東 方 銀 座 控 股
Oriental Ginza Holdings

Oriental Ginza Holdings Limited

Stock Code : 00996

Unlimited Business Opportunities

Interim Report 2011

BOARD OF DIRECTORS

Executive Directors

Ms. Tin Yuen Sin Carol *(Chairperson)*
Mr. Xu Yi
Mr. Zhou Cheng Rong
Mr. Wu Hong Guang
Mr. Dai Peng
Mr. Hon Ming Sang

Non-Executive Director

Mr. Wang John Peter Ben

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Hon Ming Sang

LEGAL ADVISORS

Fairbairn Catley Low & Kong
K&L Gates
P. C. Woo & Co.

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 903B-05, 9/F, Great Eagle Centre
23 Harbour Road, Wanchai, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

CONTACTS

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The board (the "Board") of directors (the "Directors") of Oriental Ginza Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Unaudited Six months ended 30 June **2011** **HK$'000**	 2010 HK$'000
Revenue	3	**53,595**	195,543
Other income and net gains		**3,606**	15,326
Operating lease rentals		**(27,972)**	(20,967)
Cost of properties sold		**—**	(73,221)
Cost of inventories sold		**(10,922)**	—
(Loss)/gain on fair value change of investment properties		**(998)**	59,579
Employee benefits expense		**(9,206)**	(9,805)
Depreciation of property, plant and equipment		**(3,573)**	(4,518)
Amortisation on prepaid land lease		**(159)**	—
Finance costs		**(892)**	(54,637)
Other operating expenses		**(9,988)**	(76,526)
(Loss)/profit before tax		**(6,509)**	30,774
Income tax	4	**97**	4,357
(Loss)/profit for the period	5	**(6,412)**	35,131
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**5,978**	2,522
Total comprehensive (expense)/income for the period		**(434)**	37,653
(Loss)/profit for the period attributable to:			
Owners of the Company		**(6,204)**	35,131
Non-controlling interests		**(208)**	—
		(6,412)	35,131
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(817)**	37,653
Non-controlling interests		**383**	—
		(434)	37,653
(Loss)/earnings per share			
Basic and diluted (HK$ per share)	7	**(0.006)**	0.032

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	**30 June 2011 HK$'000 (Unaudited)**	31 December 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**64,546**	27,733
Prepaid lease payments	9	**33,008**	—
Investment properties		**489,705**	482,596
Goodwill	17	**447,029**	—
		1,034,288	510,329
Current assets			
Inventories		**9,912**	—
Trade receivables	10	**33,474**	32,875
Equity investments at fair value through profit or loss	11	**189,322**	—
Deferred cash consideration receivable from disposal of subsidiaries		**—**	600,000
Prepaid lease payments	9	**466**	—
Prepayments, deposits and other receivables		**117,913**	84,836
Bank balances and cash	12	**640,458**	579,543
		991,545	1,297,254
Total assets		**2,025,833**	1,807,583
Current liabilities			
Trade payables	13	**2,934**	2,177
Accrued liabilities and other payables		**263,217**	233,487
Retention money for acquisition of subsidiaries	17	**122,400**	—
Amount due to minority shareholder		**7,377**	—
Taxation payable		**34,454**	35,312
Other borrowings, secured	14	**56,411**	—
		486,793	270,976
Net current assets		**504,752**	1,026,278
Total assets less current liabilities		**1,539,040**	1,536,607

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2011

	Notes	**30 June 2011 HK$'000 (Unaudited)**	31 December 2010 HK$'000 (Audited)
Capital and reserves			
Share capital	16	**219,109**	219,109
Share premium and reserves		**1,217,943**	1,218,760
Equity attributable to owners of the Company		**1,437,052**	1,437,869
Non-controlling interests		**(645)**	—
Total equity		**1,436,407**	1,437,869
Non-current liabilities			
Deferred tax liabilities	15	**102,633**	98,738
		1,539,040	1,536,607

