKFRSs had no material effects on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

HKFRSs (Amendments)	Improvements to HKFRSs May 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>7</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 (Amendments)	Financial Instruments: Presentation - Classification of Right Issues <sup>6</sup>
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Eligible Hedged Items <sup>3</sup>
HKFRS 1 (Revised)	First-time Adoption of HKFRSs <sup>3</sup>
HKFRS 1 (Amendments)	First-time Adoption of HKFRSs <sup>4</sup>
HKFRS 2 (Amendments)	Share-based Payment - Group Cash-settled Share-based Payment Transactions <sup>4</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HKFRS 9	Financial Instruments <sup>8</sup>
HK(IFRIC) - Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives <sup>5</sup>
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners <sup>3</sup>

<sup>1</sup> Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009.

<sup>6</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>8</sup> Effective for annual periods beginning on or after 1 January 2013.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. TURNOVER AND OPERATING SEGMENT

Turnover represents the proceeds from disposal of equity securities listed in Hong Kong.

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments.

Under HKAS 14, the Group's primary reporting segment format was business segment. 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. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment of profit or loss.

### **3. TURNOVER AND OPERATING SEGMENT** *(Continued)*

The Group's reportable segments under HKFRS 8 are as follows:

- (a) Securities investment - invest in listed and unlisted securities;
- (b) Property investment and development - invest in properties for their rental income potential and property development; and
- (c) Others - provide information technology service.

On 21 January 2009, the Group disposed of its information technology business.

### 3. TURNOVER AND OPERATING SEGMENT *(Continued)*

The following is an analysis of the Group's revenue and results by reportable segment:

	Continuing operations				Discontinued operation		Total	
	Securities investment		Property investment and development		Others			
	Unaudited		Unaudited		Unaudited		Unaudited	
	Six months ended 30 September 2009 HK\$'000	Six months ended 30 September 2008 HK\$'000	Six months ended 30 September 2009 HK\$'000	Six months ended 30 September 2008 HK\$'000	Six months ended 30 September 2009 HK\$'000	Six months ended 30 September 2008 HK\$'000	Six months ended 30 September 2009 HK\$'000	Six months ended 30 September 2008 HK\$'000
Segment turnover	32,340	3,243	—	—	—	33	32,340	3,276
Segment results	69,361	(43,712)	(1,244)	(734)	—	(307)	68,117	(44,753)
Interest income							1,144	1,849
Other income							—	47
Change in fair value of derivative financial instruments							(12,237)	218
Write-off of derivative financial assets							—	(108,506)
Unallocated expenses							(5,765)	(6,813)
Finance costs							(17,155)	(16,025)
Share of results of jointly controlled entities			(422)	(1,321)			(422)	(1,321)
Income tax expense							(57)	—
Profit (loss) for the period							33,625	(175,304)

#### 4. GAIN (LOSS) ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Increase (decrease) in fair value of financial assets	<b>42,592</b>	(47,805)
(Increase) decrease in fair value of financial liabilities	<b>(12,237)</b>	524
	<b><u>30,355</u></b>	<b><u>(47,281)</u></b>

#### 5. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax is stated after charging (crediting):

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Depreciation on property and equipment	<b>69</b>	301
Operating lease charges on rented premises	<b>415</b>	162
Exchange gains, net	<b>(1)</b>	(127)
	<b><u>(1)</u></b>	<b><u>(127)</u></b>

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for in the Interim Financial Information as the Group has sufficient tax losses brought forward to offset the estimated assessable profits for the six months ended 30 September 2009 and all group entities did not derive any assessable profits for the six months ended 30 September 2008.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for both periods.

