莊 勝 百 貨 集 團 有 限 公 司

JUNEFIELD DEPARTMENT STORE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(STOCK CODE : 758)

INTERIM REPORT 2010

CONTENTS

The board of directors (the "Board") of Junefield Department Store Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010 as below:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Six months ended 30 June 2010

		Six months ended	
		30 June 2010 (Unaudited)	30 June 2009 (Unaudited) (Restated)
	Note	***HK$'000***	*HK$'000*
REVENUE	*5*	**78,885**	24,922
Cost of sales and services		**(46,314)**	(8,014)
Other income	*5*	**937**	574
Selling and distribution expenses		**(723)**	(99)
Administrative expenses		**(25,848)**	(15,141)
Change in fair value of investment properties		**4,167**	(1,926)
Gain arising from transfer from investment properties to prepaid land lease payments		**219**	–
Gain on disposal of subsidiaries		**165**	–
OPERATING PROFIT	*6*	**11,488**	316
Finance costs	*7*	**(2,840)**	(1,910)
Share of profit of a jointly-controlled entity		**53,291**	43,729
PROFIT BEFORE TAX		**61,939**	42,135
Income tax expense	*8*	**(7,995)**	(5,350)
PROFIT FOR THE PERIOD		**53,944**	36,785

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(continued)

Six months ended 30 June 2010

		Six months ended	
		30 June 2010 (Unaudited)	30 June 2009 (Unaudited) (Restated)
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Owners of the Company		**48,954**	35,910
Minority interests		**4,990**	875
		53,944	36,785
Dividend	*9*	**9,998**	–
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*10*		
Basic		**4.90 cents**	6.34 cents
Diluted		**4.82 cents**	6.34 cents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2010

	Six months ended	
	30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
PROFIT FOR THE PERIOD	**53,944**	36,785
OTHER COMPREHENSIVE INCOME		
– Exchange differences on translation of foreign operations	**1,026**	588
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1,026**	588
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**54,970**	37,373
Attributable to:		
Owners of the Company	**48,962**	36,498
Minority interests	**6,008**	875
	54,970	37,373

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Note	**30 June 2010 (Unaudited) *HK$'000***	31 December 2009 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**231,473**	202,250
Investment properties		**29,386**	16,988
Prepaid land lease payments		**15,109**	553
Other intangible asset		**155,382**	159,677
Deposit for acquisition of land use rights	*11*	**–**	9,625
Investment in a jointly-controlled entity		**93,267**	82,104
Available-for-sale investment		**–**	–
Total non-current assets		**524,617**	471,197
CURRENT ASSETS			
Inventories		**4,223**	2,292
Properties held for sale		**20,898**	20,898
Accounts receivable	*12*	**8,713**	14,684
Prepayments, deposits and other receivables		**12,072**	9,671
Amount due from a jointly-controlled entity		**3,165**	5,112
Amount due from a joint venturer		**552**	400
Amounts due from related companies		**3,065**	2,459
Equity investments at fair value through profit or loss		**7,171**	10,763
Tax recoverable		**716**	537
Time deposits		**9,101**	9,010
Cash and bank balances		**88,646**	82,736
Total current assets		**158,322**	158,562
CURRENT LIABILITIES			
Accounts payable	*13*	**11,200**	6,371
Other payables and accruals		**74,491**	56,868
Amount due to the ultimate holding company		**64**	450
Amounts due to related companies		**5,017**	5,131
Tax payable		**2,495**	2,652
Interest-bearing bank and other borrowings	*14*	**33,796**	34,206
Total current liabilities		**127,063**	105,678

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 June 2010

	Note	**30 June 2010 (Unaudited) *HK$'000***	31 December 2009 (Audited) *HK$'000*
Net current assets		**31,259**	52,884
TOTAL ASSETS LESS CURRENT LIABILITIES		**555,876**	524,081
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*14*	**72,526**	85,274
Deferred tax liabilities		**54,342**	50,836
Total non-current liabilities		**126,868**	136,110
Net assets		**429,008**	387,971
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**99,977**	99,957
Reserves		**227,410**	192,401
		327,387	292,358
Minority interests		**101,621**	95,613
Total equity		**429,008**	387,971