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Translation reserve** HK$'000	**PRC statutory reserves** HK$'000	**Accumulated losses** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 January 2010 (audited)	219,109	1,887,839	9,404	149,972	25,005	(720,256)	1,571,073	2	1,571,075
Profit for the period	–	–	–	–	–	35,131	35,131	–	35,131
Exchange difference arising on translation of foreign operations	–	–	–	2,522	–	–	2,522	–	2,522
Total comprehensive income for the period ended 30 June 2010	–	–	–	2,522	–	35,131	37,653	–	37,653
Transfer from retained profits	–	–	–	–	174	(174)	–	–	–
At 30 June 2010 (unaudited)	219,109	1,887,839	9,404	152,494	25,179	(685,299)	1,608,726	2	1,608,728
At 1 January 2011 (audited)	**219,109**	**1,887,839**	**9,404**	**18,709**	**25,005**	**(722,197)**	**1,437,869**	**–**	**1,437,869**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(6,204)**	**(6,204)**	**(208)**	**(6,412)**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**5,387**	**–**	**–**	**5,387**	**591**	**5,978**
Total comprehensive (expense)/income for the period ended 30 June 2011	**–**	**–**	**–**	**5,387**	**–**	**(6,204)**	**(817)**	**383**	**(434)**
Non-controlling interests arising on business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,028)**	**(1,028)**
Transfer from retained profits	**–**	**–**	**–**	**–**	**91**	**(91)**	**–**	**–**	**–**
At 30 June 2011 (unaudited)	**219,109**	**1,887,839**	**9,404**	**24,096**	**25,096**	**(728,492)**	**1,437,052**	**(645)**	**1,436,407**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Notes	Unaudited Six months ended 30 June 2011 HK$'000	 2010 HK$'000
Net cash used in operating activities		**(171,853)**	(46,432)
Net cash from investing activities:			
Interest received		**850**	765
Proceeds from disposal of property, plant and equipment		**—**	20
Decrease in pledged bank deposits		**—**	29,162
Additions to property, plant and equipment		**(5,505)**	(2,557)
Additions to land use rights		**(12,848)**	—
Additions to investment properties		**—**	(2,903)
Proceeds from disposal of subsidiaries		**600,000**	—
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	17	**(366,232)**	—
Proceeds from disposal of investment properties		**1,735**	139,579
		218,000	164,066
Net cash from/(used in) financing activities:			
Interest paid		**(892)**	(54,637)
New bank loans raised		**—**	998,072
Repayment of bank borrowings		**—**	(979,595)
New other borrowings raised		**21,034**	—
Repayment of other borrowings		**(1,188)**	—
		18,954	(36,160)
Net increase in cash and cash equivalents		**65,101**	81,474
Cash and cash equivalents at 1 January		**579,543**	867,837
Effects of foreign exchange rate changes		**(4,186)**	2,513
Cash and cash equivalents at 30 June, represented by		**640,458**	951,824
Bank balances and cash		**640,458**	974,119
Bank overdrafts		**—**	(22,295)
		640,458	951,824

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. Basis of Preparation

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

2. Principal Accounting Policies

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except for those described below.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosure
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. Principal Accounting Policies *(Continued)*

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRS") *(Continued)*

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013

The five new or revised standards on consolidation, joint arrangements and disclosures, namely HKAS 27, HKAS 28, HKFRS 10, HKFRS 11, HKFRS 12 were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Early application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013. The directors of the Company anticipate that the application of these new or revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. 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 mainly comprises rental income from investment properties;

(b) the provision of retail-related consultancy and management services;

(c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding; and

(d) the sale of gasoline and diesel mainly comprises the research and development, manufacturing and sale of high clean unleaded gasoline and diesel.

3. Segment Information *(Continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments for the periods under review:

For the six months ended 30 June 2011

	Property investment business HK$'000	Retail-related consultancy and management services business HK$'000	Trading and investments business HK$'000	Sale of gasoline and diesel business HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	**8,764**	**30,070**	**710**	**14,051**	**53,595**
SEGMENT RESULTS	**2,433**	**1,024**	**88**	**469**	**4,014**
Finance costs					**(892)**
Unallocated income					**809**
Unallocated corporate expenses					**(10,440)**
Loss before tax					**(6,509)**

For the six months ended 30 June 2010

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

3. Segment Information *(Continued)*

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries and finance costs. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment. There are no inter-segment sales for the six months ended 30 June 2011 and 2010.

