Interim Report 2011

北京建設 BPHL
BEIJING PROPERTIES (HOLDINGS) LTD

(incorporated in Bermuda with limited liability)
Stock Code: 925

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHOU Si *(Chairman)*
Mr. ANG Keng Lam *(Vice Chairman)*
Mr. YU Li *(Vice Chairman)*
Mr. QIAN Xu *(Chief Executive Officer)*
Mr. SIU Kin Wai *(Chief Financial Officer)*
Mr. XU Taiyan
Mr. JIANG Xinhao
Ms. MENG Fang
Mr. YU Luning
Mr. LIU Xueheng

Non-Executive Director

Mr. LIN Chun Kuei

Independent Non-Executive Directors

Mr. GOH Gen Cheung
Mr. MA Chiu Cheung, Andrew
Mr. NG Tang Fai, Ernesto
Mr. ZHU Wuxiang
Mr. James CHAN (appointed on 3 June 2011)

AUDIT COMMITTEE

Mr. MA Chiu Cheung, Andrew *(Convenor)*
Mr. GOH Gen Cheung
Mr. NG Tang Fai, Ernesto
Mr. ZHU Wuxiang (appointed on 4 May 2011)
Mr. James CHAN (appointed on 3 June 2011)

INVESTMENT AND RISK MANAGEMENT COMMITTEE (ESTABLISHED ON 4 MAY 2011)

Mr. ANG Keng Lam *(Convenor)* (appointed on 4 May 2011)
Mr. QIAN Xu (appointed on 4 May 2011)
Mr. JIANG Xinhao (appointed on 4 May 2011)
Ms. MENG Fang (appointed on 4 May 2011)
Mr. SIU Kin Wai (appointed on 4 May 2011)
Mr. YU Luning (appointed on 4 May 2011)
Mr. LIU Xueheng (appointed on 4 May 2011)
Mr. ZHU Wuxiang (appointed on 4 May 2011)

NOMINATION COMMITTEE

Mr. NG Tang Fai, Ernesto *(Convenor)*
Mr. GOH Gen Cheung
Mr. MA Chiu Cheung, Andrew
Mr. QIAN Xu
Mr. YU Luning (appointed on 4 May 2011)
Ms. MENG Fang (appointed on 4 May 2011)
Mr. James CHAN (appointed on 3 June 2011)

REMUNERATION COMMITTEE

Mr. GOH Gen Cheung *(Convenor)*
Mr. MA Chiu Cheung, Andrew
Mr. NG Tang Fai, Ernesto
Mr. YU Luning (appointed on 4 May 2011)
Mr. James CHAN (appointed on 3 June 2011)

COMPANY SECRETARY

Mr. SIU Kin Wai

AUTHORIZED REPRESENTATIVES

Mr. QIAN Xu
Mr. SIU Kin Wai

STOCK CODE

925

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

66/F.,Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong
Tel: (852) 2511 6016
Tel: (852) 2598 6905

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street, Hamilton HM 11
Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

AUDITORS

Ernst & Young (appointed on 28 July 2011)
Deloitte Touche Tohmatsu Certified Public Accounts (resigned on 28 July 2011)

WEBSITE

www.bphl.com.hk

PRINCIPAL BANKERS

Citic Bank International Limited
Bank of Communications, Hong Kong Branch
Bank of China (Hong Kong) Limited
Chinatrust Bank (U.S.A.)
China Construction Bank Corporation, Shenzhen Branch

SUMMARY

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Beijing Properties (Holdings) Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2011 with the comparative figures for the corresponding period of 2010. The consolidated revenue of the Group for the first half of 2011 amounted to approximately HK$50,874,000, representing a decrease of 33.95% over the corresponding period of last year. Loss for the period attributable to the owners of the Company for the first half of 2011 amounted to HK$67,068,000, as compared to the loss of HK$93,030,000 in the corresponding period of last year.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

Financial result

For the six months ended 30 June 2011, the Group's consolidated loss attributable to the owners of the Company amounted to HK$67,068,000, representing a decrease of HK$25,962,000 as compared to the consolidated loss of HK$93,030,000 recorded in the six months ended 30 June 2010. If excluding the aggregate equity-settled share option expenses of HK$86,533,000 and imputed interests on convertible bonds of HK$52,558,000 for the six months ended 30 June 2010 and 2011, respectively, the increase in loss attributable to the owners of the Company would be HK$8,013,000, which was mainly due to the reduction of revenue affected by the slow recovery of the United States of America (the "USA"), which is the major market of our home, garden and plastic decorative products business (the "home products business").

