



東方銀座控股
Oriental Ginza Holdings



The Key to the Future

Interim Report 2010

Oriental Ginza Holdings Limited

Stock Code: 00996

BOARD OF DIRECTORS

Executive Directors:

Ms. Tin Yuen Sin Carol (*Chairperson*)
Mr. Xu Yi
Mr. Ho Kam Chuen Alex
Mr. Zhang Feng
Mr. Li Sai Ho
Mr. Hon Ming Sang

Non-executive Director:

Mr. Wang John Peter Ben

Independent Non-executive Directors:

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

AUDIT COMMITTEE

Mr. Chan Wai Yip Freeman (*Chairman*)
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

REMUNERATION COMMITTEE

Mr. Chan Wai Yip Freeman (*Chairman*)
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hon Ming Sang

LEGAL ADVISORS

K&L Gates
Fairbairn Catley Low & Kong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

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Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



Chartered Accountants
Certified Public Accountants

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TO THE BOARD OF DIRECTORS OF ORIENTAL GINZA HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 4 to 17, which comprises the condensed consolidated statement of financial position of Oriental Ginza Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2009 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 20 August 2010



The board of directors (the “Board” or the “Directors”) of Oriental Ginza Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	Unaudited Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Revenue	3	195,543	121,264
Other income and net gains		15,326	7,585
Operating lease rentals		(20,967)	(17,840)
Cost of properties sold		(73,221)	—
Gain on disposal of investment properties		47,539	—
Gain on fair value change of investment properties		12,040	—
Employee benefits expense		(9,805)	(6,194)
Depreciation of property, plant and equipment		(4,518)	(3,008)
Finance costs		(54,637)	(56,295)
Other operating expenses		(76,526)	(14,650)
Profit before tax		30,774	30,862
Income tax	4	4,357	(5,650)
Profit for the period	5	35,131	25,212
Other comprehensive income			
Exchange differences arising on translation of foreign operations		2,522	1,234
Total comprehensive income for the period		37,653	26,446
Profit for the period attributable to:			
Owners of the Company		35,131	25,212
Non-controlling interests		—	—
		35,131	25,212
Total comprehensive income for the period attributable to:			
Owners of the Company		37,653	26,446
Non-controlling interests		—	—
		37,653	26,446
Earnings per share			
Basic and diluted (HK\$ per share)	7	3.2 cents	2.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	29,457	31,440
Current assets			
Properties held for sale		110,107	132,426
Trade receivables	10	69,221	107,955
Prepayments, deposits and other receivables		95,173	106,525
Pledged bank deposits	11	54,274	83,436
Bank balances and cash	11	974,119	889,909
		1,302,894	1,320,251
Assets classified as held for sale	9	2,322,493	2,399,590
		3,625,387	3,719,841
Total assets		3,654,844	3,751,281
Current liabilities			
Trade payables	12	95,950	108,048
Accrued liabilities and other payables		201,608	321,735
Taxation payable		39,598	45,767
Bank borrowings, secured	13	98,568	229,151
		435,724	704,701
Net current assets		3,189,663	3,015,140
Total assets less current liabilities		3,219,120	3,046,580
Capital and reserves			
Share capital	15	219,109	219,109
Share premium and reserves		1,389,617	1,351,964
Equity attributable to owners of the Company		1,608,726	1,571,073
Non-controlling interests		2	2
Total equity		1,608,728	1,571,075
Non-current liabilities			
Bank borrowings, secured	13	1,242,099	1,092,816
Deferred tax liabilities	14	368,293	382,689
		1,610,392	1,475,505
		3,219,120	3,046,580



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company						Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	PRC statutory reserves HK\$'000	Accumulated losses HK\$'000			
At 1 January 2009 (audited)	193,109	1,430,256	9,404	131,024	23,172	(259,668)	1,527,297	2	1,527,299
Profit for the period	–	–	–	–	–	25,212	25,212	–	25,212
Exchange differences arising on translation of foreign operations	–	–	–	1,234	–	–	1,234	–	1,234
Total comprehensive income for the period ended 30 June 2009	–	–	–	1,234	–	25,212	26,446	–	26,446
At 30 June 2009 (unaudited)	193,109	1,430,256	9,404	132,258	23,172	(234,456)	1,553,743	2	1,553,745
At 1 January 2010 (audited)	219,109	1,887,839	9,404	149,972	25,005	(720,256)	1,571,073	2	1,571,075
Profit for the period	–	–	–	–	–	35,131	35,131	–	35,131
Exchange differences arising on translation of foreign operations	–	–	–	2,522	–	–	2,522	–	2,522
Total comprehensive income for the period ended 30 June 2010	–	–	–	2,522	–	35,131	37,653	–	37,653
Transfer from retained profits	–	–	–	–	174	(174)	–	–	–
At 30 June 2010 (unaudited)	219,109	1,887,839	9,404	152,494	25,179	(685,299)	1,608,726	2	1,608,728