Segment assets and reconciliation to total assets are as follows:

SEGMENT ASSETS

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Property investment business	**526,637**	507,973
Retail-related consultancy and management services business	**90,829**	80,100
Trading and investments business	**200,088**	—
Sale of gasoline and diesel business	**569,128**	—
Total segment assets	**1,386,682**	588,073
Unallocated head office and corporate assets	**639,151**	1,219,510
Consolidated assets	**2,025,833**	1,807,583

4. Income Tax

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**874**	10,025
Deferred tax (Note 15):	**(971)**	(14,382)
Tax credit for the period	**(97)**	(4,357)

The provision for PRC EIT is calculated based on the statutory income tax rate of 25% (six months ended 30 June 2010: 25%) on the assessable profits of each of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations in the PRC.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2010: 16.5%) of estimated assessable profits for six months ended 30 June 2011. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both periods.

5. (Loss)/Profit for the Period

(Loss)/profit for the period has been arrived at after crediting:

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Interest income on bank deposits	**850**	765
Gain on disposal of property, plant and equipment	**—**	3

6. Dividends

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

7. (Loss)/Earnings Per Share

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

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(6,204)**	35,131
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**1,095,542,931**	1,095,542,931

8. Property, Plant and Equipment

	HK$'000 (Unaudited)
Carrying value at 1 January 2011	27,733
Additions	5,505
Acquired on acquisition of subsidiaries (Note 17)	33,907
Depreciation	(3,573)
Exchange adjustment	974
Carrying value at 30 June 2011	**64,546**

9. Prepaid Lease Payments

	30 June 2011 HK$'000 (Unaudited)
Analysed for reporting purposes as:	
Current asset	**466**
Non-current asset	**33,008**
	33,474
The Group's prepaid lease payments comprise:	
Leasehold land outside Hong Kong	
Medium-term lease	**33,474**

Included in medium-term prepaid lease payments are land use rights with carrying amount of approximately HK$12,848,000 which are located in the PRC and the Group is in the process of obtaining the land use rights certificate.

10. Trade Receivables

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

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

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
0-30 days	**1,204**	10,297
31-60 days	**—**	—
61-90 days	**869**	6
Over 90 days	**31,401**	22,572
	33,474	32,875

11. Equity Investments at Fair Value Through Profit or Loss

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Listed equity investments, at market value		
— Hong Kong	**189,322**	—

The above equity investments at 30 June 2011 were classified as held for trading. The fair value of equity investments at fair value through profit or loss is determined based on the quoted bid prices provided by financial institution.

12. Bank Balances and Cash

The bank balances carried interest at prevailing market rates. Included in bank balances of the Group were amounts of approximately HK$17,354,000 (31 December 2010: HK$16,234,000) which were denominated in Renminbi. Renminbi is not a freely convertible currency and the remittance of funds out of the Mainland China is subject to exchange restrictions imposed by the Mainland China government.

13. Trade Payables

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

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
0-30 days	**638**	—
31-60 days	**—**	—
61-90 days	**—**	—
Over 90 days	**2,296**	2,177
	2,934	2,177

14. Other Borrowings, Secured

During the period, the Group raised short-term loan in the amount of approximately HK$21,034,000. The proceeds were used to finance the acquisition of land use rights and meet short-term expenditures need.

15. Deferred Tax

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

Deferred tax liabilities:	**Undistributed profit of subsidiaries** HK$'000	**Revaluation of properties** HK$'000	**Total** HK$'000
At 1 January 2011	18,847	79,891	98,738
Acquisition of subsidiaries (Note 17)	—	3,295	3,295
Exchange adjustments	—	1,571	1,571
Credited to profit or loss	225	(1,196)	(971)
At 30 June 2011 (Unaudited)	**19,072**	**83,561**	**102,633**

16. Share Capital

	Ordinary shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.20 each at 31 December 2010 and 30 June 2011	5,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 31 December 2010 and 30 June 2011	1,095,542,931	219,109

17. Acquisition of Subsidiaries

On 28 April 2011, the Group completed the acquisition of 51% of the equity interests in Wide Merit Limited and 51% of the shareholder's loan owed by and/or due from Wide Merit Limited and its subsidiaries to Mr. Zhao Biao, the vendor of such shares and loan (the "Vendor") for a total cash consideration of HK$489,600,000. Wide Merit Limited and its subsidiaries (the "Wide Merit Group") are principally engaged in the research and development, manufacturing and sale of high clean unleaded gasoline and diesel.

