

Joyce Boutique Holdings Limited

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立的有限公司)

JOYCE

STOCK CODE 股份代號 : 647

INTERIM REPORT TO SHAREHOLDERS

for the half-year period ended 30 September 2010

致股東中期報告書

截至二〇一〇年九月三十日止半年度

GROUP RESULTS

The unaudited Group profit attributable to Shareholders for the six months ended 30 September 2010 amounted to HK\$40.4 million, an increase of 901.6% as compared with the profit of HK\$4.0 million for the corresponding period last year. Earnings per share were 2.5 cents (2009: 0.2 cents).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Benefiting from the gradual recovery of the global economy, the Group recorded a strong growth in net profit for the first six months of the financial year, with net profits amounting to HK\$40.4 million as compared to HK\$4.0 million same period last year. The key factors leading to the strong profitability were due to gross margin improvement through the shortening of the on-sale period and tighter control of overheads expenses through initiatives to improve operating efficiency.

The Group continued to focus its resources on the development of key businesses. During this period, the core business of JOYCE multi-label operation was further enhanced through a complete renovation of the JOYCE store at Canton Road to include a new store front, a new On Pedder footwear and accessories concession, and a new-look JOYCE BEAUTY concept corner. In August, the Group worked on a full renovation of the Dries Van Noten shop in the Landmark with a new brand design concept. In May, a new JOYCE BEAUTY shop opened at Lee Gardens Two in Causeway Bay, making a total of seven JOYCE BEAUTY outlets in Hong Kong. In China, with a more consolidated portfolio of stores, the profit generated from the China division further improved.

The Marni joint venture business also performed well during the period as a result of the significant improvement in gross margin.

Business Development

In October, the Group rolled out one of its key brands, Rick Owens, for its growth potential by opening the first Rick Owens mono brand shop in Hong Kong.

Planning ahead, the Group will further expand retail network of its key brands by opening its first Dsquared shop in Beijing by March 2011 and two Etro shops in Hong Kong and Nanjing respectively in Spring/Summer 2011.

With the gradual recovery of the global economy, the Group is exploring the feasibility of opening a JOYCE store in Beijing.

Outlook

Looking forward, the emerging sovereign debt problems in Europe could cast uncertainties to the reviving economy and escalating rental costs will continue to be an operating challenge to the retail sectors in Hong Kong and in China. Despite these negative factors, the Group remains cautiously optimistic about the performance in the coming quarters and will continue to seek business opportunity in Hong Kong and China to expand its retail portfolio.

FINANCIAL REVIEW

(I) Results Review

Group profit attributable to Shareholders for the six months ended 30 September 2010 amounted to HK\$40.4 million, compared to a profit of HK\$4.0 million for the same period last year. Earnings per share were 2.5 cents (2009: 0.2 cents).

The Group's turnover for the six months ended 30 September 2010 was HK\$523.8 million representing an increase of 6.5% over the same period last year. The Hong Kong division remained to be the core business of the Group, accounting for 87.2% (2009: 83.3%) of the total Group's turnover. The turnover for the Hong Kong division increased by 11.6% against the same period last year, which was mainly due to the general improvement in the local consumer sentiment and partly due to the full six months' contributions from the new shops opened last year including those from the Balenciaga shop at Landmark and the JOYCE BEAUTY corners at Lane Crawford stores. As for the China division, due to the closure of some under-performing shops in previous year, the turnover decreased by 18.7%.

Gross margin improved by 8.6 percentage points over the same period last year as a result of the shortening of the on-sale period for Spring/Summer 2010.

With the improvement in the overall operating efficiency through the closure of non-performing shops in previous year, the China division achieved an improved operating profit of HK\$9.7 million for the period, compared to HK\$0.2 million for the same period last year.

For the period under review, the profit contribution from the Marni joint venture business increased from HK\$1.0 million of last period to HK\$2.7 million due to the significant improvement in gross margin.