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(46,432)	168,395
Net cash from investing activities:		
Interest received	765	238
Proceeds from disposal of property, plant and equipment	20	1,475
Decrease in pledged bank deposits	29,162	537
Additions to property, plant and equipment	(2,557)	(1,535)
Additions to investment properties	(2,903)	—
Proceeds from disposal of investment properties	139,579	269
	164,066	984
Net cash used in financing activities:		
Interest paid	(54,637)	(56,295)
New bank loans raised	998,072	—
Repayment of bank borrowings	(979,595)	(28,312)
	(36,160)	(84,607)
Net increase in cash and cash equivalents	81,474	84,772
Cash and cash equivalents at 1 January	867,837	17,660
Effects of foreign exchange rate changes	2,513	1,484
Cash and cash equivalents at 30 June, represented by	951,824	103,916
Bank balances and cash	974,119	126,130
Bank overdrafts	(22,295)	(22,214)
	951,824	103,916



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*”.

The interim financial report is unaudited, but has been reviewed by HLB Hodgson Impey Cheng in accordance with Hong Kong Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). HLB Hodgson Impey Cheng’s independent review report to the Board of Directors is included on page 2.

2. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 except as described below.

Application of new and revised Hong Kong Financial Reporting Standards (“HKFRS”)

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.



2. Principal Accounting Policies (Continued)

Application of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) (Continued)

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment Information

Management has determined the operating segments based on the reports reviewed by the directors of the Company that are used to assess performance and allocate resources. The Group is principally engaged in property investment business, retail-related consultancy and management services business in the The People's Republic of China (the "PRC"). The segment information provided to the directors of the Company for the reportable segments for the six months ended 30 June 2010 and 2009 is as follows:

For the six months ended 30 June 2010

	Property investment business HK\$'000	Retail-related consultancy and management services business HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE			
External sales	169,013	26,530	195,543
RESULTS			
Segment results	98,856	2,095	100,951
Finance costs			(54,637)
Unallocated income			230
Unallocated corporate expenses			(15,770)
Profit before tax			30,774

For the six months ended 30 June 2009

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

3. Segment Information *(Continued)*

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries and finance costs. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment. There are no inter-segment sales for the six-month period ended 30 June 2010 and 2009.

Segment assets and reconciliation to total assets are as follows:

SEGMENT ASSETS

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Property investment business	3,109,682	3,153,463
Retail-related consultancy and management services business	87,079	117,403
Total segment assets	3,196,761	3,270,866
Unallocated head office and corporate assets	458,083	480,415
Consolidated assets	3,654,844	3,751,281

4. Income Tax

	Unaudited Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	10,025	5,616
Underprovision in prior years	—	34
Deferred tax (Note 14):	(14,382)	—
Tax (credit)/charge for the period	(4,357)	5,650

The provision for PRC EIT is calculated based on the statutory income tax rate of 25% (six months ended 30 June 2009: 25%) on the assessable profit of each of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations in the PRC.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2009: 16.5%) of estimated assessable profit for six months ended 30 June 2010. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both period.



5. Profit for the Period

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	4,518	3,008
Interest expenses on borrowings	54,637	56,295
Interest income	(765)	(238)
(Gain)/loss on disposal of property, plant and equipment	(3)	29

6. Dividends

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

7. Earnings Per Share

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	35,131	25,212
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	1,095,542,931	965,542,931

8. Movements in Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment of approximately HK\$2,557,000 (six months ended 30 June 2009: HK\$1,535,000) and disposed of certain property, plant and equipment with a carrying amount of approximately HK\$17,000 (six months ended 30 June 2009: HK\$1,521,000) for cash proceeds of approximately HK\$20,000 (six months ended 30 June 2009: HK\$1,492,000), resulting in a profit on disposal of approximately HK\$3,000 (six months ended 30 June 2009: loss on disposal of approximately HK\$29,000).