Acquisition-related costs amounting to approximately HK$2,012,000 have been excluded from the cost of acquisition and will be recognised directly as an expense after the period ended 30 June 2011.

17. Acquisition of Subsidiaries *(Continued)*

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis):

	Fair value
	HK$'000
Property, plant and equipment	33,907
Prepaid lease payments	20,735
Inventories	15,587
Prepayments and other receivables	35,756
Bank balances and cash	968
Accrued liabilities and other payables	(26,214)
Other borrowings, secured	(35,901)
Deferred tax liabilities	(3,295)
	41,543
Non-controlling interests	1,028
Goodwill	447,029
	489,600
Total consideration satisfied by:	
Cash consideration paid during the period ended 30 June 2011	367,200
Retention money (Note)	122,400
	489,600

Note: On completion, the Group shall be entitled to withhold a sum equal to HK$122,400,000 from the total consideration (representing 25% of the total consideration) as retention money.

In addition, the Vendor guaranteed to the Company that the audited consolidated net profit after tax of the Wide Merit Group for the year ending 31 December 2011 shall not be less than HK$120,000,000. In the event that Wide Merit Group cannot achieve the expected profit, the Vendor shall pay the Company in cash to 4.08 times of the shortfall.

The non-controlling interests (49%) in the Wide Merit Group recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Wide Merit Group and amounted to approximately HK$1,028,000.

Goodwill arose on the acquisition of Wide Merit Group because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of revenue growth and future market development of gasoline business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

17. Acquisition of Subsidiaries *(Continued)*

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration paid	367,200
Less: Bank balances and cash acquired	(968)
	366,232

Impact of acquisition on the results of the Group

Included in the loss for the interim period is approximately HK$425,000 attributable to Wide Merit Group. Revenue for the period includes approximately HK$14,051,000 is attributable to Wide Merit Group.

Had the acquisition of Wide Merit Group been effected on 1 January 2011, the revenue of the Group from continuing operations for the six months ended 30 June 2011 would have been approximately HK$81,922,000 and the profit for the period from continuing operations would have been approximately HK$717,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is intended to be a projection of future results.

18. Commitments and Contingent Liabilities

(i) Operating lease commitments

The Group as lessee

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

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Within one year	**42,257**	42,868
In the second to fifth years inclusive	**154,128**	165,638
Over five years	**123,513**	122,053
	319,898	330,559

18. Commitments and Contingent Liabilities *(Continued)*

(i) Operating lease commitments *(Continued)*

The Group as lessor

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

	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
Within one year	**78,690**	75,875
In the second to fifth years inclusive	**204,565**	212,905
Over five years	**98,016**	113,814
	381,271	402,594

(ii) Capital commitments

As at 30 June 2011, the Group has no material capital commitments.

(iii) Contingent liabilities

As at 30 June 2011, the Group has no material contingent liabilities.

19. Related Party Disclosures

Compensation to key management personnel of the Group

	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Short-term employee benefits	**3,525**	3,259
Post-employment benefits	**18**	34
	3,543	3,293

20. Comparative Figures

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

REVIEW AND OUTLOOK

Business Review

During the first half year of 2011, the government of the People's Republic of China (the "PRC") continued to implement measures including the "limited purchase" policy and tightening of liquidity and mortgage policies to prevent a real estate bubble weighed on the market. These measures have brought certain short term impacts to the property market in the PRC, such as cooling down the heated property market. However, the Directors believe that such temporary adjustment may not affect the long term growth trend of the property market and will still grasp the opportunities for the project development and sales according to different local market conditions.

