



CHEUK NANG (HOLDINGS) LIMITED

(Stock Code: 131)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 31/12/2010

CHEUK NANG (HOLDINGS) LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

CHAIRMAN STATEMENT

RESULTS

I have pleasure to announce that the unaudited consolidated profit after taxation for the six months ended 31 December 2010 of our Group is HK\$238,668,000 (2009: HK\$143,527,000) as set out in the unaudited consolidated income statement which has been reviewed by the Company's audit committee, an increment of 66.29% as compared with last year.

The Directors resolved to recommend the payment of an interim dividend of HK4 cents per share (2009: HK3 cents) an increment of 33.33% as compared with last year.

SCRIP DIVIDEND

The Company proposes that a scrip dividend election will be offered to shareholders with Hong Kong addresses. Details of the scrip dividend scheme will be announced later. The interim dividend is payable to shareholders whose names appeared on the register of members at the close of business on 18 March 2011.

BONUS ISSUE OF WARRANTS

- (i) Resolutions in respect of the proposed bonus issue of warrants (Stock code: 1092) was passed at the Extraordinary General Meeting of the shareholders on 1 December 2010 whereby bonus warrants of 18,518,886 units at an initial share subscription price at HK\$1.80 per share were issued on 13 December 2010. The warrants are exercisable at any time between 13 December 2010 and until 4:00 p.m. on 13 December 2011. Until 16 February 2011, there are a total of 118,761 units of warrants being exercised, being approximately 0.6% of the total issued warrants and a sum of HK\$214,000 being credited to the accounts.
- (ii) The subscription price of the bonus warrants (stock code: 942) with expiry date on 20 May 2011 was adjusted from HK\$1.70 to HK\$1.67 per share following the issue of bonus warrants on 13 December 2010. Until 16 February 2011, there are a total of 17,618,450 units of warrants being exercised, being approximately 77.6% of the total issued warrants and a sum of HK\$29,949,000 being credited to the accounts.

On 25 February 2011, the trading prices of the shares (Stock 131) and warrants (Stock 942 and 1092) on the market are HK\$3.50, HK\$1.85 and HK\$1.80 respectively, when compared to the price of HK\$2.35 on 2 July 2010 (Stock 131), HK\$0.52 on 25 May 2010 (Stock 942) and HK\$0.69 on 15 December 2010 (Stock 1092) there is an increment of 48.9%, 255.8% and 160.9%. Shareholders are well benefited from shares and warrants.

REVIEW OF OPERATIONS

Hong Kong Properties

In November 2010, the Government stepped up efforts to combat surging home prices by introducing hefty taxes for selling an apartment within two years of its purchase. The measures, the latest in a series of market-cooling moves including the tightening of mortgage rules, had an immediate impact on the housing market. The housing market almost came to a standstill temporarily for three weeks, nevertheless, the market was again revived due to lack of supply and low interest rate.

In the luxury market, prices remained steady in December, as owners turn from selling to lettings in order to avoid cutting prices. Luxury home prices were up in December 2010. It is believed that the moderate price growth is driven by the pent-up demand from owner-occupiers. Our sale of Villa Cecil Phase II has achieved a satisfactory results is one good example to support the view.

The progress of our projects are as follows:

1. *One Kowloon Peak, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*
Phase I was completed with Occupation Permit issued. The site formation work of Phase II was completed in December, 2010 and the foundation work will be commenced soon. The presale will start when the superstructure work of Phase II almost completed.
2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*
Ten apartments in Villa Cecil Phase II are sold. Agreements for Sale and Purchase were signed in January and February, 2011. Completion will takes place in March and April, 2011. Upon completion, the proceed of approximately HK\$426,000,000 will be reflected in the forthcoming accounts for the year ended 30 June 2011.

Some tenancies are due to expire in mid of 2011. Negotiations for renewal are commenced after Chinese New Year. It is expected that there will be a increment in the rental of about 10%.

3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*
Apartment block I are rented except one unit which is under renovation into furnished apartment with furnitures. The superstructure work of Block II was completed pending for the issuance of Occupation Permit.
4. *Cheuk Nang Plaza, 250 Hennessy Road*
The occupancy of the building is maintained 80%.
5. *Cheuk Nang Lookout, 30 Severn Road, The Peak*
The tenancy of House B is due to expire in mid-2011. Negotiation for renewal has commenced. The marketing of House C is in progress. In the meantime, House C is under design to be a furnished as a super deluxe garden villa with furnitures.
6. *New Villa Cecil, Shui Hang, Cheung Chau*
The superstructure work for phase I is now in progress. It is anticipated that the work will be completed in mid 2011.

China Properties

Due to tightening mortgage rules, a restriction on home purchasing and a slowdown in sales activity by property developers, residential transactions in Shenzhen shrank in October and November, 2010. However, the housing market staged a comeback in December 2010 with sales volumes bouncing back.