9. Assets Classified as Held for Sale

During the year ended 31 December 2009, management resolved to sell a portfolio of investment properties situated in the PRC and Hong Kong and initiated a programme to actively market the properties to buyers at market prices. At 30 June 2010, the carrying amount of the Group's investment properties which have been classified as held for sale of approximately HK\$2,322,493,000 (31 December 2009: HK\$2,399,590,000).

During the period, the Group acquired investment properties for a cash consideration of approximately HK\$2,903,000 (six months ended 30 June 2009: Nil) and disposed of certain investment properties with a carrying amount of approximately HK\$92,040,000 (six months ended 30 June 2009: HK\$272,000).

The fair value of the Group's investment properties at 30 June 2010 was arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited, independent qualified professional valuers not connected with the Group. Vigers Appraisal & Consulting Limited had appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was made on the basis of market value. The resulting increase in fair value of investment properties of approximately HK\$12,040,000 has been recognised directly in profit or loss for the six months ended 30 June 2010.

At 30 June 2010, certain of the Group's investment properties with carrying amount of approximately HK\$2,042,679,000 (31 December 2009: HK\$2,254,372,000) have been pledged to secure the bank borrowings and other banking facilities granted to the Group.



10. Trade Receivables

Trade receivables comprise (i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the related sale and purchase agreements; (ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and (iii) receivables arising from provision of services which are due for settlement in accordance with the terms of the related service agreements.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts):

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0 – 30 days	5,398	49,021
31 – 60 days	4,606	16,760
61 – 90 days	4,534	11,852
Over 90 days	54,683	30,322
	69,221	107,955

11. Pledged Bank Deposits and Bank Balances and Cash

The pledged bank deposits and bank balances carried interest at prevailing market rates. The pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Included in pledged bank deposits and bank balances of the Group were amounts of approximately HK\$571,508,000 (31 December 2009: HK\$496,118,000) which were denominated in Renminbi. Renminbi is not a freely convertible currency and the remittance of funds out of the Mainland China is subject to exchange restrictions imposed by the Mainland China government.

12. Trade Payables

The following is an aged analysis of trade payables presented based on the invoice date:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0 – 30 days	29,271	11,291
31 – 60 days	18,941	48,415
61 – 90 days	2,744	—
Over 90 days	44,994	48,342
	95,950	108,048

13. Bank Borrowings, Secured

During the current period, the Group obtained new bank loans of approximately HK\$998,072,000 (31 December 2009: Nil). The loans carry interest at variable market rates of 5.94% and are repayable in instalments over a period of 12 years. The proceeds were used to finance the repayment of another existing bank borrowings.

14. Deferred Tax Liabilities

The following are the major deferred tax balances recognised and the movements thereon during the current and prior periods:

	Revaluation of properties HK\$'000
At 1 January 2009 and 30 June 2009	473,250
Exchange adjustments	(1,064)
Credited to profit or loss	(89,497)
At 31 December 2009	382,689
Exchange adjustments	(14)
Credited to profit or loss	(14,382)
At 30 June 2010	368,293



15. Share Capital

	Ordinary shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each at 31 December 2009 and 30 June 2010	5,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.20 each at 1 January 2009	965,542,931	193,109
Top-up placing of shares (Note)	130,000,000	26,000
Ordinary shares of HK\$0.20 each at 31 December 2009 and 30 June 2010	1,095,542,931	219,109

Note: On 11 September 2009, the Company completed a top-up placing and issued a total of 130,000,000 new shares of HK\$0.20 each in the capital of the Company at a pricing price of HK\$3.80 to Bold Merit International Limited and Fit Top Investments Limited, which are wholly owned by Mr. Long Rui Ming and Ms. Tin Yuen Sin Carol respectively. The Company raised net proceeds of approximately HK\$483,583,000 which were intended to be used for financing the potential acquisitions and/or the Group's general working capital requirement.

16. Commitments and Contingent Liabilities

(i) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Within one year	50,931	51,448
In the second to fifth years inclusive	160,390	172,682
Over five years	253,894	260,343
	465,215	484,473

16. Commitments and Contingent Liabilities *(Continued)*

(i) Operating lease commitments *(Continued)*

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Within one year	208,485	208,273
In the second to fifth years inclusive	746,217	712,207
Over five years	1,525,303	1,662,296
	2,480,005	2,582,776

(ii) Capital commitments

As at 30 June 2010, the Group has no material capital expenditure.

(iii) Contingent liabilities

As at 30 June 2010, the Group has no material contingent liabilities.