In year 2011, the Group has explored new business opportunities with gasoline stations and retailers in order to expand its business variety. The Group has completed the acquisition of Wide Merit Limited's shares, which represent 51% of the equity interests in Wide Merit Limited, and 51% of the shareholder's loan.

Property Investment

The Group's investment property portfolio comprising portions of Taipingyang Plaza (太平洋廣場) ("Taipingyang Plaza") on Shangqingsi Road (上清寺路) in Yuzhong District (渝中區), Chongqing, the PRC and various properties located in Shenyang of Liaoning Province, the PRC covers a total gross area of approximately 60,200m^2, with approximately 13,000m^2 or 21% of the total gross area being retail space, approximately 40,100m^2 or 67% of the total gross area being office space, approximately 1,800m^2 or 3% of the total gross area being residential units and approximately 5,300m^2 or 9% of the total gross area being car parking area. Rental income for the six months ended 30 June 2011 was approximately HK$8.8 million.

Taipingyang Plaza (太平洋廣場) consists of an office tower and a residential tower built over a 2-storey commercial podium and a 2-level basement car parking area. The whole office tower and portions of the residential tower together with portions of the commercial podium and the whole 2-level basement car parking area belong to the Group. The complex has a total gross area of approximately 28,900m^2 (offices: approximately 23,200m^2, residential units: approximately 400m^2 and car parking area: approximately 5,300m^2).

Properties in Shenyang of Liaoning Province, the PRC, with gross area of approximately 31,300m^2, comprise six retail shops which have a gross area of approximately 13,000m^2, nine office units which have a gross area of approximately 16,900m^2 and six residential units which have a gross area of approximately 1,400m^2.

Retail-related Consultancy and Management Services

The Group offers comprehensive retail-related consultancy and management services to its clients, encompassing different service areas including development and planning consultancy services for shopping malls, advertising and promotion consultancy services and operation of retail premises and store management services. During the six months ended 30 June 2011, the Group managed a total floor area of approximately 41,000m^2 of retail premises operated by individual operators under different business themes.

Total revenue from the Group's retail-related consultancy and management services sector was approximately HK$30.1 million for the first half year of 2011, representing an increase of approximately HK$3.6 million or 13.6% as compared to the figures of the corresponding period in 2010. The main reason for the increase was due to the increase in contract amounts and management fees.

Trading and Investments Business

Trading and investments business includes the trading of securities and investment income from securities investment and investment holding. During the six months ended 30 June 2011, revenue from trading in securities was approximately HK$0.7million. The revenue was mainly due to the unrealised gain on investment in listed financial assets at fair value.

Research and Development, Manufacturing and Sale of High Clean Unleaded Gasoline and Diesel

The Group has established the research and development service for its proprietary formula and technology for its high clean unleaded gasoline and diesel products and has a total of two production bases in Xuzhou City and Yancheng City, Jiangsu Province, the PRC respectively. The products of the Wide Merit Group are to be sold to the clients including the gasoline wholesalers through land and water transportation. The target clients are mainly based in Jiangsu and Zhejiang Provinces.

Total revenue from the Group's research and development, manufacturing and sale of high clean unleaded gasoline and diesel sector was approximately HK$14.1 million for the six months ended 30 June 2011 after the completion of the acquisition of the Wide Merit Group at the end of April 2011. Since then, the Group started to participate in the management of business with the partner who is holding 49% of shares of Wide Merit Limited. The production was behind schedule, which affected the performance of the business, as more time was needed for streamlining the business operations as well as taking up the management functions of the Wide Merit Group.

Financial Review

For the six months ended 30 June 2011, the loss attributable to owners of the Company was approximately HK$6.2 million, which was mainly due to the decrease in the revenue of sales of properties and property income and the increase in operating costs and administrative costs for the expansion of the businesses of the Group.

For the six months ended 30 June 2011, total revenue of approximately HK$53.6 million decreased significantly by 72.6% as compared to approximately HK$195.5 million in the corresponding period in 2010. The decrease was due to the decrease of sales of properties and property rental income of approximately 94.8%, which was caused by the disposal of subsidiaries holding properties in Beijing, namely, Firm Top Investments Limited and Winner Grace International Limited and their respective subsidiaries, in year 2010.