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2010

	Attributable to owners of the Company										
	Issued capital *HK$'000* *(Note 15)*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Capital reserve *HK$'000*	Statutory surplus reserve *HK$'000*	Share option reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2010 (audited)	99,957	66,740	–	19,170	1,916	7,631	588	96,356	292,358	95,613	387,971
Comprehensive income											
Profit or loss	–	–	–	–	–	–	–	48,954	48,954	4,990	53,944
Other comprehensive income											
Exchange difference on translation of foreign operations	–	–	–	–	–	–	8	–	8	1,018	1,026
Total comprehensive income for the period	–	–	–	–	–	–	8	48,954	48,962	6,008	54,970
Exercise of share options	20	51	–	–	–	(25)	–	–	46	–	46
Disposal of subsidiaries	–	–	–	–	–	–	1,017	–	1,017	–	1,017
2009 dividend paid	–	–	–	–	–	–	–	(14,996)	(14,996)	–	(14,996)
At 30 June 2010 (unaudited)	99,977	66,791	–	19,170	1,916	7,606	1,613	130,314	327,387	101,621	429,008
At 1 January 2009 (audited)	42,193	42,424	230	19,465	–	–	(2,460)	(10,945)	90,907	–	90,907
Comprehensive income											
Profit or loss	–	–	–	–	–	–	–	35,910	35,910	875	36,785
Other comprehensive income											
Exchange difference on translation of foreign operations	–	–	–	–	–	–	588	–	588	–	588
Total comprehensive income for the period	–	–	–	–	–	–	588	35,910	36,498	875	37,373
Acquisition of minority interests	–	–	–	–	–	–	–	–	–	42,305	42,305
Issue of new shares for acquisition of subsidiaries	36,667	25,666	–	–	–	–	–	–	62,333	–	62,333
Issue of new shares upon rights issue	21,097	–	–	–	–	–	–	–	21,097	–	21,097
Shares issue expenses	–	(1,350)	–	–	–	–	–	–	(1,350)	–	(1,350)
At 30 June 2009 (unaudited)	99,957	66,740	230	19,465	–	–	(1,872)	24,965	209,485	43,180	252,665

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2010

	Six months ended	
	30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**42,404**	(9,640)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	**(3,732)**	114,979
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(32,545)**	(15,075)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,127**	90,264
Effect of foreign exchange rate changes, net	**(217)**	915
Cash and cash equivalents at beginning of the period	**82,736**	3,375
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**88,646**	94,554
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**88,646**	94,554

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Junefield Department Store Group Limited (the "Company") is incorporated in Bermuda with limited liability 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 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 13th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (the "Group") are property investment, provision of property management and agency services, provision of brand sourcing consultancy and property management consultancy services for retail business in the People's Republic of China (the "PRC") and manufacture and sale of construction materials.

In the opinion of the directors of the Company, the immediate holding company of the Company is Prime Century Investments Limited, a company incorporated in British Virgin Islands, and the ultimate holding company of the Company is Junefield (Holdings) Limited, a company incorporated in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2010:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HKFRSs (Amendments)	*Improvements to HKFRSs 2009*

HKFRS 1 (Revised) was issued with an aim to improve the structure of the standard. The revised version of the standard does not make any changes to the substance of accounting by first-time adopters. As the Group is not a first-time adopter of HKFRSs, the amendments have no financial impact on the Group.

The HKFRS 2 Amendments provide guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods and services when the entity has no obligation to settle the share-based payment transactions. The amendments also incorporate guidance that was previously included in HK(IFRIC)-Int 8 *Scope of HKFRS 2* and HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*. The amendments did not have any significant implications on the Group's accounting for share-based payments.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognition, the reported results in the period that an acquisition occurs, and future reported results. While the adoption of the revised standard may result in changes in certain accounting policies, the revised standard did not have any financial impact on the Group.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will not have any impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. As the Group has not undertaken such transactions, the adoption of revised standard has no financial impact on the Group.

The HKAS 32 Amendment revises the definition of financial liabilities such that rights, opinion or warrants issued to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments, provided that the entity offers the rights, opinion or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. As the Group currently has no such rights, opinion or warrants in issue, the amendment is unlikely to have any financial impact on the Group.

The HKAS 39 Amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. As the Group has not entered into any such hedges, the amendment did not have any financial impact on the Group.

HK(IFRIC)-Int 17 standardises practice in the accounting for non-reciprocal distributions of non-cash assets to owners. The interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments were made to HKAS 10 *Events after the Reporting Period* and HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. While the adoption of the interpretation may result in changes in certain accounting policies, the interpretation did not have any material financial impact on the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The amendments to HKFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest. As the Group currently has no such sale plan, the amendment did not have any financial impact on the Group.

Improvements to HKFRSs

In May 2009, the HKICPA issued its *Improvements to HKFRSs 2009* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

(a) HKFRS 2 *Share-based Payment*: Clarifies that a contribution of a business on the formation of a joint venture and combination of entities or businesses under common control is not within the scope of HKFRS 2 even though it is outside the scope of HKFRS 3.