Business review

The Group's unaudited consolidated revenue of the current period amounted to HK$50,874,000, representing a decrease of HK$26,149,000, or 33.95%, from HK$77,023,000 of the corresponding period of 2010. Due to slow recovery from the financial turmoil, particularly in the property market in the USA, and continuous keen competition in the home products business, the business is continuously operating under a severe environment. Gross profit has deteriorated from 27.9% of the corresponding period of 2010 to 22.2% of the current period.

Prospects

Looking ahead, the Group will strengthen the development in logistics as well as other properties businesses. The establishment of a joint venture company, Beijing Bei Jian Tong Cheng International Logistics Limited (the "Joint Venture Company") and the proposed acquisition of 82.24% equity interest in Beijing Inland Port International Logistics Co., Ltd ("Beijing Inland Port"), the operator of the Chaoyang Inland Port in Beijing, the People's Republic of China (the "PRC") are good beginnings of our new strategy, with purpose of improving return to our shareholders. We will also gradually fade out from the home products business by seeking opportunities of disposing the majority of the business in order to save resources for our new strategic development. However no conclusion has been made with any potential buyer yet.

FINANCIAL AND MANAGEMENT REVIEW

Financial analysis

Selling and Distribution and Administrative expenses

Selling and distribution expenses was increased by HK$2,527,000, or 20.92%, from HK$12,080,000 of the corresponding period of 2010 to HK$14,607,000 of the current period. The increase in selling and distributing expenses was mainly due to increased business activities in the property sector.

If the equity-settled share option expenses of HK$29,607,000 recognized pursuant to applicable accounting standards for options granted to employees was excluded in the corresponding period of 2010, administrative expenses of the Group was increased by HK$4,057,000, or 17.2%, from HK$23,556,000 of the corresponding period of 2010 to HK$27,613,000 of the current period. The increase in administrative expenses was mainly due to increased business activities in the property sector.

FINANCIAL AND MANAGEMENT REVIEW (Continued)

Financial analysis (Continued)

Liquidity, Financial Resources and Finance Costs

The Group finances the operations of the home products business and properties business by internally generated cash flows. As of 30 June 2011, the Group had aggregate available banking facilities of USD3,000,000 (approximately HK$23,291,000) subject to floating rates and USD300,000 (approximately HK$2,329,000) was utilised (31 December 2010: available banking facilities of USD3,000,000, but none was utilised).

The Group's cash and bank balances at 30 June 2011 amounted to HK$3,430,827,000 (31 December 2010: HK$3,303,855,000). The cash balances, together with the unutilised banking facilities, will enable the Group to finance both the home products business and the properties business at the moment.

As at 30 June 2011, the Group's current ratio and quick ratio were 141.66% (31 December 2010: 145.93%) and 114.75% (31 December 2010: 124.59%) respectively. The Group's gearing ratio, which was defined as total borrowings as percentage of total assets, was 32.41% as at 31 December 2010 and 29.49% as at 30 June 2011.

During the current period, total finance costs incurred by the Group amounted to HK$52,750,000 (six months ended 30 June 2010: HK$264,000). The increase of finance cost was mainly due to an amount of HK$52,558,000 (30 June 2010: Nil), being imputed interest on convertible bonds recognised according to applicable accounting standards, was incurred in current period.

Capital Expenditure

During the current period, the Group spent approximately HK$236,000 (six months ended 30 June 2010: HK$3,749,000) as capital expenditure, which included acquisition of furniture, fixtures, equipment and motor vehicles for the newly established office in Beijing, China.

Foreign Exchange Exposure

The Group did not engage in any hedging transactions related to foreign currencies during the six months ended 30 June 2011. The Group's majority of assets and cash balances are kept in Renminbi ("RMB") while the majority of our liabilities are denominated in Hong Kong dollars or United States dollars ("USD"). Given the trend of continuous appreciation in RMB, the foreign exposure in this respect is considered low. For our revenue and purchase, majority of them are currently denominated in USD, resulting in a natural hedge to some extent. Part of the purchases and manufacturing overheads are denominated in RMB, and to mitigate the impact of exchange rate fluctuations, the Group will closely assess and monitor the movement of RMB exchange rate, and to consider hedging the relative exposure should the need arise.

FINANCIAL AND MANAGEMENT REVIEW (Continued)

Financial analysis (Continued)

Contingent Liabilities and Capital Commitment

As at 30 June 2011 and 31 December 2010, the Group had no significant contingent liability and capital commitment.