(II) Liquidity and Financial Resources

At 30 September 2010, the Group's financial position remained strong with total cash deposits and cash on hand amounted to HK\$377.2 million (31/3/2010: HK\$315.3 million).

At 30 September 2010, the Group had banking facilities in a total amount of HK\$279.8 million (31/3/2010: HK\$233.0 million).

With its strong financial position and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

(III) Foreign Exchange Risk Management

Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts.

(IV) Human Resources

The Group had 505 staff as at 30 September 2010 (31/3/2010: 507). Staff are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary. Total staff costs for the period ended 30 September 2010 amounted to HK\$68.7 million.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
for the six months ended 30 September 2010

| | Note | Unaudited 30/09/2010 HK\$'000 | Unaudited 30/09/2009 HK\$'000 |
|---|------|-------------------------------------|-------------------------------------|
| Turnover | 2 | 523,843 | 491,765 |
| Other income | | 6,920 | 2,780 |
| | | <u>530,763</u> | <u>494,545</u> |
| Direct costs and operating expenses | 4 | (413,132) | (445,938) |
| Selling and marketing expenses | 4 | (27,128) | (15,534) |
| Administrative expenses | 4 | (40,900) | (29,513) |
| Operating profit | | <u>49,603</u> | 3,560 |
| Finance costs | 3 | (12) | (6) |
| Share of profit of an associate | | 2,665 | 1,031 |
| Profit before income tax | | <u>52,256</u> | 4,585 |
| Income tax expense | 5 | (11,900) | (556) |
| Profit attributable to equity holders of the Company | | <u>40,356</u> | <u>4,029</u> |
| Earnings per share | 6 | | |
| – Basic | | <u>2.5 cents</u> | <u>0.2 cents</u> |
| – Diluted | | <u>N/A</u> | <u>0.2 cents</u> |
| Dividends | 7 | <u>—</u> | <u>—</u> |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
at 30 September 2010

| | Note | Unaudited 30/09/2010 HK\$'000 | Audited 31/03/2010 HK\$'000 |
|--|------|-------------------------------------|-----------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 41,553 | 27,258 |
| Deposits, prepayments and other assets | | 37,297 | 34,037 |
| Interest in an associate | | 13,978 | 11,315 |
| Deferred income tax assets | | 3,425 | 5,327 |
| | | <u>96,253</u> | <u>77,937</u> |
| Current Assets | | | |
| Inventories | | 185,474 | 192,440 |
| Trade and other receivables | 8 | 50,160 | 49,944 |
| Deposits, prepayments and other assets | | 15,420 | 21,629 |
| Amount due from an associate | | — | 12,710 |
| Cash and cash equivalents | | 377,188 | 315,307 |
| | | <u>628,242</u> | <u>592,030</u> |
| Total Assets | | <u>724,495</u> | <u>669,967</u> |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | 10 | 162,400 | 162,400 |
| Reserves | | 368,979 | 342,690 |
| Total Equity | | <u>531,379</u> | <u>505,090</u> |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial liability at fair value through profit or loss | | 3,966 | 3,966 |
| | | <u>3,966</u> | <u>3,966</u> |
| Current Liabilities | | | |
| Trade and bills payables | 9 | 47,891 | 41,440 |
| Other payables and accruals | | 116,039 | 102,835 |
| Amount due to an associate | | 2,571 | — |
| Current income tax liabilities | | 22,005 | 11,256 |
| Financial derivative liabilities | | 644 | 5,380 |
| | | <u>189,150</u> | <u>160,911</u> |
| Total Liabilities | | <u>193,116</u> | <u>164,877</u> |
| Total Equity And Liabilities | | <u>724,495</u> | <u>669,967</u> |
| Net Current Assets | | <u>439,092</u> | <u>431,119</u> |
| Total Assets Less Current Liabilities | | <u>535,345</u> | <u>509,056</u> |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2010