The People's Bank of China has raised interest rates for the third time in four months, as it steps up efforts to tame food-led inflationary pressure and curb accelerating loan growth. Despite of a series of tightening measure, the economic growth of China has achieved a stronger-than-expected rate of 9.8 per cent in the fourth quarter. It is expected that interest rates will be further go up in the near future.

Looking ahead, considering the global economic recovery and policies implemented by the Central Government, the property market in China is expected to remain more steady and healthy pace.

Cheuk Nang Garden

Longhwa, Shenzhen

The Main Contractor The Guangdong Provincial 8th Construction Group Co., Ltd. has submitted its appeal to the Shenzhen Intermediate People's Court (深圳市中級人民法院) to against the Judgement and refused to vacate and handover the site to us. In order to safeguard our interest, we have also submitted our appeal to the Court. It is expected that the hearing date will be fixed in April, 2011.

Cheuk Nang • Riverside

Yue Hang Zu, Hangzhou

In Hangzhou, during October and November, 2010, several residential projects completed by other developers have achieved good sales result.

The detail working drawings are under preparation and it is expected that submission will be made in the middle of this year. The works for site investigation has been commenced.

Macau Properties

The property market in Macau has achieved a steady growth especially those units with prices under MOP3.3 million. In order to rein the property speculation, the Macau Government has introduced new measures in September 2010. Such new measures include increase the land supply and new sites would be designated solely for the building of flats of 700 to 800 square feet; the government will help the developers to transform industrial sites for residential development; buyers of properties worth more than MOP3.3 million will have to pay a minimum down payment of 30 per cent of the purchase price and the transaction fees will jump from 0.5 per cent to 3 per cent of the property's price.

Estrada de Seac Pai Van, Coloane

The latest revised building plans (ante projecto de obra) have been submitted to DSSOPT on 7 January 2011 for comments.

The original vendor of the land "Wealthy Victor Limited" has agreed us to set aside HK\$50,000,000 to an escrow account to guarantee the approval of the building plans within 18 months after our first submission of the plans. Owing to the delay of the approval of the building plans, litigation was initiated by the Wealthy Victor in 2007 to prevent us from forfeiting the escrow amount. Litigation is now in progress and hearing is scheduled in March, 2011.

Malaysia Properties

The Malaysian economy has achieved a gentle growth in 2010.

During the second half of the year 2010, a few transactions involving development land for commercial, residential, institutional and agricultural purposes has been completed. The most notable transaction during the period was the sale of a piece of land next to the Pavilion KL mall which sold for a per square foot price broke the previous record.

Cecil Chao Centre

Lot 690, 849, 851 and 1280, Section 57, Lorong Perak, Kuala Lumpur, Malaysia

Phase I named "Parkview"

Our existing serviced apartments are 75% occupied with satisfactory income.

Phases II to V named "Central Plaza"

The construction of continuous bore pile of the basement was completed. Tendering for the piling works is now in progress.

INVESTMENT IN HONG KONG STOCK MARKET

The market price of our investment in the Hong Kong stocks as at 31 December 2010 is HK\$122,464,000 as compared to HK\$97,544,000 as at 30 June 2010. During the period, a total of HK\$10,563,000 stock was sold and of HK\$29,326,000 was purchased.

PROSPECT

Looking into 2011, low interest rates and inflation expectations will continue to affect the market momentum. The property market is still going upward gently despite the introduction of a stamp duty of 15%, 10% and 5% by the Government on the property purchased and sold within six months, between seven and twelve months and between one year to two years respectively to rein in rampant home-price inflation. Given the economic fundamentals will continue improve, it is expected the property market will steadily improve.

By order of the Board
CECIL CHAO SZE-TSUNG
Executive Chairman

Hong Kong, 28 February 2011

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Turnover for the six months ended 31 December 2010 (the “Period”) amounted to HK\$21,473,000 (31 December 2009: HK\$19,480,000), a 10.2% increase over the same period last year. It was mainly due to the increase in turnover of rental income from investment properties in Hong Kong.

For property leasing, the Period recorded an increase of 5.4% in rental income as compared with the corresponding period in 2009, amounting HK\$20,162,000 (31 December 2009: HK\$19,126,000).

Gross profit for the Period amounted to HK\$13,110,000, a 9.4% increase as compared with the same period last year.

Other income recorded a decrease of 83.7% to HK\$14,897,000 when compared with the same period last year. The other income for last year was mainly attributed to the written back of provision for late payment charges of HK\$41,422,000 and the impairment loss on other receivables of HK\$31,624,000 relating to the land acquisition in Hangzhou. Gain on fair value adjustment on financial assets at fair value through profit or loss amounted to HK\$11,909,000 (31 December 2009: HK\$12,890,000). Gain on fair value adjustment on investment properties for the period amounted to HK\$259,884,000 (31 December 2009: HK\$60,663,000). Administrative expenses decreased by 0.3% to HK\$11,261,000 as compared with the same period last year. No other operating expenses was recorded for the Period (31 December 2009: HK\$4,104,000). Finance costs recorded a decrease of 0.5% to HK\$6,781,000 as compared with the same period last year.