Charges on Assets

As at 30 June 2011, the bank facility of USD3,000,000 (approximately HK$23,291,000), was secured by (a) personal guarantee from a director of the Company and (b) floating charges over the assets of a subsidiary of the Company with aggregated carrying value of HK$20,300,000 (31 December 2010: Nil) representing property, plant and equipment of HK$740,000 (31 December 2010: Nil), trade receivables of HK$4,077,000 (31 December 2010: Nil) and other assets of HK$15,483,000 (31 December 2010: Nil).

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 17 to the condensed consolidated interim financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group had a total of 274 (30 June 2010: 289) employees. Total staff cost incurred during the six months ended 30 June 2011 amounted to HK$18,882,000 (six months ended 30 June 2010: HK$14,384,000) (excluding staff cost included in cost of sales, directors' remuneration and equity-settled share option expenses).

The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

APPRECIATION

The Board would like to express its sincere appreciation to the bankers, suppliers, customers, shareholders and staff for their continuing support to the Group.

By order of the Board
Beijing Properties (Holdings) Limited
Zhou Si
Chairman

Hong Kong, 31 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 (unaudited) HK$'000	2010 (unaudited) HK$'000 (restated)
REVENUE	*3*	**50,874**	77,023
Cost of sales		**(39,572)**	(55,530)
Gross profit		**11,302**	21,493
Other income	*4*	**19,580**	2,628
Selling and distribution expenses		**(14,607)**	(12,080)
Administrative expenses		**(27,613)**	(53,163)
Other expenses	*5*	**–**	(56,926)
Other gains and losses	*5*	**(4,402)**	5,543
Finance costs	*6*	**(52,750)**	(264)
Loss before tax	*7*	**(68,490)**	(92,769)
Income tax expense	*8*	**393**	(261)
LOSS FOR THE PERIOD		**(68,097)**	(93,030)
Other comprehensive income for the period – Exchange differences on translation of foreign operations		**29,010**	137
Total comprehensive loss for the period		**(39,087)**	(92,893)
Loss for the period attributable to:			
Owners of the Company		**(67,068)**	(93,030)
Non-controlling interests		**(1,029)**	–
		(68,097)	(93,030)
Total comprehensive loss attributable to:			
Owners of the Company		**(38,981)**	(92,893)
Non-controlling interests		**(106)**	–
		(39,087)	(92,893)
		HK cents	HK cents
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*10*		
– Basic and diluted		**(1.86)**	(2.79)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	At 30 June 2011 (unaudited) HK$'000	At 31 December 2010 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**4,301**	4,496
Investment property	*11*	**500**	500
Loan receivable		**57,458**	56,036
Total non-current assets		**62,259**	61,032
CURRENT ASSETS			
Inventories		**3,553**	3,515
Loan receivable		**–**	11,797
Trade and other receivables	*12*	**157,835**	150,613
Amount due from a related company		**11,424**	11,207
Properties under development		**840,778**	592,237
Cash and bank balances		**3,430,827**	3,303,855
Total current assets		**4,444,417**	4,073,224
CURRENT LIABILITIES			
Trade and other payables	*13*	**115,859**	68,306
Deposits received on sale of properties		**1,553,547**	1,382,383
Amount due to related parties		**138,897**	610
Bank loans		**2,329**	–
Convertible bonds		**1,326,609**	1,339,877
Income tax payables		**48**	17
Total current liabilities		**3,137,289**	2,791,193
NET CURRENT ASSETS		**1,307,128**	1,282,031
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,369,387**	1,343,063
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**148**	562
Net assets		**1,369,239**	1,342,501
EQUITY			
Equity attributable to owners of the Company			
Share capital	*14*	**368,516**	353,656
Reserves		**949,196**	937,212
		1,317,712	1,290,868
Non-controlling interests		**51,527**	51,633
Total equity		**1,369,239**	1,342,501