(b) HKAS 1 *Presentation of Financial Statements*: States that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

(c) HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

(d) HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases included in Improvements to HKFRSs 2009.* Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Improvements to HKFRSs *(continued)*

(e) HKAS 36 *Impairment of Assets*: Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment as defined in HKFRS 8 *Operating Segments* before aggregation for financial reporting purposes.

(f) HKAS 38 *Intangible Assets*: Clarifies that (i) if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of assets as a single asset provided that the individual assets have similar useful lives; and (ii) the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

(g) HKAS 39 *Financial Instruments: Recognition and Measurement*: Clarifies that (i) a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract; (ii) the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and (iii) gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

The amendments to the following standards below did not have any impact on the accounting policies, financial position or performance of the Group:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the property investment segment engages in property leasing and sale of properties;

(b) the property management and agency services segment provides property management and agency services;

(c) the consultancy services segment provides brand sourcing consultancy and property management consultancy services for retail business in the PRC; and

(d) the manufacture and sale of construction materials segment engages in the manufacture and sale of slag powder.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement. In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are located in the PRC, no further geographical segment information is provided.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(continued)*

Business segments

The following tables present revenue and results for the Group's business segments for the six months ended 30 June 2010 and 2009.

Six months ended 30 June 2010

	Property investment (Unaudited) *HK$'000*	Property management and agency services (Unaudited) *HK$'000*	Consultancy services (Unaudited) *HK$'000*	Manufacture and sale of construction materials (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:					
Sales to/revenue from external customers	861	7,794	–	70,230	78,885
Segment results	4,345	1,667	–	15,643	21,655
Bank interest income and other unallocated income					937
Gain arising from transfer from investment properties to prepaid land lease payments					219
Gain on disposal of subsidiaries					165
Fair value losses, net:					
Equity investments at fair value through profit or loss – held for trading					(2,603)
Corporate and other unallocated expenses					(8,885)
Unallocated finance costs					(2,840)
Share of profit of a jointly-controlled entity					53,291
Profit before tax					61,939
Income tax expense					(7,995)
Profit for the period					53,944

4. OPERATING SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Six months ended 30 June 2009

	Property investment (Unaudited) (Restated) *HK$'000*	Property management and agency services (Unaudited) *HK$'000*	Consultancy services (Unaudited) *HK$'000*	Manufacture and sale of construction materials (Unaudited) *HK$'000*	Total (Unaudited) (Restated) *HK$'000*
Segment revenue:					
Sales to/revenue from external customers	121	6,999	9,000	8,802	24,922
Segment results	(1,811)	1,576	5,069	2,573	7,407
Bank interest income and other unallocated income					574
Corporate and other unallocated expenses					(7,665)
Unallocated finance costs					(1,910)
Share of profit of a jointly-controlled entity					43,729
Profit before tax					42,135
Income tax expense					(5,350)
Profit for the period					36,785

5. REVENUE AND OTHER INCOME

	Six months ended	
	30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
Revenue		
Sales of construction materials	**70,230**	8,802
Property management and agency fees	**7,794**	6,999
Gross rental income	**861**	121
Consultancy services fee	**–**	9,000
	78,885	24,922
Other income		
Bank interest income	**101**	55
Reversal of impairment of amount due from a subsidiary's minority shareholder	**–**	313
Others	**836**	206
	937	574

6. OPERATING PROFIT

The Group's operating profit is arrived at after charging/(crediting):

	Six months ended	
	30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
Employee benefits expense (including directors' remuneration)		
Salaries, wages and other benefits	**7,259**	3,681
Pension scheme contributions	**982**	499
	8,241	4,180
Cost of inventories sold	**44,095**	5,375
Amortisation of other intangible asset	**5,845**	–
Amortisation of prepaid land lease payments	**162**	15
Depreciation of property, plant and equipment #	**8,353**	1,445
Changes in fair value of investment properties	**(4,167)**	1,926
Fair value losses, net:		
Equity investments at fair value through profit or loss – held for trading	**2,603**	–

Depreciation of approximately HK$7,072,000 (six months ended 30 June 2009: HK$1,034,000) and HK$1,281,000 (six months ended 30 June 2009: HK$411,000) were included in cost of sales and administrative expenses respectively.

7. FINANCE COSTS

	Six months ended 30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
Interest on bank loan and other loans wholly repayable within five years	**4,316**	2,416
Less: interest capitalised	**(1,476)**	(506)
	2,840	1,910

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2009:16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the six months ended 30 June 2010, there was no provision for Hong Kong profits tax has made as the Group had no assessable profit arising in or derived from Hong Kong for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) (Restated) *HK$'000*
Group – current tax:		
Hong Kong	**–**	–
Elsewhere	**2,781**	671
Deferred tax charge	**5,214**	–
Withholding tax on dividend distributed by a jointly-controlled entity in the PRC	**–**	4,679
Total tax charge for the period	**7,995**	5,350

8. INCOME TAX *(continued)*

Hunan Taiji Construction Material Company Limited ("Hunan Taiji"), a subsidiary of the Group, is subject to the PRC Enterprise Income Tax ("EIT") at a rate of 25% on taxable income as reported in its statutory financial statements for the period. Hunan Taiji is entitled to exemption from EIT for the first two profitable years commencing from the year ended 31 December 2007 and a 50% reduction from normal EIT for the three years following.