| | Attributable to equity holders of the Company | | | | | | | | |
|--|---|---------------------------|-----------------------------|---------------------------------|--|---|-----------------------------|------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital surplus HK\$'000 | Contributed surplus HK\$'000 | Exchange fluctuation reserve HK\$'000 | Employee compensation reserve HK\$'000 | Hedging reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
| Balance at 1 April 2010 | 162,400 | 3,728 | 76 | 139,196 | (1,862) | — | (2,515) | 204,067 | 505,090 |
| Comprehensive income | | | | | | | | | |
| Profit attributable to equity holders | — | — | — | — | — | — | — | 40,356 | 40,356 |
| Other comprehensive income/(expense) | | | | | | | | | |
| Net translation differences on foreign operations: | | | | | | | | | |
| – Subsidiaries | — | — | — | — | 12 | — | — | — | 12 |
| – Associate | — | — | — | — | (2) | — | — | — | (2) |
| Cash flow hedges: | | | | | | | | | |
| – Fair value gains for the period | — | — | — | — | — | — | 2,914 | — | 2,914 |
| – Deferred income tax recognised | — | — | — | — | — | — | (751) | — | (751) |
| Total other comprehensive income | — | — | — | — | 10 | — | 2,163 | — | 2,173 |
| Total comprehensive income | — | — | — | — | 10 | — | 2,163 | 40,356 | 42,529 |
| Transactions with owners | | | | | | | | | |
| Final dividend paid for the year ended 31 March 2010 | — | — | — | — | — | — | — | (16,240) | (16,240) |
| Balance at 30 September 2010 | 162,400 | 3,728 | 76 | 139,196 | (1,852) | — | (352) | 228,183 | 531,379 |

The comparative figures for the six months ended 30 September 2009 are set out as follows:

| | Attributable to equity holders of the Company | | | | | | | | |
|--|---|---------------------------|-----------------------------|---------------------------------|--|---|-----------------------------|------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital surplus HK\$'000 | Contributed surplus HK\$'000 | Exchange fluctuation reserve HK\$'000 | Employee compensation reserve HK\$'000 | Hedging reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
| Balance at 1 April 2009 | 162,400 | 3,728 | 76 | 139,196 | (1,964) | 2,645 | (7,378) | 166,183 | 464,886 |
| Comprehensive income | | | | | | | | | |
| Profit attributable to equity holders | — | — | — | — | — | — | — | 4,029 | 4,029 |
| Other comprehensive income/(expense) | | | | | | | | | |
| Net translation differences on foreign operations: | | | | | | | | | |
| – Subsidiaries | — | — | — | — | (214) | — | — | — | (214) |
| – Associate | — | — | — | — | (224) | — | — | — | (224) |
| Cash flow hedges: | | | | | | | | | |
| – Fair value gains for the period | — | — | — | — | — | — | 9,496 | — | 9,496 |
| – Deferred income tax recognised | — | — | — | — | — | — | (2,099) | — | (2,099) |
| Total other comprehensive (expense)/income | — | — | — | — | (438) | — | 7,397 | — | 6,959 |
| Total comprehensive (expense)/income | — | — | — | — | (438) | — | 7,397 | 4,029 | 10,988 |
| Translations with owners | | | | | | | | | |
| Employee share option scheme: | | | | | | | | | |
| – transfer of reserve upon lapse of share options | — | — | — | — | — | (2,645) | — | 2,645 | — |
| Balance at 30 September 2009 | 162,400 | 3,728 | 76 | 139,196 | (2,402) | — | 19 | 172,857 | 475,874 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2010

| | Unaudited 30/09/2010 HK\$'000 | Unaudited 30/09/2009 HK\$'000 |
|---|-------------------------------------|-------------------------------------|
| Profit for the period | 40,356 | 4,029 |
| Other comprehensive income | | |
| Net translation differences on foreign operations | 10 | (438) |
| Fair value gains on cash flow hedge, net of tax | 2,163 | 7,397 |
| Total other comprehensive income | 2,173 | 6,959 |
| Total comprehensive income for the period | 42,529 | 10,988 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 September 2010