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$'000 *(note a)*	Share options reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	Statutory reserve HK$'000 *(note b)*	Convertible bonds – equity component HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Six months ended 30 June 2011 (unaudited)												
At 1 January 2011 (audited)	**353,656**	**554,070**	**18,528**	**86,533**	**–**	**39,522**	**20,490**	**642,763**	**(424,694)**	**1,290,868**	**51,633**	**1,342,501**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(67,068)**	**(67,068)**	**(1,029)**	**(68,097)**
Other comprehensive income for the period, exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**28,087**	**–**	**–**	**–**	**28,087**	**923**	**29,010**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**28,087**	**–**	**–**	**(67,068)**	**(38,981)**	**(106)**	**(39,087)**
Issue of shares upon conversion of convertible bonds	**14,860**	**81,742**	**–**	**–**	**–**	**–**	**–**	**(30,777)**	**–**	**65,825**	**–**	**65,825**
Reversal of equity-settled share based payment	**–**	**–**	**–**	**(585)**	**–**	**–**	**–**	**–**	**585**	**–**	**–**	**–**
At 30 June 2011 (unaudited)	**368,516**	**635,812**	**18,528**	**85,948**	**–**	**67,609**	**20,490**	**611,986**	**(491,177)**	**1,317,712**	**51,527**	**1,369,239**
Six months ended 30 June 2010 (unaudited)												
At 1 January 2010 (audited)	323,920	463,436	18,528	–	2,000	21,496	20,490	–	(270,929)	578,941	–	578,941
Loss for the period	–	–	–	–	–	–	–	–	(93,030)	(93,030)	–	(93,030)
Other comprehensive income for the period, exchange differences on translation of foreign operations	–	–	–	–	–	137	–	–	–	137	–	137
Total comprehensive income/(loss) for the period	–	–	–	–	–	137	–	–	(93,030)	(92,893)	–	(92,893)
Issue of shares upon exercise of unlisted warrants	20,000	82,000	–	–	(2,000)	–	–	–	–	100,000	–	100,000
Recognition of equity-settled share based payments	–	–	–	86,533	–	–	–	–	–	86,533	–	86,533
At 30 June 2010 (unaudited)	343,920	545,436	18,528	86,533	–	21,633	20,490	–	(363,959)	672,581	–	672,581

Notes:

(a) The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired over the nominal value of the shares of the Company issued pursuant to the Group's reorganisation in 1997.

(b) Pursuant to the relevant laws and regulations in the PRC, all the Company's subsidiaries established in Mainland China are required to transfer 10% of their profit after taxation calculated under accounting rules and regulations of Mainland China to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can only be used to offset previous years' losses or to increase the capital of respective companies, provided that the balance after such issue is not less than 25% of its registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Net cash flows used in operating activities	**(60,438)**	(44,457)
Net cash flows from investing activities	**2,878**	7,239
Net cash flows from financing activities	**140,425**	88,989
Net increase in cash and cash equivalents	**82,865**	51,771
Cash and cash equivalents at the beginning of the period	**3,303,855**	522,251
Effect of foreign exchange rate changes	**44,107**	134
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,430,827**	574,156
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**3,430,827**	574,156

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2011 (the "Interim Financial Statements") are unaudited but have been reviewed by the Audit Committee of the Company.

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation adopted in the preparation of these Interim Financial Statements are the same as those used in the annual financial statements of the Group for the year ended 31 December 2010 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements as stated in note 2 below. The Interim Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The HKICPA has issued certain new, revised or amendments to the standards and interpretations (the "new HKFRSs") and the Group has applied the followings new HKFRSs, which are or have become effective for the first time for the current year's financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised) and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new HKFRSs has had no significant financial effect on this financial information.

The principal effects of adopting these new HKFRSs are as follows:

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. REVENUE/SEGMENT INFORMATION

Revenue represents the invoiced value of goods sold to customers, after allowances for returns and trade discounts, from our home products business.

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The chief operating decision maker, the Company's Chief Executive Officer and Chief Financial Officer, reviewed the monthly consolidated financial statements prepared in accordance with HKFRSs for the purpose of allocating resources and assessment of the Group's performance. Accordingly, the Company considered that there is only one operating segment with the segment revenue, segment results, segment asset and liabilities equal the revenue, loss for the periods and total assets and liabilities as reported in the consolidated financial statements. The Group operates in three principal geographical areas – Asia Pacific, United States of America and Europe.

The Group's revenue from external customers by locations of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2011	2010	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK$'000	HK$'000	HK$'000	HK$'000
Asia Pacific	**12,494**	15,599	**61,519**	59,959
United States of America	**38,319**	61,405	**740**	1,073
Europe	**61**	19	**–**	–
Total	**50,874**	77,023	**62,259**	61,032

3. REVENUE/SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Customer A	**13,563**	12,258
Customer B	**8,415**	13,116
Customer C	**8,221**	8,898
Customer D *(Note)*	**N/A**	8,585

Note: The revenue for the six months ended 30 June 2011 did not contribute over 10% of the total sales to the Group.

4. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Bank interest income	**10,643**	251
Interest income on loan receivable	**7,944**	1,787
Others	**993**	590
	19,580	2,628

5. OTHER EXPENSES/OTHER GAINS AND LOSSES

For the six months ended 30 June 2010, other expenses represented equity-settled share option expenses of HK$56,926,000 for share options granted to various consultants including senior management of substantial non-controlling shareholders of the Company under the share option scheme of the Company adopted on 18 March 2010, for provision of consultancy services with respect to property business in the PRC of the Group. The amount, representing the fair values of share options granted at the grant date, are recognised as expenses at the date of grant as the share options vested immediately.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Analysis of other gains and losses is as follows:		
Gain/(loss) on disposal of items of property, plant and equipment and prepaid lease payments	**(21)**	5,006
Reversal of impairment on doubtful other receivables	**374**	648
Foreign exchange differences, net	**(4,755)**	10
Others	**–**	(121)
	(4,402)	5,543

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**192**	264
Imputed interest on convertible bonds	**52,558**	–
	52,750	264

7. LOSS BEFORE TAX

The Group's loss before tax for the period is arrived at after charging:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Depreciation	**963**	1,626
Amortisation of land lease payments	**–**	26

For the six months ended 30 June 2010, administrative expenses included equity-settled share option expenses of HK$29,607,000 for share options granted to various employees and directors under the share option scheme of the Company adopted on 18 March 2010, of which HK$17,229,000 and HK$12,378,000 were recognised for share options granted to employees and directors respectively. The amounts, representing the fair values of share options granted at the respective grant dates, are recognised as expenses at the date of grant as the share options vested immediately.

8. INCOME TAX

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Current		
– PRC	**10**	190
– Elsewhere	**5**	–
Under provision in prior years		
– PRC	**–**	43
– Elsewhere	**6**	28
Deferred	**(414)**	–
	(393)	261

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during both periods.

The PRC corporate income tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

Taxes on profits assessable elsewhere have been calculated at the applicable tax rates on the estimated assessable profit for the period based on existing legislation, interpretations and practices in respect thereof.

9. DIVIDEND

The Board of the Company does not recommend the payment of any dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of 3,610,056,843 (six months ended 30 June 2010: 3,339,196,000) ordinary shares in issue during the period.

In respect of the diluted loss per share amounts, no adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2011 and 2010 as the impact of the warrants, share options and convertible bonds outstanding during these periods, as applicable, had either no diluting effect or an anti-dilutive effect on the basic loss per share amounts presented.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the period, the Group disposed of certain plant and machinery with a carrying amount of approximately HK$21,000 (six months ended 30 June 2010: HK$10,476,000) for nil cash proceeds (six months ended 30 June 2010: HK$15,482,000), resulting in a loss on disposal of approximately HK$21,000 (six months ended 30 June 2010: gain on disposal of approximately HK$5,006,000).

The fair value of the investment property as at 31 December 2010 had been arrived at after taking reference to valuation carried out by Asset Appraisal Limited, an independent firm of qualified professional valuers. The valuation as at 31 December 2010 was arrived at their open market value by reference to observable prices in recent market transactions in comparable properties in Hong Kong.

The directors of the Company do not consider there was any change in the fair value of the investment property during the six months ended 30 June 2011.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 (unaudited) HK$'000	At 31 December 2010 (audited) HK$'000
Trade and bills receivables	**17,080**	27,826
Less: impairment	**(452)**	(452)
	16,628	27,374
Other receivables	**141,207**	123,239
	157,835	150,613

The Group allows a credit period of 14 to 60 days to its trade customers, except for certain customers with credit period more than 60 days.

The aged analysis of the trade and bills receivables, net of impairment, presented on due date basis at the end of the reporting periods is as follows:

	At 30 June 2011 (unaudited) HK$'000	At 31 December 2010 (audited) HK$'000
Within credit period	**16,225**	27,170
Overdue		
– Within 1 month	**94**	4
– 1 to 3 months	**300**	118
– 4 to 6 months	**–**	82
– More than 6 months	**9**	–
	16,628	27,374

13. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2011 (unaudited) HK$'000	At 31 December 2010 (audited) HK$'000
Trade payables		
Within 1 month	**76,171**	18,199
1 month	**1,153**	9,764
2 to 3 months	**3,621**	2,446
More than 3 months	**5,665**	5,961
	86,610	36,370
Other payables	**29,249**	31,936
	115,859	68,306

The credit period on purchases of goods is 30 to 60 days.

14. SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Share of HK$0.10 each		
Authorised:		
At beginning and end of the period	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2010	3,239,196,000	323,920
Issue of shares on exercise of warrants	200,000,000	20,000
At 30 June 2010 and 1 July 2010	3,439,196,000	343,920
Issue of consideration shares	83,362,500	8,336
Issue of shares on conversion of convertible bonds	14,000,000	1,400
At 31 December 2010 and 1 January 2011	3,536,558,500	353,656
Issue of shares on conversion of convertible bonds	148,600,000	14,860
At 30 June 2011	3,685,158,500	368,516

During the six months ended 30 June 2011, the convertible bonds in aggregated amount of HK$96,590,000 have been duly converted into 148,600,000 ordinary shares of the Company at the conversion price of HK$0.65 per share.

15. CAPITAL COMMITMENTS

The Group had no capital commitment as at 30 June 2011 (31 December 2010: Nil).

16. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Apart from the transactions as stated in Notes 5 and 7, during the six months ended 30 June 2011, the Group entered into an operating lease agreement with Beijing Holdings Limited ("BHL"), a substantial non-controlling shareholder of the Company, to lease office premises in Beijing. Rental expense amounting to approximately HK$470,000 (six months ended 30 June 2010: HK$444,000) was charged to profit or loss during the six months ended 30 June 2011.

On 27 January 2010, the Company acquired 60% interests in a properties project in the PRC at a total consideration of RMB92,250,000 (equivalent to HK$104,814,000), of which RMB60,750,000 (equivalent to approximately HK$69,024,000) was settled by the issue and allotment of 83,362,500 new shares of the Company and of RMB31,500,000 (equivalent to approximately HK$35,790,000) was settled by cash payment.

On 8 April 2010, 27 April 2010 and 11 May 2010, the Company granted 11,000,000, 6,000,000 and 5,000,000 respectively share options to several directors of the Company with the exercise periods ranging from 8 April 2010 to 7 April 2020, 27 April 2010 to 26 April 2020 and 11 May 2010 to 10 May 2020 respectively with exercise price ranging from HK$0.808 to HK$0.820.

On 27 January 2011, the Group entered into a loan agreement with Beijing BHL Logistics Limited ("Beijing BHL") which is a non-wholly owned subsidiary of BHL. The Company borrowed RMB115,000,000 (approximately HK$138,287,000) from Beijing BHL. The loan is interest free, unsecured and repayable after one year since the date of the loan agreement but the loan period can be extended as mutually agreed.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Short term employee benefits	**2,472**	911
Equity-settled share option expenses	**–**	12,378
Total compensation paid to key management personnel	**2,472**	13,289

17. EVENTS AFTER THE REPORTING PERIOD

(a) Financial assistances to and establishment of a joint venture company

On 7 July 2011, BHL Investment Consulting Co., Ltd (a wholly-owned subsidiary of the Company) as the lender (the "Lender") and Beijing Inland Port, New Concord Properties Limited ("New Concord") (an indirect wholly-owned subsidiary of the Company), Kerry Logistics (China) Investment Limited ("Kerry Logistics") and Hutchison Ports Beijing Limited ("Hutchison Port") (collectively the "JV Parties") entered into a financing agreement (the "Financing Agreement") whereby the Lender agreed to make advance up to a maximum of RMB100,000,000 (equivalent to approximately HK$122,023,000) on behalf of the JV Parties for the purpose of the acquisition of a parcel of land to be used for construction of the logistics properties for the business of the Joint Venture Company and other purposes before the establishment of the Joint Venture Company.

On 13 July 2011, New Concord entered into the a joint venture agreement (the "Joint Venture Agreement") and a joint venture preparation agreement with Beijing Inland Port, Kerry Logistics and Hutchison Port, whereby the Joint Venture Company will be formed in Beijing to engage in logistics properties and related businesses in the PRC.

The Joint Venture Company will be owned as to 32%, 20%, 24% and 24% by New Concord, Beijing Inland Port, Kerry Logistics and Hutchison Port respectively. The maximum total investment of the Joint Venture Company is in an amount of RMB2,000,000,000 (equivalent to approximately HK$2,407,840,000) which comprises registered capital of RMB1,000,000,000 (equivalent to approximately HK$1,203,920,000). The share of the registered capital that New Concord is committed to contribute amounts to RMB320,000,000 (equivalent to approximately HK$385,254,000) based on its equity interests in the Joint Venture Company. The JV Parties will pay up the registered capital of the Joint Venture Company in accordance with the terms of the Joint Venture Agreement.

The transaction of the establishment of a Joint Venture Company constituted a connected transaction under the Listing Rules and was approved by the independent shareholders in a special general meeting held on 18 August 2011.