Profit attributable to owners of the Company for the Period was HK\$238,672,000 as compared to HK\$138,824,000 for the same period last year. Basic earnings per share was HK\$0.68 (31 December 2009: basic earnings per share HK\$0.48) and fully diluted earnings per share was HK\$0.64 (31 December 2009: HK\$0.46).

Final dividend of HK4 cents for the year ended 30 June 2010 (30 June 2009: Nil) per share was paid during the Period. Scrip dividend alternative was offered to shareholders in respect of 30 June 2010 final dividend. Bonus warrants on the basis of one 2011 December warrants for every twenty shares held for the year ended 30 June 2010 was issued during the Period.

The Board resolved an interim dividend of HK4 cents per share for the six months ended 31 December 2010 (31 December 2009: HK3 cents). Scrip dividend alternative was offered to shareholders in respect of 31 December 2010 interim dividend.

TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

As at 31 December 2010, the Group's total equity attributable to owners of the Company amounted to approximately HK\$3,509,752,000 (30 June 2010: HK\$3,207,484,000), an increase of HK\$302,268,000 or 9.4% when compared with 30 June 2010. With the total number of ordinary shares in issue of 378,150,617 as at 31 December 2010 (30 June 2010: 346,667,517 shares), the total equity attributable to equity holders of the Company per share was HK\$9.28, an increase of 0.3% over 30 June 2010: HK\$9.25. The increase in total equity attributable to equity holders of the Company per share was mainly attributable to the increase fair value of investment properties and listed securities but partly offset by increase in number of ordinary share of the Group during the Period.

Included in the total equity attributable to owners of the Company is deferred tax liabilities of HK\$422,601,000 on fair value gains on investment properties and property, plant and equipment. If the deferred tax liabilities are excluded, the total equity attributable to equity holders of the Company will become HK\$3,932,353,000 or HK\$10.40 per share.

During the Period, the Group had sold listed securities investment. Other than the existing projects and those disclosed in the interim report, the Group did not have any confirmed future plans for material investment or acquiring capital assets.

SECURITIES INVESTMENT

As at 31 December 2010, the listed securities investment was HK\$122,464,000. During the period, the portfolio was increased by a net acquisition of HK\$18,763,000 and gain in fair value of HK\$6,157,000. The listed securities investments of HK\$122,464,000 as at 31 December 2010 representing 2.2% (30 June 2010: 1.9%) of the total assets, which formed part of the Group's cash management activities.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement and effective internal controls in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31 December 2010 and 30 June 2010 were 378,150,617 and 346,667,517 respectively.

DEBT AND GEARING

As at 31 December 2010, the Group's bank and other borrowings amounted to HK\$1,327,311,000 (30 June 2010: HK\$1,376,791,000). Cash and bank balances amounted to HK\$15,306,000 (30 June 2010: HK\$101,251,000) and net borrowing amounted to HK\$1,312,005,000 (30 June 2010: HK\$1,275,540,000).

Total debts to equity ratio was 37.4% (30 June 2010: 42.4%) and net debt to equity ratio was 37.0% (30 June 2010: 39.3%).

The decrease in the total debt to equity ratio and the decrease in net debt to equity ratio were mainly due to increase in fair value of investment properties and financial assets during the Period.

At the reporting date, the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's total bank and other borrowings HK\$1,327,311,000, 8.4%, 7.2% and 84.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively by reference to the repayment schedule of the loan agreement. The Group's bank and other borrowings carried interest rates by reference to HIBOR. No hedging for interest rate subsisted at the end of the Year.

PLEDGE OF ASSETS

As at 31 December 2010, the Group's investment properties, properties for sales, property, plant and equipment and listed securities with their respective carrying value of HK\$2,832,241,000 (30 June 2010: HK\$2,556,997,000), HK\$370,367,000 (30 June 2010: HK\$378,745,000), HK\$80,000,000 (30 June 2010: HK\$80,000,000) and HK\$104,712,000 (30 June 2010: HK\$68,864,000) were pledged to secure general banking facilities of the Group.

FINANCIAL AND INTEREST EXPENSES

Financial costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest capitalized for the Period was HK\$5,696,000 as compared to HK\$2,376,000 for the same period last year. Interest expenses for the Period amounted to HK\$6,781,000, representing 0.5% decrease over the interest expenses of HK\$6,816,000 recorded for the same period last year. The decrease in interest expense was mainly due to decrease in interest rate during the Period. The average interest rate over the year under review was 0.9% (31 December 2009: 1.1%) which was expressed as a percentage of total interest expenses over the average total borrowing.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

During the period under review, the Group employed a total of 44 (Year ended 31 December 2009: 42) staff.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary, year end double pay and year end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

HONG KONG

During the year 2010 the properties market, especially the deluxe residential market has significant growth which is our core business. The construction of One Kowloon Peak Phase II has commenced. The marketing of the whole project will be started after Pre-sale Consent obtained. The Topping Out Ceremony of Block 2 Villa Cecil Phase III take place in December 2010 and the project expected to be completed in early 2011. Superstructure of "New Villa Cecil" at Cheung Chau commenced in June 2010.