17. Related Party Disclosures

Compensation to key management personnel of the Group

	Unaudited Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Short-term employee benefits	3,259	1,959
Post-employment benefits	34	58
	3,293	2,017

18. Comparative Figures

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



REVIEW AND OUTLOOK

Review of Operations

Business Environment

In the first half of the year 2010, the PRC economy continued to recover. Gross domestic product (“GDP”) grew by about 11%, representing an increase of about 3.7% as compared to GDP of the same period of last year. The property market in PRC also experienced an increase in price and sales volume in the first quarter of year 2010 but has become fairly stable in the second quarter of year 2010.

Property Investment

The Group’s investment property portfolio comprising Oriental Kenzo Plaza (東方銀座廣場) and Jing Gang City Plaza (京港城市廣場) covers a total unsold area of about 94,900m², with about 67,000m² or 71% being retail space, about 20,000m² or 21% being office space, about 4,100m² or 4% being residential apartments, about 3,800m² or 4% being recreational and ancillary facilities as well as 1,173 car park spaces. Rental income for the six months ended 30 June 2010 amounted to approximately HK\$71.4 million.

Oriental Kenzo Plaza (東方銀座廣場) is located at Dongzhimen (東直門), Dong Cheng District (東城區) of East Second Ring area (東二環區) of Beijing, opposite to the Beijing Capital Airport Express Rail Terminal. The basement of the Oriental Kenzo Plaza’s shopping mall is directly linked to Dongzhimen station of the Beijing Subway. The entire complex covers a site area of about 15,500m² with a total floor area of approximately 138,000m². The unsold floor area was about 52,100m² (retail space: about 34,600m², offices: about 17,200m², residential apartments: about 300m² and 509 car parks). Rental occupancy rates were approximately 100% for retail space; 50% for offices; and majority of car parks were rented on an hourly rate basis.

Jing Gang City Plaza (京港城市廣場) at Shilipu (十里堡) is a large-scale property project comprising 3 different phases of development, namely Jing Gang City Plaza (京港城市廣場), International Metro Centre (都會國際) and The Metropolitan (都會華庭). It is located on Chao Yang Road (朝陽路), Chao Yang District (朝陽區) of East Fourth Ring area (東四環區) of Beijing. The entire complex covers a site area of about 68,700m² with a total floor area of about 298,300m². The unsold floor area was about 42,800m² (retail space: about 32,400m², offices: about 2,800m², residential apartments: about 3,800m², recreational and ancillary facilities: about 3,800m² and 664 car parks). Rental occupancy rates were approximately 90% for retail space; 56% for recreational and ancillary facilities; and majority of car parks were rented on an hourly rate basis.

Retail-Related Consultancy and Management Services

The Group offers comprehensive retail-related consultancy and management services to its clients, encompassing different service areas including development planning consultancy service for shopping malls, advertising and promotion consultancy services and operation of retail premises and store management services. During the six months ended 30 June 2010, the Group managed a total floor area of approximately 41,000m² of retail premises operated by individual operators under different business themes.

Total revenue from the Group’s retail-related consultancy and management services sector were approximately HK\$26.5 million for the first half year of 2010, representing an increase of approximately HK\$7.6 million or 39.8% as compared with the corresponding period in last year. The main reason for the increase was due to increase in number of service contracts, services fees received pursuant to the service contracts and management fees.



Financial Review

For the six months ended 30 June 2010, the Group recorded a total revenue of approximately HK\$195.5 million, as compared with approximately HK\$121.3 million during the same period in 2009, representing an increase of approximately HK\$74.2 million or 61.2%. The increase was mainly due to the increase from the sales proceeds of disposal of properties. Moreover, there was an increase of approximately HK\$61.9 million in other operating expense, as compared with the same period in last year, and it was mainly attributable to the increase in the expenses of repair and maintenance of approximately HK\$26.3 million, marketing expenses of approximately HK\$24.4 million, advertising expenses of approximately HK\$7.4 million and other general operating expenses of approximately HK\$3.8 million.

In the first half of year 2010, the property market in the PRC kept on rebounding, therefore the Group carried out a series of repair and renovation works on the PRC investment properties with a view to promoting the sales of the Group's investment properties. As a result, the Group recorded an increase of approximately HK\$93 million in the sales of properties for the six months ended 30 June 2010.

The profit attributable to equity holders and earnings per share for the six months ended 30 June 2010 were approximately HK\$35.1 million and HK\$0.032 respectively. They represented an increase of approximately HK\$9.9 million or 39.3% and HK\$0.006 or 23.1% respectively as compared with the profit attributable to equity holders of approximately HK\$25.2 million and earnings per share of HK\$0.026 of the correspondence last period. The increase was mainly due to the increased sales of properties.