Based on the maximum registered capital of the Joint Venture Company, the Group is expected to contribute a maximum registered capital of RMB320,000,000 (equivalent to approximately HK$385,254,000). Upon the completion of the injection of the registered capital of RMB320,000,000, and drawdown of the maximum amount of advance of RMB100,000,000 by the Joint Venture Company under the Financing Agreement, the aggregated amount of RMB420,000,000 will be paid and recorded as investment in and loan to a jointly-controlled entity, respectively.

17. EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Acquisition of the entire issued share capital of Zhi Jian Limited

On 25 July 2011, the Company and BHL (the "Vendor") entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which the Company has conditionally agreed to purchase the entire issued share capital of Zhi Jian Limited, a company registered in the British Virgin Islands (the "Target Company"), at a total consideration of HK$157,890,000. The total consideration is payable as to HK$78,889,000 by the issue and allotment of 124,430,000 ordinary shares of the Company at the issue price of approximately HK$0.634 per share to the Vendor (or its designated nominee) and as to HK$79,001,000 (or equivalent amount in RMB) by cash payment to the Vendor (or its designated nominee) upon the completion of the acquisition pursuant to the terms of the Acquisition Agreement.

Pursuant to the Acquisition Agreement, the assets to be acquired by the Company represent the entire issued share capital of the Target Company which is owned by the Vendor. The Target Company is an investment holding company and holds the entire issued share capital of Norise Limited (the "HK Company"), a company incorporated in Hong Kong and which is a wholly-owned subsidiary and the sole asset of the Target Company. HK Company is also an investment holding company and its sole asset is the 82.24% equity interest in Beijing Inland Port. Upon completion of the Acquisition Agreement, the Target Company, the HK Company and Beijing Inland Port will become subsidiaries of the Company, which will finally cause the Company to own, both directly and indirectly, an aggregate of 52% equity interest in the Joint Venture Company.

As the decisions concerning some of the financial and operating matters of the Joint Venture Company require unanimous approval of all the directors of the Joint Venture Company, the Joint Venture Company will be classified as a jointly-controlled entity of the Group even the aggregate equity interest of the Group in the Joint Venture Company will be 52%. After the completion of the Acquisition Agreement, the investment in the Joint Venture Company will be accounted for in the consolidated financial statements of the Group by way of equity accounting and the Group's share of the post-acquisition profit and loss of the Joint Venture Company (and the profit sharing ratio will be increased to about 48.448%) will be included in the consolidated results of the Group. In addition, after the completion of the Acquisition Agreement, the Group will be responsible for Beijing Inland Port's share of funding obligations under the Financing Agreement and the Joint Venture Agreement in amounts of RMB20,000,000 and RMB200,000,000, respectively.

DISCLOSEABLE INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the interests and short position of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 (the "Model Code"), were as follows:

Long position in the ordinary shares of the Company:

Name of director	Nature of interest	Number of Shares held	Percentage of the Company's issued share capital (%)
Mr. Lin Chun Kuei	Beneficial Owner	63,051,200	1.70%

Long position in underlying shares of the Company

The interests of the directors and chief executive in the share options of the Company are separately disclosed in the section "Share option schemes" below.

Save as disclosed above, as at 30 June 2011, none of the directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations 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.

SHARE OPTION SCHEMES

On 18 March 2010, the Company has adopted new share option scheme (the "Scheme") to replace the old share option scheme adopted on 18 June 2002 and, unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from that date. The purpose of the Scheme is to attract and retain the best quality personnel of the Group for the development of the Group's business; to provide additional incentives to employees, officers and directors, contractors, suppliers, advisors and consultants who have contribution to the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders of the Company. The directors of the Company may, at their discretion, invite employees (including executive directors) and non-executive directors of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK$1 per grant of options.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of ordinary shares of the Company in issue at any time. The total number of ordinary shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to any one person must not exceed 1% of the total number of ordinary shares of the Company in issue.

SHARE OPTION SCHEMES (Continued)

An option granted under the Scheme is personal to the grantee and shall not be assignable or transferable.

The period during which an option granted under the Scheme may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after the grant date. No option may be granted more than 10 years after the date of approval of the Scheme.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the Company's ordinary shares on the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Company's ordinary shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of an ordinary share of the Company.