| | Unaudited 30/09/2010 HK\$'000 | Unaudited 30/09/2009 HK\$'000 |
|--|-------------------------------------|-------------------------------------|
| Net cash inflow/(outflow) from operating activities | 101,414 | (5,082) |
| Net cash (outflow)/inflow from investing activities | (23,304) | 8,518 |
| Net cash outflow from financing activities | (16,240) | (3,876) |
| Increase/(decrease) in cash and cash equivalents | 61,870 | (440) |
| Effect of foreign exchange rate changes, net | 11 | (261) |
| Cash and cash equivalents at beginning of period | 315,307 | 213,275 |
| Cash and cash equivalents at end of period | 377,188 | 212,574 |
| Analysis of balances of cash and cash equivalents | | |
| Bank balances and cash | 377,188 | 212,574 |

NOTES TO INTERIM FINANCIAL STATEMENTS
(1) Basis of preparation and accounting policies

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

These unaudited consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in those annual financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2010.

| | |
|---------------------|--|
| HKFRS 1 (Revised) | First-time Adoption of Hong Kong Financial Reporting Standards |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 39 (Amendment) | Eligible Hedged Items |

The adoption of the above new and revised standards, amendments and interpretations has had no material impact on the Group’s results and financial position.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2010 but are not relevant to the Group’s operations.

| | |
|---------------------|---|
| HKFRS 3 (Revised) | Business Combinations |
| HKAS 17 (Amendment) | Leases |
| HKAS 32 (Amendment) | Classification of Right Issues |
| HK(IFRIC) – Int 17 | Distribution of Non-cash Assets to Owners |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers |

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2010 and have not been early adopted:

| | |
|-----------------------------------|---|
| HKAS 24 (Revised) | Related Party Disclosures |
| HKFRS 9 | Financial Instruments |
| HK(IFRIC) – Int 14 (Amendment) | Prepayments of a Minimum Funding Requirement |
| HK(IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments |

(2) Segment information

The Group is principally engaged in sales of designer fashion garments, cosmetics and accessories.

The Group determines its operating segments based on the reports reviewed by the top management who makes strategic decisions.

The top management assesses the business by geographic location, the reportable operating segments identified are Hong Kong, Mainland China and other markets.

Segment profit represents the profit earned by each segment before finance cost, tax and share of profit of an associate. This is the measurement basis reported to the top management for the purpose of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment turnover and operating profit/(loss) by geographical location is as follows:

| | Segment turnover | | Segment results | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 30/09/2010 HK\$'000 | 30/09/2009 HK\$'000 | 30/09/2010 HK\$'000 | 30/09/2009 HK\$'000 |
| Geographical segments: | | | | |
| Hong Kong | 456,922 | 409,546 | 40,810 | 4,692 |
| China | 66,747 | 82,137 | 9,708 | 154 |
| Others | 174 | 82 | (915) | (1,286) |
| Total | <u>523,843</u> | <u>491,765</u> | | |
| Operating profit | | | 49,603 | 3,560 |
| Finance costs | | | (12) | (6) |
| Share of profit of an associate | | | 2,665 | 1,031 |
| Profit before income tax | | | <u>52,256</u> | <u>4,585</u> |
| Income tax expense | | | (11,900) | (556) |
| Profit attributable to equity holders | | | <u>40,356</u> | <u>4,029</u> |

(3) Finance costs

| | 30/09/2010 | 30/09/2009 |
|---------------------------------------|-------------------|------------|
| | HK\$'000 | HK\$'000 |
| Interest on bank loans and overdrafts | <u>12</u> | <u>6</u> |

(4) Expenses by nature

| | 30/09/2010 | 30/09/2009 |
|---|-----------------------|----------------|
| | HK\$'000 | HK\$'000 |
| Cost of inventories (including provision for inventories) | 253,591 | 280,106 |
| Depreciation of property, plant and equipment | 8,959 | 14,900 |
| Operating lease rentals in respect of land and buildings | 98,988 | 97,670 |
| Staff costs | 68,727 | 60,909 |
| Other expenses | 50,895 | 37,400 |
| | <u>481,160</u> | <u>490,985</u> |

(5) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period ended 30 September 2010.