9. DIVIDEND

During the six months ended 30 June 2010, the final dividend in respect of the financial year ended 31 December 2009 of HK1.5 cents (31 December 2008: Nil) per ordinary share totaling of approximately HK$14,996,000 (31 December 2008: Nil) was paid to shareholders.

The Board declared an interim dividend of HK1 cent per ordinary share (six months ended 30 June 2009: Nil), totaling approximately HK$9,998,000 for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,015,408,765 (six months ended 30 June 2009: 566,297,080) in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings per share are based on:

	Six months ended	
	30 June 2010 (Unaudited) *HK$'000*	30 June 2009 (Unaudited) *HK$'000*
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	**48,954**	35,910

	Number of shares	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**999,632,055**	566,297,080
Effect of dilution – weighted average number of ordinary shares:		
Share options	**15,776,710**	–
	1,015,408,765	566,297,080

11. DEPOSIT FOR ACQUISITION OF LAND USE RIGHTS

Hunan Taiji entered into a contract with Loudi City Economic Development Zone Management Committee（婁底市經濟開發區管理委員會）on 15 February 2007 for the acquisition of land use rights at a consideration of approximately RMB17,952,000. During the six months ended 30 June 2010, Hunan Taiji has successfully gone through a tender process and the land use right certificate has been issued. The consideration has been finalised at RMB11,880,000 (equivalent to approximately HK$13,655,000). Deposits of RMB8,458,000 (equivalent to approximately HK$9,625,000) has been paid as at 31 December 2009 being transferred to prepaid land lease payments during the six months ended 30 June 2010.

12. ACCOUNTS RECEIVABLE

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Accounts receivable	**9,141**	15,046
Impairment	**(428)**	(362)
	8,713	14,684

Included in the Group's accounts receivable at 31 December 2009 were (i) an amount due from a related company, Wuhan Junefield Sogo Department Store ("Wuhan Sogo"), of HK$13,500,000, which was non-interest-bearing and denominated in Hong Kong dollars; and (ii) an amount due from a related company, Hualing Steel Company Limited ("Hualing Steel"), of approximately HK$113,000, which was non-interest-bearing and denominated in Renminbi ("RMB"). The Group does not grant credit period to these related companies.

Other accounts receivable are due immediately from the date of billing. Payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and overdue balances which are reviewed regularly by senior management to minimise credit risk. Other accounts receivable are non-interest-bearing and denominated in RMB.

12. ACCOUNTS RECEIVABLE *(continued)*

An aged analysis of the Group's accounts receivable as at the end of the reporting period, based on invoice date, is as follow:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 1 month	**4,231**	796
1 to 3 months	**3,313**	94
Over 3 months	**1,597**	14,156
	9,141	15,046
Impairment	**(428)**	(362)
	8,713	14,684

13. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 1 month	**1,066**	5,275
1 to 3 months	**3,645**	955
Over 3 months	**6,489**	141
	11,200	6,371

Accounts payable are non-interest-bearing and are denominated in RMB.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	Maturity	***HK$'000***	Maturity	*HK$'000*
Current				
Bank loan – secured *(Note (i))*	**2010-2011**	**28,049**	2010	28,524
Other loan – unsecured *(Note (ii))*	**On demand**	**5,747**	On demand	5,682
Amounts repayable within one year or on demand		**33,796**		34,206
Non-current				
Bank loan – secured *(Note (i))*	**2011-2013**	**72,526**	2011-2013	85,274
		106,322		119,480

Notes:

(i) The bank loan is denominated in RMB, bears interest at an interest rate equivalent to that of a relevant term loan quoted by the People's Bank of China per annum multiplied by 120%, and will be due in December 2013. The bank loan is secured by guarantees executed by a related company of the Company and a minority shareholder of Hunan Taiji.

(ii) The unsecured other loan is denominated in RMB, bears interest at a rate of 9.5% per annum and has no fixed terms of repayment.

15. ISSUED CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each at 31 December 2009 (audited) and 30 June 2010 (unaudited)	25,000,000	2,500,000
Issued and fully paid:		
At 1 January 2010 (audited)	999,568	99,957
Exercise of share options *(Note)*	200	20
At 30 June 2010 (unaudited)	999,768	99,977

Note:

200,000 ordinary shares of HK$0.10 each were issued for cash at a subscription price of HK$0.229 per share pursuant to the exercise of the Company's share option for a total cash consideration, before expenses, of HK$45,800.

16. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its properties under operating lease arrangements, which leases negotiated for terms ranging from one to three years.

At 30 June 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Within one year	**1,918**	1,909
In the second to fifth years, inclusive	**857**	384
	2,775	2,293

16. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

The Group leases certain of office property under operating lease arrangements. Leases for properties are negotiated for a term of two years.

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within one year	**396**	792

17. CAPITAL COMMITMENTS

At 30 June 2010, the Group had the following capital commitments:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	**–**	17,281
Land use rights	**–**	10,804
	–	28,085

18. LITIGATIONS

(a) In December 2002, a former director of a subsidiary which was disposed of in prior years (the "Former Director") commenced litigation in the PRC against the Group and claimed an alleged director's bonus of approximately RMB19,000,000 (the "Alleged Bonus") payable to him according to a supplementary agreement attached to the employment contract entered into with the subsidiary (the "Claim").

On 18 August 2009, the Group received a Civil Case Judgement Wu Jing Chu Zi Order No. 72 (2003) (民事判決書(2003)武經初字第72號) dated 6 August 2009 issued by the Intermediate People's Court in Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省武漢市中級人民法院) (the "Judgement"), under which the Claim made by the Former Director of the subsidiary was rejected on the basis of insufficient fact and evidence to support the Claim.

On 13 October 2009, the Company received a copy of the Application of Civil Appeal (民事上訴狀) dated 5 September 2009 made by the Former Director and lodged with the Higher People's Court in Hubei Province, the PRC (中華人民共和國湖北省高級人民法院) (the "Higher Court"), pursuant to which the Former Director has applied to set aside the Judgement and to claim the Alleged Bonus (the "Appeal").

On 26 July 2010, the Company received the civil case judgment dated 6 July 2010 issued by the Higher Court, pursuant to which the Higher Court dismissed the Appeal and upheld the Judgment ("Appeal Judgment"). The Board is advised by its PRC legal advisor that the Appeal Judgment is final.

(b) On 29 October 2009, International Management Company Limited ("IMC"), an indirectly wholly owned subsidiary of the Company received a copy of writ lodged with the Intermediate People's Court in Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省武漢市中級人民法院) (the "PRC Court") on 26 April 2009 (the "Writ") claiming against IMC and a previous subsidiary of the Group for an outstanding investment fund of RMB20 million (the "Debt") due and owing by IMC to another previous subsidiary of the Group, being a previous subsidiary of IMC, together with interests of RMB21.63 million. The plaintiff alleged that the Debt had been assigned to it. And pursuant to an asset preservation order of the PRC Court made on 5 May 2009, part of IMC's shareholding which is worth RMB41.63 million in the capital of its jointly controlled entity in the PRC was frozen because of the asset preservation application filed by the plaintiff. Based on the legal opinion from the Group's PRC legal adviser, the directors of the Company are of the opinion that the action can be successfully defended and, accordingly, no provision has been made in the financial statements.

19. COMPARATIVE FIGURES

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

20. CONTINGENT LIABILITIES

At 30 June 2010, the Group had no material contingent liabilities, save as disclosed in these interim financial statements.

21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these interim financial statements, the Group had the following material transactions with related parties during the period under review:

(a) Significant transactions with related parties

		Six months ended	
		30 June	30 June
		2010	2009
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Property management fee received from a jointly-controlled entity	*(i)*	**1,252**	1,263
Brand sourcing consultancy and property management consultancy services	*(ii)*	**–**	9,000
Logistics services fee charged by a related company	*(iii)*	**5,638**	493
Purchases from a related company	*(iv)*	**2,722**	275
Purchase of properties from a related company	*(v)*	**9,679**	–
Rental paid to the ultimate holding company	*(vi)*	**396**	396

21. RELATED PARTY TRANSACTIONS *(continued)*

(a) Significant transactions with related parties *(continued)*

Notes:

(i) The Group provided its jointly-controlled entity with property management services, for which property management fee of approximately HK$1,252,000 (six months ended 30 June 2009: HK$1,263,000) was charged.

(ii) The services agreement in respect of brand sourcing consultancy and property management consultancy services entered with Wuhan Sogo has expired on 30 September 2009 and no consultancy services fee received by the Group for the six months ended 30 June 2010 (six months ended 30 June 2009: HK$9,000,000).