MACAU

The development project at Estrada de Seac Pai Van, Coloane was at the building plan approval stage at the balance sheet date.

CHINA

The Group's development project "Cheuk Nang Garden" in Longhwa Shenzhen was delayed by the main contractor. In July 2010, the Shenzhen Baoan People's Court has made a judgement on the claim against the main contractor on damages and termination of the contract. However both parties appeal for the judgement and pending for the judgement for the appeal as at the reporting date.

The development project "Cheuk Nang • Riverside" in Hangzhou was at the stage of preparing development plan.

MALAYSIA

Development Order for Phases II to V named "Central Plaza" has been approved by the local authority and the Building Plan (structural and detail) of 2 blocks of buildings are also approved. Foundation work has commenced at the reporting date.

PROPERTY VALUATION

A property valuation has been carried out by Directors in respect of the Group's investment properties and certain property, plant and equipment as at 31 December 2010 and that valuation was used in preparing the financial statement for the six months ended 31 December 2010. The Group's investment properties and investment properties under development were valued at HK\$1,923,600,000 and HK\$1,934,170,000 respectively making the total HK\$3,857,770,000 (30 June 2010: investment properties and investment properties under development were valued at HK\$1,749,100,000 and HK\$1,809,120,000 making the total HK\$3,558,220,000). The aggregate increase in fair value of approximately HK\$259,884,000 which by reference to the professional valuation was charged to the income statement for the Period. The Group land and building held for own use carried at fair value were valued at HK\$80,000,000 (30 June 2010: HK\$80,000,000). No changes in fair value for the Period. Properties under development for sale of the Group were stated at lower of cost or net realisable value in the financial statements.

POLICY AND OUTLOOK

To diversified its investment risk, the Group will continue its policy by diversifying its investment in China, Hong Kong, Macau and Malaysia.

Following the recovery of the global economic and the continue increase in money supply in the market, the Group is expecting a continue growth in the property market in Hong Kong, Mainland, Macau and Malaysia.

RESULTS

The unaudited accounts of the Company and its subsidiaries (collectively referred to as the “Group”) which have been reviewed by the Company’s audit committee are listed as follows:

Condensed Consolidated Income Statement

For the six months ended 31 December 2010

		Six months ended 31 December	
		2010	2009
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	3	21,473	19,480
Direct costs		(8,363)	(7,501)
Gross profit		13,110	11,979
Other income	4	14,897	91,163
Change in fair value of investment properties		259,884	58,110
Change in fair value of property, plant and equipment		–	2,553
Change in fair value of financial assets at fair value through profit or loss		11,909	12,890
Administrative expenses		(11,261)	(11,292)
Other operating expenses		–	(4,104)
Finance costs	5a	(6,781)	(6,816)
Profit before income tax	5	281,758	154,483
Income tax expense	6	(43,090)	(10,956)
Profit for the period		238,668	143,527
Profit for the period attributable to:			
Owners of the Company		238,672	138,824
Non-controlling interests		(4)	4,703
		238,668	143,527
Earnings per share for profit attributable to the owners of the Company during the period	8		
Basic		HK\$0.68	HK\$0.48
Diluted		HK\$0.64	HK\$0.46

Condensed Consolidated Statement of Comprehensive Income

As at 31 December 2010

	Six months ended 31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	238,668	143,527
Other comprehensive income for the period, net of tax		
Exchange gain on translation of financial statements of foreign operations	25,792	10,979
Total comprehensive income for the period	264,460	154,506
Total comprehensive income for the period attributable to:		
Owners of the Company	264,464	149,803
Non-controlling interests	(4)	4,703
	264,460	154,506

Condensed Consolidated Statement of Financial Position

As at 31 December 2010

	At 31 December 2010 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	At 30 June 2010 (Audited) <i>HK\$'000</i>
ASSETS AND LIABILITIES		
Non-current assets		
Investment properties	3,857,770	3,558,220
Property, plant and equipment	84,313	84,491
Mortgage loans	99	108
Other financial assets	1,452	1,452
Other non-current asset	950	950
	<hr/> 3,944,584	<hr/> 3,645,221
Current assets		
Properties under development for sale	1,120,011	1,065,745
Completed properties for sale	371,397	368,772
Financial assets at fair value through profit or loss	9 122,464	97,544
Trade and other receivables	10 7,966	6,912
Amount due from ultimate holding company	198	132
Amounts due from related companies	900	1,200
Prepaid tax	289	139
Bank balances and cash	15,306	101,251
	<hr/> 1,638,531	<hr/> 1,641,695
Current liabilities		
Trade and other payables	11 41,745	41,165
Amounts due to non-controlling shareholders	239,990	239,990
Interest-bearing borrowings	1,265,162	1,332,937
Financial liabilities at fair value through profit or loss	878	304
Taxation	2,589	3,020
	<hr/> 1,550,364	<hr/> 1,617,416
Net current assets	<hr/> 88,167	<hr/> 24,279
Total assets less current liabilities	<hr/> 4,032,751	<hr/> 3,669,500