As at 30 June 2010, the current assets and current liabilities of the Group were approximately HK\$3,625.4 million (31 December 2009: HK\$3,719.8 million) and HK\$435.7 million (31 December 2009: HK\$704.7 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 8.3 times as compared to that of 5.3 times at the previous year end. The increase in liquidity ratio was mainly due to sales proceeds from the disposal of properties.

The Group's total assets and total liabilities amounted to approximately HK\$3,654.8 million (31 December 2009: HK\$3,751.3 million) and HK\$2,046.1 million (31 December 2009: HK\$2,180.2 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was 0.6 as at 30 June 2010, which was similar when compared with that of 0.6 as at 31 December 2009.

The cash and cash equivalents (net of bank overdrafts) as at 30 June 2010 was approximately HK\$951.8 million (31 December 2009: HK\$867.8 million). The increase was mainly attributable to the proceeds from disposal of investment properties.

As at 30 June 2010, the Group had bank borrowings of approximately HK\$1,340.7 million (31 December 2009: HK\$1,322.0 million) and the increase, HK\$18.7 million, was due to the proceeds from new bank borrowings during the six months period ended 30 June 2010. Out of the total outstanding bank borrowings, approximately HK\$98.6 million (31 December 2009: HK\$229.2 million) are repayable within one year. The Group's gearing ratio, calculated as total interest bearing borrowings over total shareholders' funds, was 83.3% as at 30 June 2010 as compared to 84.2% on 31 December 2009. There was no significant fluctuation in the gearing ratio during the period.

The Group will have sufficient financial resources to fund its operations.

Prospects

As quoted by Mr. Yanto Li in his article, "Overview: China Real Estate Market", of 30 April 2010, real estate market in PRC is a regulation-sensitive market. Government policies as well as setting of interest rates will largely influence consumers' decision to purchase houses and the incentive of real estate constructors to develop new buildings, which consequently affect the whole real estate market.



In an attempt to stabilise housing prices, the PRC Government has been introducing and implementing various measures to control the continued soaring property price. On 17 April 2010, the PRC State Council announced “The Notification Regarding the Steady and Healthy Development of Real Estate Market” which included different measures with a view to curb any further increase in the housing price. Taking into account the effects of the measures to the stock and real estate market recently, it appears that the real estate market will be going through a period of consolidation and stabilisation. In addition, it will be prudent to predict that there may be further steps taken by the PRC government to further stabilise the housing price.

Although we are optimistic to the growth of the real estate market in the long run, the Group will consider disposing of all or part of its existing assets portfolio to capture the gain on its existing property investment, which are largely located in Beijing, PRC. On the other hand, it will explore the possibility of and consider investing in properties and/or property projects in other parts of PRC with more growth and profit potential.

As part of its business plan and investment strategy, the Group will continue to identify and consider good property investments and/or developments and to explore and evaluate new businesses and investment opportunities which could be of good potential and/or long-term benefit to the Group and its Shareholders.

Negotiations with respect to the possible acquisitions of certain projects are at a preliminary stage and no final terms and conditions have yet been concluded as at the date of this interim report. Further announcement(s) will be made in accordance with the requirements of the Listing Rules.

To facilitate the Group’s acquisitions of suitable investments and to enhance the Group’s working capital, if and when considered necessary, the Group will approach banking and financial institutions for new banking and/or credit facilities and/or consider raising additional funds through various means, which shall include the issue of new shares and/or debt securities. Further announcement(s) will be made in accordance with the requirements of the Listing Rules.

Charges on the Group’s Assets

As at 30 June 2010, the Group’s certain assets classified as held for sale with carrying value of approximately HK\$2,042.7 million (31 December 2009: HK\$2,254.4 million) and bank deposits of approximately HK\$54.3 million (31 December 2009: HK\$83.4 million) were charged to secure bank borrowings and other banking facilities.

Foreign Exchange Exposure

Substantially all of the Group’s sales and operating costs are denominated in the functional currency of the Group making the sales or incurring the costs. Accordingly, the Directors consider that the currency risk is not significant. The Group currently does not have a formal currency hedging policy in relation to currency risk. The Directors will monitor the Group’s exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

Employee Information

As at 30 June 2010, the Group had a total of 121 employees (30 June 2009: 78 employees). The employees of the Group are remunerated in accordance with their work experience and performance, and their salaries and benefits are kept at market level. For the six months ended 30 June 2010, the total staff costs of the Group was approximately HK\$9.8 million (30 June 2009: HK\$6.2 million), representing an increase of approximately 58.1% over the previous year. The increase in staff costs was mainly attributable to increase in the number of staff for sales and marketing departments.