(iii) Hualing Steel acts as the supplier of Hunan Taiji for the supply of the required granulated steel slag. Pursuant to the Joint Venture Agreement, the minority shareholder of Hunan Taiji procured Hualing Steel to enter into the materials supply agreement with Hunan Taiji to supply granulated steel slag to Hunan Taiji at a unit price of RMB4 per ton (Value Added Tax (VAT) inclusive). The unit material price was determined at the time of entering into the Joint Venture Agreement to establish Hunan Taiji.

(iv) Lianyuan Logistics Company Limited（湖南漣鋼物流有限公司）("Lianyuan Logistics") provided logistics services to Hunan Taiji. The logistics services fee was determined on an annual basis between Hunan Taiji and Lianyuan Logistics with reference to the prevailing market price of similar transportation services.

(v) On 17 March 2010, the Group acquired 5 office units in Beijing at a total consideration of RMB8,517,470 (equivalent to approximately HK$9,679,000) from Beijing Junefield Real Estate Development Co., Ltd. Details of this connected transaction were set out in the Company's announcement dated 17 March 2010.

(vi) Rental expenses were paid to the ultimate holding company.

21. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

	Six months ended	
	30 June 2010 (Unaudited) ***HK$'000***	30 June 2009 (Unaudited) *HK$'000*
Short-term employee benefits	**570**	570

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 16 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2010, the Group's revenue surged to approximately HK$78,885,000 (six months ended 30 June 2009: HK$24,922,000), representing a significant increase of 217% compared with last corresponding period. The Group also achieved a profit of approximately HK$48,954,000 attributable to owners of the Company (six months ended 30 June 2009: HK$35,910,000), representing an increase of 36% over the corresponding period of 2009.

The increase of profit for the period under review was mainly contributed from the manufacture and sale of construction materials business and the share result of the jointly-controlled entity.

Operations Review and Future Prospects

Construction material business

The Group's indirect 60%-owned subsidiary, Hunan Taiji Construction Material Company Limited ("Hunan Taiji") which principally engages in the business of manufacture and sale of slag powder performed well in the first half of 2010. It recorded a turnover of HK$70,230,000 (six months ended 30 June 2009: HK$8,802,000), representing a significant growth of 7.0 times over the same period of last year and delivered HK$12,476,000 (six months ended 30 June 2009: HK$2,189,000) in profit contribution, representing an increase of 4.7 times compared to last year. Currently, Hunan Taiji has two production lines in operation which have been run at about 70% of the optimum utilisation during the period under review. Given the strong demand for construction materials in the People's Republic of China (the "PRC"), it is expected that the profit contribution from this business segment will increase.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Operations Review and Future Prospects *(continued)*

Retail business in Wuhan

In the first half of 2010, the Group's indirect 49%-owned jointly-controlled entity continues to be a major profit contributor for the Group. It recorded a sales growth of 9% and the Group's share of profit after tax also increased to approximately HK$53,291,000 (six months ended 30 June 2009: HK$43,729,000) attributed to its retail and department store business, represented an increase of 22% over the corresponding period of 2009.

With the increasing in domestic consumptions in the PRC, it is expected that the jointly-controlled entity will continue to provide the Group with a reliable income stream.

Investment properties in Beijing

During the period under review, the Group recorded a turnover of approximately HK$861,000 (six months ended 30 June 2009: HK$121,000) from leasing out its investment properties situated in Beijing, the PRC, representing an increase of 6.1 times as compared to the corresponding period of 2009. The increase in gross rental income was due to the increase in number of office units being let out. On 17 March 2010, the Group acquired 5 office units in Beijing at a total cash consideration of RMB8,517,470 (equivalent to approximately HK$9,679,000). The Group continues to identify new acquisition opportunities to enlarge its investment property portfolio and to generate recurrent income to the Group in the future.

Property management and agency services business

The Group's property management business recorded a turnover of approximately HK$7,794,000 (six months ended 30 June 2009: HK$6,999,000), representing an increase of 11% and delivered a profit of approximately HK$1,264,000 (six months ended 30 June 2009: HK$1,034,000), representing an increase of 22% over the corresponding period of 2009.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Operations Review and Future Prospects *(continued)*

Prospects

As stated in the announcement of the Company dated 11 May 2010, the Group has kicked off the business of coal trading. In view of the demand for steam coal in the PRC is high as it is one of the major resources consuming countries worldwide, it is expected that the trading of steam coal would become a sustainable and profitable business of the Group.

The Group has established an investigation team to study business opportunities in Peru and other countries in South America to identify investment opportunities to increase value for shareholders.

Moreover, the Group will proactively continue to identify other opportunities that relate to its existing business or to diversify into different business sectors with the view to increase value for shareholders. The Group will actively strengthen its financial position from time to time, and consider raising funds by suitable means when opportunities arise.

Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Jointly-Controlled Entities

There was no material acquisition and disposal of subsidiaries, associated companies and jointly-controlled entities during the period under review.

Liquidity and Financial Resources

As at 30 June 2010, the Group had net assets of approximately HK$429,008,000 (31 December 2009: HK$387,971,000) with total assets of approximately HK$682,939,000 (31 December 2009: HK$629,759,000) and total liabilities of approximately HK$253,931,000 (31 December 2009: HK$241,788,000). The Group's current ratio, which equals current assets divided by current liabilities was 1.25 (31 December 2009: 1.5).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity and Financial Resources *(continued)*

The Group's bank balances and short term deposits which are mainly denominated in Hong Kong dollars, United States dollars and Renminbi ("RMB"), amounted to approximately HK$97,747,000 as at 30 June 2010 (31 December 2009: HK$91,746,000). The Group's gearing ratio, as a ratio of total interest-bearing borrowings and bank loan to total assets as at 30 June 2010, was 0.16 (31 December 2009: 0.19).

The directors believe that the Group has sufficient financial resources for its current operations. The Group will remain cautious in its liquidity management.

Capital Structure and Treasury Policies

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to its underlying business.

Borrowings

During the period under review, the Group had an interest-bearing bank loan of approximately HK$100,575,000 (31 December 2009: HK$113,798,000) which is secured by guarantees executed by a related company of the Group and a minority shareholder of a subsidiary, denominated in RMB and bearing interest at an interest rate equivalent to that of a relevant term loan quoted by the People's Bank of China per annum multiplied by 120% and will be due in December 2013. An unsecured other loan of approximately HK$5,747,000 (31 December 2009: HK$5,682,000) is denominated in RMB and interest-bearing at 9.5% per annum with no fixed term of repayment.

Save as disclosed above, the Group had no other borrowings as at 30 June 2010.

Capital Commitments

As at 30 June 2010, the Group had no material capital commitments (31 December 2009: HK$28,085,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Charge of Assets

The Group had no assets have been charged as at 30 June 2010.

Litigations

Detailed of litigations are shown in note 18 to the interim financial statements.

Exchange Rate Exposure

The Group's turnover and costs are partially denominated in RMB, which will largely offset each other. However, as part of the Group's borrowings are denominated in RMB and reported in Hong Kong dollars, there were translation losses being charged to administrative expenditure as a result of the RMB appreciation. During the period under review, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

Employee and Remuneration Policy

As at 30 June 2010, the Group had about 297 employees (six months ended 30 June 2009: 289 employees) of whom 8 (six months ended 30 June 2009: 9) were based in Hong Kong and 289 (six months ended 30 June 2009: 280) were based in the PRC and overseas. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment terms which are based on common industry practice. The remuneration policy and package of the Group's employees are periodically reviewed and approved by executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to eligible employees according to the assessment of individual performance.

SUPPLEMENTARY INFORMATION

Directors' and Chief Executives' Interests in Securities

As at 30 June 2010, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long position in shares

Name of director	Number of shares held through a controlled corporation	Percentage of the Company's issued share capital
Mr. Zhou Chu Jian He	697,837,417 *(Note)*	69.81

Note: These 697,837,417 shares are held by Prime Century Investments Limited ("PCI"), a company wholly-owned by Junefield (Holdings) Limited ("JHL"). Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

SUPPLEMENTARY INFORMATION *(continued)*

Directors' and Chief Executives' Interests in Securities *(continued)*

(b) Long position in underlying shares – share options

The following directors of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period	Number of share options: Balance as at 1 January 2010	Granted during the period	Exercised during the period	Balance as at 30 June 2010	*Exercise price per share HK$*
Mr. Zhou Chu Jian He	6 July 2009	6 July 2009 – 5 July 2019	9,980,000	–	–	9,980,000	0.229
Mr. Ng Man Chung, Siman	6 July 2009	6 July 2009 – 5 July 2019	8,000,000	–	–	8,000,000	0.229
Mr. Liu Zhongsheng	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Zhang Xiaobing	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Leung Man Kit	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Chan Kwok Wai	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Lam Man Sum, Albert	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
			42,980,000	–	–	42,980,000	

Note: The cash consideration paid by each of the directors for the grant of share option is HK$1.00.