No provision for overseas profits tax has been made as the Group has unutilised tax losses brought forward to offset its estimated assessable profit (2009: Nil).

The amount of taxation charged to the consolidated income statement represents:

| | 30/09/2010 | 30/09/2009 |
|-------------------------|----------------------|------------|
| | HK\$'000 | HK\$'000 |
| Current income tax | | |
| – Hong Kong profits tax | 10,749 | 1,125 |
| Deferred income tax | 1,151 | (569) |
| | <u>11,900</u> | <u>556</u> |

(6) Earnings per share**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders for the period of HK\$40,356,000 (2009: HK\$4,029,000) and the weighted average number of ordinary shares of 1,624,000,000 (2009: 1,624,000,000) shares in issue during the period.

(b) Diluted earnings per share

As there were no outstanding share options for the period ended 30 September 2010, no diluted earnings per share was presented.

For the period ended 30 September 2009, as the exercise price of the Company's outstanding share options were higher than the average market price of the Company's ordinary shares, the outstanding share options had no dilutive effect on the earnings per share.

(7) Dividends**(a) Dividends attributable to the period**

The Board has resolved not to declare any interim dividend for the period ended 30 September 2010 (2009: Nil).

(b) Dividends attributable to the previous financial year, approved and paid during the period.

| | 30/09/2010 | 30/09/2009 |
|--|-------------------|------------|
| | HK\$'000 | HK\$'000 |
| Final dividend in respect of the previous financial year, approved and paid during the period, of 1.0 cent (2009: Nil) per share | 16,240 | — |

(8) Trade and other receivables

Included in trade and other receivables are trade receivables with an ageing analysis at 30 September 2010 as follows:

| | 30/09/2010 | 31/03/2010 |
|-----------------------|-------------------|------------|
| | HK\$'000 | HK\$'000 |
| Within 30 days | 26,876 | 26,495 |
| Between 31 to 60 days | 4,884 | 10,128 |
| Between 61 to 90 days | 7,184 | 8,357 |
| Over 90 days | — | 771 |
| | 38,944 | 45,751 |

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days.

(9) Trade and bills payables

The ageing analysis of trade and bills payables at 30 September 2010 is as follows:

| | 30/09/2010 HK\$'000 | 31/03/2010 HK\$'000 |
|---------------------------|------------------------|------------------------|
| Due within 30 days | 42,755 | 38,493 |
| Due between 31 to 60 days | 4,958 | 2,199 |
| Due between 61 to 90 days | 146 | 729 |
| Due after 90 days | 32 | 19 |
| | <u>47,891</u> | <u>41,440</u> |

(10) Share capital

| | 2010 | | 2009 | |
|-------------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Number of shares '000 | HK\$'000 | Number of shares '000 | HK\$'000 |
| Authorised: | | | | |
| Ordinary shares of HK\$0.10 each | | | | |
| Beginning and end of the period | <u>3,000,000</u> | <u>300,000</u> | <u>3,000,000</u> | <u>300,000</u> |
| Issued and fully paid: | | | | |
| Ordinary shares of HK\$0.10 each | | | | |
| Beginning and end of the period | <u>1,624,000</u> | <u>162,400</u> | <u>1,624,000</u> | <u>162,400</u> |

(11) Commitments**(a) Operating lease commitments – as lessee**

At 30 September 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | 30/09/2010 | 31/03/2010 |
|---|-----------------------|----------------|
| | HK\$'000 | HK\$'000 |
| Land and buildings: | | |
| Not later than one year | 146,728 | 156,643 |
| Later than one year and not later than five years | 201,163 | 243,448 |
| Later than five years | 11,719 | 25,783 |
| | <u>359,610</u> | <u>425,874</u> |

Payment obligations in respect of operating leases with rentals varied with gross revenues are not included as future minimum lease payment.