For the six months ended 30 June 2011, the other operating expenses decreased by approximately HK$66.5 million as compared to the figures of the corresponding period in 2010, which was mainly due to the decrease in the repair and maintenance expenses of approximately HK$28.5 million, the marketing expenses of approximately HK$29.5 million and other general operating expenses of approximately HK$8.5 million due to disposal of subsidiaries holding properties in Beijing, namely, Firm Top Investments Limited and Winner Grace International Limited and their respective subsidiaries, in year 2010.

As at 30 June 2011, the authorised share capital of the Company was HK$1,000.0 million divided into 5,000,000,000 shares of HK$0.2 each and the issued share capital of the Company was approximately HK$219.1 million divided into 1,095,542,931 shares of HK$0.2 each.

As at 30 June 2011, the current assets and current liabilities of the Group were approximately HK$991.5 million (31 December 2010: HK$1,297.3 million) and HK$486.8 million (31 December 2010: HK$271.0 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 2.04 times as at 30 June 2011 as compared to that of 4.78 times as at 31 December 2010. The decrease in liquidity ratio was mainly due to the use of cash for the acquisition of 51% of the equity interests in Wide Merit Limited and 51% of the shareholder's loan for a total cash consideration of HK$489.6 million.

The Group's total assets and total liabilities amounted to approximately HK$2,025.8 million (31 December 2010: HK$1,807.6 million) and HK$589.4 million (31 December 2010: HK$369.7 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was 0.29 times as at 30 June 2011, as compared to that of 0.2 times as at 31 December 2010, which was similar to that of previous year.

The cash and cash equivalents as at 30 June 2011 was approximately HK$640.5 million (31 December 2010: HK$579.5 million). The increase was mainly attributable to proceeds from the deferred cash consideration received from disposal of subsidiaries holding properties in Beijing, namely, Firm Top Investments Limited and Winner Grace International Limited and their respective subsidiaries, together with the sale loans, in year 2010.

As at 30 June 2011, the Group had short term borrowings of approximately HK$56.4 million (31 December 2010: nil) and the increase was due to the acquisition of Wide Merit Limited and its subsidiaries and its shareholder's loan during the six months ended 30 June 2011 and the Group also raised short term loan in the amount of approximately HK$21.0 million to finance the purchase of land use rights in the PRC and meet short term expenditures need. The Group's gearing ratio, calculated as total borrowings over total shareholders' equity, was 3.9% as at 30 June 2011 (31 December 2010: nil). The Company's overall strategy remains unchanged from the year 2010.

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

Prospects

In view of the continuing austerity measures taken by the PRC government that continue to pressurise property developers in getting finance and the gloomy capital markets which are adversely affected by the uncertainties over the European and the American sovereign debts crisis, the Group, however, is comparatively less affected as the Group's financial position has remained healthy with a low gearing ratio.

The Directors are confident that the property market, whilst currently dampened by the austerity measures imposing restrictions on buyers and bank financing available to developers, in the long run, is supported by strong demand driven by the hasty urbanisation and expectation for improved living standard of the PRC population. The Directors believe that the trading prospect of the property market is still positive in the long run and the Group is prepared to reap a satisfactory return for its shareholders in the years to come.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Charges on the Group's Assets

As at 30 June 2011, the Group's certain assets with carrying value of approximately HK$22.3 million (31 December 2010: nil) were charged to secure borrowings.

Employee Information

As at 30 June 2011, the Group had a total of 147 employees (30 June 2010: 121 employees). The employees of the Group are remunerated in accordance with their working experience and performance and their salaries and benefits are kept at market level. For the six months ended 30 June 2011, the total staff costs of the Group were approximately HK$9.2 million (30 June 2010: HK$9.8 million), representing a decrease of approximately 6.1% over the corresponding period of 2010.

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Salaries	**8,251**	8,628
Contributions to retirement benefits schemes	**65**	26
Other benefits	**890**	1,151
	9,206	9,805

Directors' and Chief Executive's Interests in Securities

As at 30 June 2011, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

Long position — Ordinary shares of HK$0.20 each of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	Beneficial owner	25,958,000	2.37
	Interest of controlled corporation (Note)	53,155,135	4.85
	Total	79,113,135	7.22

Note: As at 30 June 2011, Ms. Tin was deemed to be interested in 53,155,135 ordinary shares of the Company held by Fit Top Investments Limited through her 100% beneficial interest in Fit Top Investments Limited pursuant to SFO.