Condensed Consolidated Statement of Financial Position (Continued)

As at 31 December 2010

		At 31 December 2010 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	At 30 June 2010 (Audited) <i>HK\$'000</i>
Non-current liabilities			
Advances from a director		62,149	43,854
Deferred tax liabilities		422,601	379,909
		<hr/>	<hr/>
		484,750	423,763
		<hr/>	<hr/>
NET ASSETS		3,548,001	3,245,737
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	12	37,815	34,667
Reserves		3,471,937	3,172,817
		<hr/>	<hr/>
Total equity attributable to the owners of the Company		3,509,752	3,207,484
Non-controlling interest		38,249	38,253
		<hr/>	<hr/>
TOTAL EQUITY		3,548,001	3,245,737
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2010

	Six months ended	
	31 December	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(68,698)	65,314
Net cash used in investing activities	(4,258)	(210,918)
Net cash (used in)/from financing activities	(11,676)	189,758
Net (decrease)/increase in cash and cash equivalents	(84,632)	44,154
Cash and cash equivalents at 1 July	97,448	17,651
Cash and cash equivalents at 31 December	12,816	61,805
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash at stated in condensed consolidated statement of financial position	15,306	69,815
Less: pledged bank balances	(2,490)	(8,010)
	12,816	61,805

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2010

	Equity attributable to owners of the Company						
	Share capital	Exchange reserve*	Share capital		Retained profits*	Non-controlling interest	Total equity
			reserve*	premium*			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 July 2009	27,151	(26,604)	320,065	1,022,589	1,538,069	11,934	2,893,204
Issue of shares	3,900	-	-	25,424	-	-	29,324
Transaction with owners	3,900	-	-	25,424	-	-	29,324
Profit for the period	-	-	-	-	138,824	4,703	143,527
Other comprehensive income for the period							
Exchange gain on translation of financial statements of foreign operations	-	10,979	-	-	-	-	10,979
Total comprehensive income for the period	-	10,979	-	-	138,824	4,703	154,506
Balance at 31 December 2009	31,051	(15,625)	320,065	1,048,013	1,676,893	16,637	3,077,034

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 31 December 2010

	Equity attributable to owners of the Company							
	Share	Exchange	Property	Share	Share	Retained	Non-	Total
	capital	reserve*	revaluation	capital	premium*	profits*	controlling	equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 July 2010	34,667	(7,496)	3,027	320,065	1,096,650	1,760,571	38,253	3,245,737
2010 final dividend approved and paid	-	-	-	-	-	(14,815)	-	(14,815)
Issue of shares								
Pursuant to scrip dividend scheme	776	-	-	-	12,416	-	-	13,192
By exercise of warrants	2,372	-	-	-	37,055	-	-	39,427
Transaction with owners	3,148	-	-	-	49,471	(14,815)	-	37,804
Profit for the period	-	-	-	-	-	238,672	(4)	238,668
Other comprehensive income for the period								
Exchange gain on translation of financial statements of foreign operations	-	25,792	-	-	-	-	-	25,792
Total comprehensive income for the period	-	25,792	-	-	-	238,672	-	264,460
Balance at								
31 December 2010	37,815	18,296	3,027	320,065	1,146,121	1,984,428	38,249	3,548,001

* These reserve accounts comprise the Group's reserves of HK\$3,471,937,000 (as at 31 December 2009: HK\$3,029,346,000) in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2010

1. BASIS OF PREPARATION

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 (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2010, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in note 2 to this condensed consolidated interim financial statements.

This condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2010.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied, for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for Group’s financial statements for the annual financial periods beginning on 1 July 2010.

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

HKFRS 3(Revised) – Business Combination and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the period.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of such leases as operating lease continues to be appropriate. All leases of land by the Group as lessee are already accounted as finance leases under the fair value model for leases in HKAS 40 Investment Property.

HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

In order to comply with the requirements of HK Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

3. SEGMENT INFORMATION

The principal activities of the Group are principally engaged in property development and investment and provision of property management and related services.

In accordance with the Group's internal financial reporting provided to the board of directors, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decision, the management considers the business from both business and geographical perspective.

From business perspective, the Group organised into the following main business segments:

- Property sales;
- Property rental;
- Estate management; and
- Others – securities trading, investments in derivative financial instruments and debenture.