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Salaries	8,628	4,630
Contributions to retirement benefits schemes	26	95
Other benefits	1,151	1,469
	9,805	6,194

Directors' and Chief Executive's Interests in Securities

As at 30 June 2010, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Long positions in the ordinary shares of HK\$0.2 each of the Company

Name of Director	Capacity	Number of ordinary shares held	Interest as percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	Beneficial owner	25,958,000	2.37%
	Interest of controlled corporation (Note i)	53,155,135	4.85%
	Total	79,113,135	7.22%
Mr. Wang John Peter Ben ("Mr. Wang")	Interest of controlled corporation (Note ii)	60,000,000	5.48%

Note i: As at 30 June 2010, Ms. Tin was deemed to be interested in 53,155,135 ordinary shares of the Company through her 100% beneficial interest in Fit Top Investments Limited pursuant to SFO.

Note ii: As at 30 June 2010, Mr. Wang was deemed to be interested in 60,000,000 ordinary shares of the Company through his 100% beneficial interest in Super Marble Limited pursuant to SFO.



Save as disclosed above, as at 30 June 2010, none of the Directors, chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests in securities disclosed above in respect of the Directors and the chief executive of the Company, the following shareholders have notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Long positions in the ordinary shares of HK\$0.2 each of the Company

Name	Capacity	Number of ordinary shares held	Interest as percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	Beneficial owner	25,958,000	2.37%
	Interest of controlled corporation (Note 1)	53,155,135	4.85%
	Total	79,113,135	7.22%
Mr. Long Rui Ming John ("Mr. Long")	Interest of controlled corporation (Note 2)	154,909,800	14.14%
Mr. Wang John Peter Ben ("Mr. Wang")	Interest of controlled corporation (Note 3)	60,000,000	5.48%

Note 1: As at 30 June 2010, this interest was held by Fit Top Investments Limited of which Ms. Tin wholly owned the entire issued share capital. Pursuant to SFO, Ms. Tin was deemed to be interested in the shares of the Company held by Fit Top Investments Limited.

Note 2: As at 30 June 2010, this interest was held by Bold Merit International Limited of which Mr. Long wholly owned the entire issued share capital. Pursuant to SFO, Mr. Long was deemed to be interested in the shares of the Company held by Bold Merit International Limited.

Note 3: As at 30 June 2010, this interest was held by Super Marble Limited of which Mr. Wang wholly owned the entire issued share capital. Pursuant to SFO, Mr. Wang was deemed to be interested in the shares of the Company held by Super Marble Limited.

Save as disclosed above, as at 30 June 2010, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

Share Option Scheme

No share options to subscribe for shares in the Company has been granted and held by participants under the share option scheme of the Company during the six months ended 30 June 2010.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the Code on Corporate Governance Practices ("CG Code") in Appendix 14 to the Listing Rules, are established throughout the six months ended 30 June 2010.

Throughout the six months ended 30 June 2010, the Company meets all the code provisions as set out in the CG Code, except for the deviations summarised as follows:

CG Code

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

Deviations and considered reasons

During the six months ended 30 June 2010, the Company did not have officer with the title of CEO. The CEO's duties have been undertaken by the members of the Board since Mr. Yip Ying Chi Benjamin, who was appointed as CEO on 11 April 2008, resigned as CEO on 4 December 2008. To rectify this deviation, the Company is in process of identifying a suitable candidate as its CEO and would issue announcement in due course.

A.4.1 Non-executive director should be appointed for a specific term

Although Mr. Wang John Peter Ben, the non-executive director, is not appointed for a specific term, Mr. Wang is subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CG Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provision of the CG Code.



Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. The Company has made specific enquiry of all Directors and all Directors have confirmed that they fully complied with the required standard as set out in the Model Code and its code of conduct regarding the directors' securities transactions adopted by the Company throughout the six months ended 30 June 2010.

Review of Interim Results

The audit committee of the Company has reviewed this Interim Report 2010 and the Group's unaudited consolidated results for the six months ended 30 June 2010. As the request of the Directors, the Company's external auditor, HLB Hodgson Impey Cheng, has carried out a review of the unaudited interim financial statements.

On behalf of the Board

Tin Yuen Sin Carol

Chairperson

Hong Kong, 20 August 2010

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