Save as disclosed above, as at 30 June 2011, none of the Directors, chief executive and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

Substantial Shareholders

As at 30 June 2011, based on the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, and, the information as otherwise notified to the Company and the Stock Exchange, it shows that other than the interests disclosed above in respect of the Directors and the chief executive of the Company, the following shareholders notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Long position — Ordinary shares of HK$0.20 each of the Company

Name	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol (“Ms. Tin”)	Beneficial Owner	25,958,000	2.37
	Interest of controlled corporation (Note)	53,155,135	4.85
	Total	79,113,135	7.22

Note: As at 30 June 2011, Ms. Tin was deemed to be interested in 53,155,135 ordinary shares of the Company held by Fit Top Investments Limited through her 100% beneficial interest in Fit Top Investments Limited pursuant to SFO.

Remark: Further to the disclosure in annul report 2010, up to 25 May 2011, Mr. Long Rui Ming John (“Mr. Long”) was deemed to be interested in 154,909,800 ordinary shares of the Company held by Bold Merit International Limited, representing 14.14% of the issued share capital of the Company, through his 100% beneficial interest in Bold Merit International Limited pursuant to SFO. As at 30 June 2011, Mr. Long and Bold Merit International Limited were not interested in any share of the Company.

Save as disclosed above, as at 30 June 2011, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

Share Option Scheme

No share options to subscribe for shares in the Company has been granted to and held by participants under the share option scheme of the Company during the six months ended 30 June 2011.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), are established throughout the six months ended 30 June 2011.

Throughout the six months ended 30 June 2011, the Company met all the code provisions as set out in the CG Code, except for the deviations summarised as follows:

CG Code	Code Provisions	Deviations and considered reasons
A.2.1	The roles of Chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.	During the six months ended 30 June 2011, the Company did not have an officer with the title of CEO. The CEO's duties have been undertaken by the members of the Board since Mr. Yip Ying Chi Benjamin, appointed as CEO on 11 April 2008, resigned as CEO on 4 December 2008. To rectify this deviation, the Company is in process of identifying a suitable candidate as its CEO and will issue a further announcement in due course.
A.4.1	Non-executive director should be appointed for a specific term.	Although Mr. Wang John Peter Ben, the non-executive Director, is not appointed for a specific term, Mr. Wang is subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CG Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the CG Code.

Compliance with the Model Code

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. The Company has made specific enquiry of all Directors and all Directors have confirmed that they fully complied with the required standard as set out in the Model Code and its code of conduct regarding the directors' securities transactions adopted by the Company throughout the six months ended 30 June 2011.

Review of Unaudited Interim Results

The audit committee of the Company has reviewed this Interim Report 2011 and the Group's unaudited consolidated results for the six months ended 30 June 2011.

On behalf of the Board
Tin Yuen Sin Carol
Chairperson

Hong Kong, 26 August 2011

As at the date hereof, the Board comprises Ms. Tin Yuen Sin Carol, Mr. Xu Yi, Mr. Zhou Cheng Rong , Mr. Wu Hong Guang, Mr. Dai Peng and Mr. Hon Ming Sang as executive directors, Mr. Wang John Peter Ben as non-executive director and Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris as independent non-executive directors.

Note:

During the six months ended 30 June 2011 and up to the latest practicable date prior to the publication of this Interim Report 2011, there were changes of directors of the Company.

As disclosed in the announcements, Mr. Zhou Cheng Rong and Mr. Wu Hong Guang were appointed as executive directors of the Company with effect from 8 June 2011, Mr. Dai Peng was appointed as an executive director of the Company with effect from 23 August 2011, Mr. Ho Kam Cheun Alex resigned as executive director of the Company with effect from 13 July 2011 and Mr. Zhang Feng and Mr. Li Sai Ho both resigned as executive directors of the Company with effect from 8 June 2011.