Save as disclosed above, as at 30 June 2010, so far as is known to the directors and the chief executives of the Company, no other person had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUPPLEMENTARY INFORMATION *(continued)*

Substantial Shareholders' Interests in Securities

As at 30 June 2010, so far as is known to the directors and the chief executives of the Company, the interests or short positions of the persons, other than the directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital
PCI *(Note)*	Directly beneficially owned	697,837,417	69.81
JHL *(Note)*	Through a controlled corporation	697,837,417	69.81

Note: These 697,837,417 shares are held by PCI, a company wholly-owned by JHL. Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

Save as disclosed above, as at 30 June 2010, the Company had not been notified of any person (other than the directors or chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUPPLEMENTARY INFORMATION *(continued)*

Share Option Scheme

The Company has adopted a share option scheme (the "2009 Share Option Scheme") at a special general meeting of the Company held on 29 June 2009 and terminated the former share option scheme approved by the shareholders of the Company on 10 November 1999 (the "1999 Share Option Scheme") at the same meeting.

Before the termination of the 1999 Share Option Scheme on 29 June 2009, 27,416,000 share options were granted to certain employees and directors of the Group pursuant to the 1999 Share Option Scheme, out of which 2,108,000 had been forfeited and 25,308,000 were expired.

Under the 2009 Share Option Scheme, the Company had granted a total of 60,580,000 share options to the directors of the Company and certain employees of the Group at an exercise price of HK$0.229, out of which 42,980,000 share options had been granted to the directors of the Company, details of which are shown in the section headed "Directors' and Chief Executives' Interests in Securities" of this report; and 17,600,000 share options had been granted to the employees of the Group. The total number of shares available for issue (save for those granted but yet to be exercised) under the 2009 Share Option Scheme is 39,376,796 representing approximately 3.94% of the Company's issued share capital as at the date of this report.

SUPPLEMENTARY INFORMATION *(continued)*

Share Option Scheme *(continued)*

The principal terms of the 2009 Share Option Scheme were summarized and set out in the 2009 annual report of the Company. During the period under review, details of the movements of the outstanding share options granted under this scheme were as follows:

			Number of share options					
	Date of grant	Exercisable period	Balance as at 1 January 2010	Granted during the period	Exercised during the period (Note 2)	Balance as at 30 June 2010	Exercise price per share HK$	*Weighted average closing price HK$ (Note 3)*
Directors *(Note 1)*			42,980,000	–	–	42,980,000	0.229	–
Other participants in aggregate	6 July 2009	6 July 2009 – 5 July 2019	17,600,000	–	(200,000)	17,400,000	0.229	0.45
			60,580,000	–	(200,000)	60,380,000		

Notes:

1. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' and Chief Executives' Interests in Securities" of this report.

2. Shares for 200,000 exercised share options were allotted during the six months ended 30 June 2010.

3. A total of 200,000 share options were exercised during the six months ended 30 June 2010. The weighted average closing price of the shares immediately before the dates on which the share options were exercised was HK$0.45.

4. No share options have been granted, forfeited or cancelled during the six months ended 30 June 2010.

SUPPLEMENTARY INFORMATION *(continued)*

Audit Committee

The Audit Committee was established on 10 November 1999, which comprises three independent non-executive directors, namely, Mr. Chan Kwok Wai (Chairman of the Audit Committee), Mr. Leung Man Kit and Mr. Lam Man Sum, Albert. The Group's interim results have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee was established on 15 July 2005, which comprises three independent non-executive directors, namely, Mr. Leung Man Kit (Chairman of the Remuneration Committee), Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

Code of Corporate Governance Practices

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2010, except for the deviation in respect of the communication with shareholders under code provision E.1.2 of the Listing Rules.

Under the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Zhou Chu Jian He, the Chairman of the Board, did not attend the annual general meeting of the Company held on 25 May 2010 due to other business engagement. The Chairmen of the Audit Committee and the Remuneration Committee were present at the annual general meeting to answer the shareholders' questions.

Directors' Securities Transaction

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all directors as to whether they have complied with the Model Code and all directors confirmed that they have complied with the Model Code for the six months ended 30 June 2010.

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

During the review period, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

SUPPLEMENTARY INFORMATION *(continued)*

Interim Dividend

The Board has resolved the payment of an interim dividend of HK1 cent per ordinary share for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil), amounting to approximately HK$9,998,000 (six months ended 30 June 2009: Nil), to the shareholders whose names appear on the Register of Members on Friday, 3 September 2010.

Dividend warrants are expected to be dispatched on or about 14 September 2010.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 2 September 2010 to Friday, 3 September 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 September 2010.

Review of Interim Results

The Audit Committee has reviewed the results of the Group for the six months ended 30 June 2010.

Board of Directors

As at the date of this report, the Board comprises four executive directors, namely Mr. Zhou Chu Jian He (Chairman), Mr. Ng Man Chung, Siman (Deputy Chairman), Mr. Liu Zhongsheng (Chief Executive Officer), and Mr. Zhang Xiaobing and three independent non-executive directors, namely Mr. Leung Man Kit, Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert.

By Order of the Board
Zhou Chu Jian He
Chairman

Hong Kong, 16 August 2010