(b) Operating lease commitments – as lessor

At 30 September 2010, the Group had future aggregate minimum lease receipts under a non-cancellable operating lease as follows:

| | 30/09/2010 | 31/03/2010 |
|---|---------------------|--------------|
| | HK\$'000 | HK\$'000 |
| Land and buildings: | | |
| Not later than one year | 2,700 | 2,700 |
| Later than one year and not later than five years | 1,350 | 2,700 |
| | <u>4,050</u> | <u>5,400</u> |

(c) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

| | 30/09/2010 | 31/03/2010 |
|--|---------------------|--------------|
| | HK\$'000 | HK\$'000 |
| Property, plant and equipment contracted but not provided for | <u>4,844</u> | <u>4,080</u> |

(12) Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business during the period, are as follows:

(a) Transactions with fellow subsidiaries

| | 30/09/2010 | 30/09/2009 |
|---|-------------------|------------|
| | HK\$'000 | HK\$'000 |
| Rental expenses paid to a fellow subsidiary | 4,699 | 4,222 |
| Rental income received from a fellow subsidiary | 3,865 | — |

(b) Transactions with an associate

| | 30/09/2010 | 30/09/2009 |
|---|-------------------|------------|
| | HK\$'000 | HK\$'000 |
| Management fee received from an associate | 974 | 1,143 |

(13) Review of unaudited interim financial statements

The unaudited interim financial statements for the six months ended 30 September 2010 have been reviewed with no disagreement by the Audit Committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

MODEL CODE FOR DIRECTORS’ DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors’ securities transactions.

CHANGES OF INFORMATION OF DIRECTORS

Given below is the latest information regarding the directorships held at present and/or former directorship(s) (if any) held within the past three years in other listed (formerly listed) public company(ies) in respect of any and all Director(s) of the Company for whom there has/have been change(s) in the relevant information since the publication of the last annual report of the Company:

| Director | Present directorship(s) in other listed (formerly listed) public company(ies) |
|-----------------|--|
| Paul Y. C. Tsui | Wheelock and Company Limited; The Wharf (Holdings) Limited; Harbour Centre Development Limited; i-CABLE Communications Limited; Wheelock Properties (Singapore) Limited; (<i>Wheelock Properties Limited (See note below)</i>) |

Note: Wheelock Properties Limited, which formerly was a listed public company and of which Mr. Paul Y. C. Tsui has been a director since January 2005, ceased to be publicly-listed in July 2010.

DIRECTORS’ INTERESTS IN SHARES

As recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance (the “SFO”) in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held as at 30 September 2010 by any Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company held by any of them at any time during the financial period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 30 September 2010, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

| Names | No. of Ordinary Shares (percentage of issued capital) |
|---|--|
| (i) Allied Wisdom International Limited | 1,183,838,723 (72.90%) |
| (ii) Wisdom Gateway Limited | 1,183,838,723 (72.90%) |
| (iii) HSBC Trustee (Guernsey) Limited | 1,183,838,723 (72.90%) |
| (iv) Mr. Peter K. C. Woo | 1,183,838,723 (72.90%) |

Note: Duplication occurs in respect of all of the shareholdings stated above in that they all represent the same block of shares.

All the interests stated above represented long positions and as at 30 September 2010, there were no short position interests recorded in the Register.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

By Order of the Board
Wilson W. S. Chan
Company Secretary

Hong Kong, 26 November 2010

As at the date of this interim report, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee and Mr. Paul Y. C. Tsui, together with three Independent Non-executive Directors, namely, Mr. Antonio Chan, Mr. Eric F. C. Li and Mr. Eric K. K. Lo.