The board of directors assesses the performance of the operating segments based on the profit before income tax for the period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

3. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Six months ended 31 December 2010			
	Property sales HK\$'000 (Unaudited)	Property rental HK\$'000 (Unaudited)	Estate management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue				
– From external customers	–	20,162	1,311	21,473
– Inter-segment revenue	–	1,233	24,823	26,056
Reportable segment revenue	–	21,395	26,134	47,529
Reportable segment profit	–	271,682	225	271,907
Reportable segment assets	1,493,818	3,863,999	346	5,358,163
Reportable segment liabilities	21,527	259,050	98	280,675
	Six months ended 31 December 2009			
	Property sales HK\$'000 (Unaudited)	Property rental HK\$'000 (Unaudited)	Estate management HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue				
– From external customers	–	19,126	354	19,480
– Inter-segment revenue	–	1,233	21,260	22,493
Reportable segment revenue	–	20,359	21,614	41,973
Reportable segment profit	–	103,270	134	103,404
Reportable segment assets	1,278,921	3,679,140	594	4,958,655
Reportable segment liabilities	321,138	1,233,854	136	1,555,128

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

3. SEGMENT INFORMATION (Continued)

The total reportable segment profit/(loss) can be reconciled to the Group's profit/(loss) before income tax as presented in this interim financial report as follows:

	Six months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Total reportable segment profit	271,907	103,404
Unallocated operating income	29,999	73,154
Unallocated operating expenses	(13,367)	(15,259)
Finance costs	(6,781)	(6,816)
Profit before income tax	281,758	154,483

4. OTHER INCOME

	Six months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	6,157	10,424
Recovery of bad debts previously written off	15	20
Dividend income	1,027	1,187
Exchange gain, net	7,306	6,049
Reversal of provision for late payment change (note)	–	41,422
Reversal of impairment loss on other receivables (note)	–	31,624
Sundry income	392	437
	14,897	91,163

Note: In December 2009, the Group has completed the land acquisition in Hangzhou. Late payment charges were waived and the deposits paid in prior years were not forfeited by the seller. In this respect, reversal of provision for late payment charges and impairment loss on other receivables of HK\$41,422,000 and HK\$31,624,000 respectively were made.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

5. PROFIT BEFORE INCOME TAX

This is stated after charging the following:

	Six months ended	
	31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest charges on:		
Bank loans and overdrafts wholly repayable within five years	9,756	6,008
Advances from a director	2,035	2,330
Other incidental borrowing costs	686	854
	<hr/>	<hr/>
Total borrowing costs	12,477	9,192
Less: Interest capitalised into investment properties and properties under development for sale	(5,696)	(2,376)
	<hr/>	<hr/>
Total interest charges for financial liabilities not at fair value through profit or loss	6,781	6,816
	<hr/> <hr/>	<hr/> <hr/>
(b) Other items		
Depreciation	910	1,722
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	6,744	5,102
Contribution to defined contribution plans	127	87
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong	1,660	1,597
– Overseas	–	232
	<hr/>	<hr/>
	1,660	1,829
Deferred tax	41,430	9,127
	<hr/>	<hr/>
Total income tax expense	43,090	10,956
	<hr/> <hr/>	<hr/> <hr/>

7. DIVIDENDS

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend of HK4 cents (2009: Nil) per share	14,815	–
Proposed interim dividend of HK4 cents (2009: HK3 cents) per share	15,133	9,391
	<hr/>	<hr/>
	29,948	9,391
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

7. DIVIDENDS (Continued)

During the period ended 31 December 2010, scrip dividend alternative was offered to shareholders in respect of 2010 final dividend. This alternative was accepted by shareholders as follows:

	Six months ended 31 December	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Dividends:		
Cash	1,623	–
Share alternative	13,192	–
	<u>14,815</u>	<u>–</u>

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the period is based on the following data:

Earnings

	Six months ended 31 December	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Profit attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	<u>238,672</u>	<u>138,824</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

8. EARNINGS PER SHARE (Continued)

Number of shares

	At 31 December 2010 (Unaudited)	At 31 December 2009 (Unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	350,706,488	286,546,654
Effect of dilutive potential ordinary shares:		
Warrants	23,769,406	12,113,313
	<u>374,475,894</u>	<u>298,659,967</u>

9. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2010 HK\$'000 (Unaudited)	At 30 June 2010 HK\$'000 (Audited)
Financial assets at fair value through profit or loss		
Held for trading		
Equity securities listed in Hong Kong	122,464	97,544
	<u>122,464</u>	<u>97,544</u>
Financial liabilities at fair value through profit or loss		
Hold for trading or not qualifying as hedges		
Derivative financial instruments		
Securities derivatives	878	304
	<u>878</u>	<u>304</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

10. TRADE AND OTHER RECEIVABLES

	At 31 December 2010 <i>HK\$'000</i> (Unaudited)	At 30 June 2010 <i>HK\$'000</i> (Audited)
Trade receivables	501	422
Prepayments, deposits and other receivables	7,465	6,490
	<u>7,966</u>	<u>6,912</u>

The Group maintains a controlled credit policy to minimise any credit risk associated with trade receivables. The ageing analysis of the trade receivables (net of impairment for bad and doubtful debts) is as follows:

	At 31 December 2010 <i>HK\$'000</i> (Unaudited)	At 30 June 2010 <i>HK\$'000</i> (Audited)
0 – 30 days	101	256
31 – 60 days	135	56
61 – 90 days	60	–
Over 90 days	205	110
	<u>501</u>	<u>422</u>

11. TRADE AND OTHER PAYABLES

	At 31 December 2010 <i>HK\$'000</i> (Unaudited)	At 30 June 2010 <i>HK\$'000</i> (Audited)
Trade payables	1,276	921
Accrued charges and other payables	40,469	40,244
	<u>41,745</u>	<u>41,165</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

11. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of the trade payables is as follows:

	At 31 December 2010 HK\$'000 (Unaudited)	At 30 June 2010 HK\$'000 (Audited)
0 – 30 days	1,073	606
31 – 60 days	50	48
61 – 90 days	49	48
Over 90 days	104	219
	1,276	921
	1,276	921

12. SHARE CAPITAL

	Authorised		Issued and fully paid	
	(Unaudited) <i>No. of shares</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>No. of shares</i>	(Unaudited) <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each				
At 1 July 2010	10,000,000,000	1,000,000	346,667,517	34,667
Issue of share pursuant to Scrip				
Dividend scheme	–	–	7,760,182	776
Issue of shares by exercise of				
warrants (<i>note 1</i>)	–	–	23,722,918	2,372
	10,000,000,000	1,000,000	378,150,617	37,815
At 31 December 2010	10,000,000,000	1,000,000	378,150,617	37,815

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

12. SHARE CAPITAL (Continued)

Notes:

On 13 November 2009, the Company passed a resolution to approve the issue of one bonus warrant for every ten existing shares of the Company held by the shareholders (“2010 November Warrants”). On 23 November 2009, the Company issued 31,027,791 units of 2010 November Warrants are entitled to subscribed at any time during 23 November 2009 to 23 November 2010 for fully paid shares of the Company at an initial subscription price of HK\$1.60 per share (subject to adjustment). Following the 2011 May Warrants issued in May 2010, the subscription price was adjusted to HK\$1.56 per share on 25 May 2010. During the period, 6,171,870 new shares of HK\$0.10 each per share were issued upon the exercise of 6,171,870 units of 2010 November Warrants. The remaining 138,427 units of 2010 November Warrants were expired 23 November 2010.

On 21 April 2010, the Company passed a resolution to approve the issue of one bonus warrant for every fifteen existing shares of the Company held by the shareholders (“2011 May Warrants”). On 20 May 2010, the Company issued 22,712,263 units of 2011 May Warrants. The holders of 2011 May Warrants are entitled to subscribe at any time during 20 May 2010 to 20 May 2011 for fully paid shares of the Company at an initial subscription price of HK\$1.70 per share (subject to adjustment). Following the 2011 December Warrants issued in December 2010, the subscription price was adjusted to HK\$1.67 per share on 13 December 2010. During the period, 17,547,693 new shares of HK\$0.10 each per share were issued upon the exercise of 17,547,693 units of 2011 May Warrants. As at 31 December 2010, 5,151,809 units of 2011 May Warrants remained outstanding.

On 1 December 2010, the Company passed a resolution to approve the issue of one bonus warrant for every twenty existing shares of the Company held by the shareholders (“2011 December Warrants”). On 13 December, 2010, the Company issued 18,518,886 units of 2011 December Warrants. The holders of 2011 December Warrants are entitled to subscribe at any time during 13 December 2010 to 13 December 2011 for fully paid shares of the Company at an initial subscription price of HK\$1.80 per share (subject to adjustment). During the period, 3,355 new shares of HK\$0.10 each per share were issued upon the exercise of 3,355 units of 2011 December Warrants. As at 31 December 2010, 18,515,531 units of 2011 December Warrants remained outstanding.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

13. CAPITAL COMMITMENTS

Capital commitments in respect of properties under development outstanding and acquisition of land not provided for in the financial statements are as follows:

	At 31 December 2010 (Unaudited) <i>HK\$'000</i>	At 30 June 2010 (Audited) <i>HK\$'000</i>
Authorised but not contracted for	284,847	180,888
Contracted but not provided for	465,803	652,337
	<hr/>	<hr/>
	750,650	833,225
	<hr/> <hr/>	<hr/> <hr/>

14. PLEDGE OF ASSETS

At 31 December 2010, the Group's total bank borrowings of HK\$1,265,162,000 (30 June 2010: HK\$1,332,937,000) and derivative financial instruments of HK\$304,000 (2009: HK\$Nil) were secured by the following:

- (i) legal charges on certain of the Group's investment properties, properties for sale, property, plant and equipment and financial assets at fair value through profit or loss with carrying values of HK\$2,832,241,000 (30 June 2010: HK\$2,556,997,000), HK\$370,367,000 (30 June 2010: HK\$378,745,000) and HK\$80,000,000 (30 June 2010: HK\$80,000,000) and HK\$104,712,000 (30 June 2010: HK\$68,864,000), respectively;
- (ii) floating charge over all the assets and undertakings of certain subsidiaries;
- (iii) charge over certain bank account balances with carrying values of HK\$2,491,000 (30 June 2010: HK\$3,659,000);
- (iv) mortgages over the shares of certain subsidiaries; and
- (v) assignments of sale proceeds, insurance proceeds, rental income and deposits arising from the tenancy agreements of certain properties.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2010

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions which were carried out in the ordinary course of the Group's business are as follows:

	Note	Six months ended 31 December	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Salaries and other short-term employee benefits paid to key management personnel, including amounts paid to the Company's directors		3,548	4,424
Interest paid to Dr. Chao Sze-Tsung Cecil	(a)	2,035	2,330
Architect and other professional service fees paid to	(b)		
CCAL		1,500	761
Cecil Chao Design (Macau) Limited		5,000	7,000
Rental income received from	(c)		
Yan Yin Company Limited ("Yan Yin")		30	30
CCAL		408	453
Administration fee received from	(d)		
Yan Yin		36	36
CCAL		120	120
Commission paid to Szehope Securities Company Limited	(e)	117	177
Rental charge paid to Resource Development Limited	(e)	2,280	1,800

- (a) Dr. Chao Sze-Tsung Cecil has provided unsecured advances, which have no fixed repayment term to the Group at 1.8% (30 June 2010: 1.8%) above the Hong Kong dollar prime rate per annum. At 31 December 2010, the advances from Dr. Chao Sze-Tsung Cecil to the Group amounted to HK\$62,149,000 (30 June 2010: HK\$43,854,000). Dr. Chao Sze-Tsung Cecil has confirmed that he will not request repayment of these advances until such time as the Group is in a position to repay.
- (b) CCAL and CCA rendered architectural and related services to the Group on terms agreed between both parties. Dr. Chao Sze Tsung Cecil is the beneficial owner of CCA Macau.
- (c) Certain properties were leased to Yan Yin and CCAL as office premises on terms mutually agreed between both parties.
- (d) The Group charged administration fee to Yan Yin and CCAL for handling services rendered on terms agreed between both parties.
- (e) Dr. Chao Sze-Tsung Cecil is the beneficial owner of Szehope Securities Company Limited and Resource Development Limited.

16. COMPARATIVE FIGURES

As a result of the application of HK Interpretation 5 Presentation of Financial Statement – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in current period. Further details of these developments are disclosed in note 2.

INTERIM DIVIDEND

The Directors resolved to recommend the payment of an interim dividend of HK4 cents (2009: HK3 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 18 March 2011. The interim dividend will be paid on 20 April 2011.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 14 March 2011 to 18 March 2011 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the interim dividend, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11 March 2011.

PURCHASE AND CANCELLATION OF SHARES

There was no redemption, purchase or cancellation of shares by the Company or any of its subsidiaries during the six months ended 31 December 2010.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. During the period, the Company had complied with the relevant provisions set out in the Code on Corporate Governance Practices (the "CGP Code") based on the principles set out in Appendix 14 to the Listing Rules, save the following:

- (i) the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CGP Code;
- (ii) the role and responsibilities of Chairman and the Chief Executive Officer are not separated as we are still looking for suitable person to act as Chief Executive Officer.

Board Audit Committee

The Board Audit Committee comprises Messrs. Lam Ka Wai, Graham, Leung Wing Kong Joseph and Dr. Sun Ping Hsu Samson, all being independent non-executive directors of the Company. The Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December, 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors (the “Securities Code”) and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the six months ended 31 December 2010. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors except Dr. Cecil Chao has purchased 1,934,000 Company’s shares during the period from 19 January to 1 February 2011.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2010, the interests and short positions of the Directors and Chief Executive in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “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 (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name	Equity	Personal interest	Corporate interests
Chao Sze-Tsung Cecil	Ordinary Shares of HK\$0.1 each	17,742,170 shares	240,937,240 shares
	2011 May Warrants	0 units	0 units
	2011 December Warrants	866,715 units	11,750,498 units
Lee Ding Yue Joseph	Ordinary Shares of HK\$0.1 each	1,840,082 shares	–
	2011 May Warrants	110,757 units	–
	2011 December Warrants	92,004 units	–

Note: The shareholdings disclosed by Dr. Cecil Sze-Tsung Chao under the heading “Corporate Interests” in the above represents the shares held by Yan Yin Company Limited and Szehope Securities Company Limited, substantial shareholders of the Company.

The Company did not grant to the Directors, Chief Executive or their associates any right to subscribe for shares in the Company.

Save as disclosed above, none of the Directors or their associates had any interest or short position in the shares of the Company or its subsidiaries as at 31 December 2010 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the year was the Company, any of its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

By order of the Board
CECIL CHAO SZE-TSUNG
Executive Chairman

Hong Kong, 28 February 2011