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Current income tax:		
– Underprovision in previous years	<b>57</b>	—

## 7. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

## 8. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	<b>33,625</b>	(174,965)
Effect of dilutive potential ordinary shares: Interest on convertible bonds with dilutive effect (net of tax)	<b>5,644</b>	7,369
Earnings (loss) for the purpose of diluted earnings (loss) per share	<b>39,269</b>	(167,596)
	<b>2009 '000</b>	2008 '000
Numbers of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>2,253,443</b>	1,896,300
Effect of dilutive potential ordinary shares: Convertible bonds	<b>717,500</b>	1,500,000
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	<b>2,970,943</b>	3,396,300



## 8. EARNINGS (LOSS) PER SHARE (CONTINUED)

### From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company for the period is based on the following data:

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Profit (loss) for the period attributable to owners of the Company	<b>33,625</b>	(174,965)
Less:		
Loss for the period from discontinued operation	—	(307)
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	<b>33,625</b>	(174,658)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds with dilutive effect (net of tax)	<b>5,644</b>	7,369
Earnings (loss) for the purpose of diluted earnings (loss) per share from continuing operations	<b>39,269</b>	(167,289)

The denominators used are same as those detailed above for each basic and diluted earnings (loss) per share.

The diluted loss per share for the six months ended 30 September 2008 is not presented as it is not applicable and has the effect of reducing the loss per share.

## 9. PROPERTY AND EQUIPMENT

During the period, the property and equipment of Group was increased approximately by HK\$117,000 on acquisition of property and equipment.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
Held-for-trading investments		
Listed investments:		
Equity securities listed in Hong Kong	<b>135,617</b>	83,785
Financial assets designated at fair value through profit or loss		
Unlisted investments:		
Equity securities	—	3,095
	<b>135,617</b>	86,880

The fair values of the unlisted investments at 31 March 2009 are based on the market price provided by a financial institution.

## 11. DERIVATIVE FINANCIAL ASSETS

The derivative financial assets of the Group are not for the hedging purpose and include:

	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
Equity linked notes	—	2,989
Range accrual notes	<b>1,661</b>	<b>2,052</b>
	<b>1,661</b>	<b>5,041</b>

## 12. ACCOUNTS PAYABLE

The Group's accounts payable at the balance sheet date has aged within 30 days.

## 13. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging propose and comprise:

	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
Options to subscribe for convertible bonds due 2013	<b>53,651</b>	<b>41,414</b>

## 14. DISCONTINUED OPERATION

On 21 January 2009, the Group entered into an agreement with an independent third party to dispose of a subsidiary, Cyberlogistic International Holdings Limited (“CIH”) and its subsidiaries (the “CIH Group”), which carried out all the Group’s information technology operations. The disposal was effected in order to focus the Group’s resources in its remaining business. The disposal was completed on 21 January 2009, on which date control of CIH Group passed to the acquirer.

The loss for the period from the discontinued operation is analysed as follows:

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Operating loss of information technology business for the period	—	(307)

The results of the information technology operations for the relevant periods were as follows:

	<b>Unaudited Six months ended 30 September 2009 HK\$'000</b>	Unaudited Six months ended 30 September 2008 HK\$'000
Turnover	—	33
Other income	—	127
Administrative expenses	—	(467)
Loss before tax	—	(307)
Income tax expense	—	—
Loss for the period	—	(307)

## 15. OPERATING LEASE COMMITMENT

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

	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
Within one year	<b>957</b>	—

Operating lease payments represent rental payable by the Group for certain of its office premises. The leases were negotiated for a term of two years and with fixed rentals.

## 16. CAPITAL COMMITMENT

The Group has contracted with a wholly-owned subsidiary of Regal Hotels International Holdings Limited to establish jointly controlled entities in which the Group had committed to provide financing to the jointly controlled entities with maximum amount of HK\$250,000,000 for property development in Chengdu City, Sichuan Province, the PRC. Approximately HK\$176,328,000 had been paid as at 30 September 2009 (31 March 2009: HK\$176,009,000). The other commitment in respect of investment in jointly controlled entities contracted for but not provided for as at 30 September 2009 are approximately HK\$73,672,000 (31 March 2009: HK\$73,991,000).