The following set out the movements in the share options granted under the Scheme during the period ended 30 June 2011:

	Number of share options				
Name or category of participant	**At 1 January 2011**	**Granted during the period**	**Exercised during the period**	**Forfeited during the period**	**At 30 June 2011**
Directors:					
Mr. Zhou Si*	5,000,000	–	–	–	5,000,000
Mr. Ang Keng Lam*	5,000,000	–	–	–	5,000,000
Mr. Yu Li*	4,250,000	–	–	–	4,250,000
Mr. Qian Xu	6,000,000	–	–	–	6,000,000
Mr. Xu Taiyan*	5,000,000	–	–	–	5,000,000
Mr. Jiang Xinhao*	3,300,000	–	–	–	3,300,000
Ms. Meng Fang*	5,000,000	–	–	–	5,000,000
Mr. Siu Kin Wai	5,000,000	–	–	–	5,000,000
Mr. Yu Luning*	5,000,000	–	–	–	5,000,000
Mr. Lin Chun Kuei	5,000,000	–	–	–	5,000,000
Mr. Goh Gen Cheung	2,000,000	–	–	–	2,000,000
Mr. Ma Chiu Cheung, Andrew	2,000,000	–	–	–	2,000,000
Mr. Ng Tang Fai, Ernesto	2,000,000	–	–	–	2,000,000
	54,550,000	–	–	–	54,550,000
Other employees and consultants*: in aggregate	251,150,000	–	–	(2,300,000)	248,850,000
	305,700,000	–	–	(2,300,000)	303,400,000

* The above directors have been granted the share options when they acted as consultants for the Company and Mr. Lei Zhangang, who was granted 7,000,000 options personally, has been re-designated to Company's consultant upon his resignation from an Executive Director and Chairman of the Company on 1 January 2011.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs "Directors' and chief executive's interests in shares and underlying shares" and "Share option schemes", at no time during the six months ended 30 June 2011 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2011, the following interests and short positions of 5% or more of the issued share capital and warrants of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares and Underlying Shares:

		Number of Shares held, capacity and nature of interest		Number of Underlying Shares held, capacity and nature of interest			
Name	*Notes*	Directly beneficially owned	Through a controlled corporation	Directly beneficially owned	Through a controlled corporation	Total	Approximate percentage of the Company's issued share capital
Brilliant Bright Holdings Limited	*(1)*	1,433,362,500	–	–	–	1,433,362,500	38.90%
Beijing Holdings Limited	*(1)*	–	1,433,362,500	–	–	1,433,362,500	38.90%
Beijing Enterprises Group (BVI) Company Limited	*(2)*	–	–	2,307,692,307	–	2,307,692,307	62.62%
Beijing Enterprises Group Company Limited	*(3)*	–	1,433,362,500	–	2,307,692,307	3,741,054,807	101.52%
Thular Limited	*(4)*	392,742,000	–	–	–	392,742,000	10.66%
Kerry Holdings Limited	*(4)*	–	392,742,000	–	–	392,742,000	10.66%
Kerry Group Limited	*(4)*	–	392,742,000	–	–	392,742,000	10.66%

Notes:

Note 1: Brilliant Bright Holdings Limited is the beneficial owner of 1,433,362,500 shares of the Company and is the wholly owned subsidiary of Beijing Holdings Limited. Beijing Holdings Limited is in turn wholly owned by Beijing Enterprises Group Company Limited. Beijing Holdings Limited and Beijing Enterprises Group Company Limited are also deemed to be interested in the said shares of the Company.

Note 2: Beijing Enterprises Group (BVI) Company Limited holds 2,307,692,307 underlying shares though it's ownerships in the HK$1,500,000,000 convertible bonds of the Company which are convertible at HK$0.65 per share.

Note 3: The interest disclosed represents the shares owned by Beijing Holdings Limited as detail in note 1 and the underlying shares owned by Beijing Enterprises Group (BVI) Company Limited as detail in note 2. Beijing Holdings Limited and Beijing Enterprises Group (BVI) Company Limited are held directly as to 100% by Beijing Enterprises Group Company Limited. Accordingly, Beijing Enterprises Group Company Limited is deemed to be interested in the said shares and underlying shares.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in Shares and Underlying Shares: (Continued)

Note 4: Thular Limited (formerly known as "Timekey Limited") is the beneficial owner of 392,742,000 shares. As Thular Limited is wholly owned by Kerry Holdings Limited which is in turn wholly owned by Kerry Group Limited, Kerry Holdings Limited and Kerry Group Limited are also deemed to be interested in the said shares of the Company.

Save as disclosed above, as at 30 June 2011, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and chief executive's interests in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2011.

CORPORATE GOVERNANCE REPORT

The Company is committed to ensuring high standard of corporate governance and transparency as the directors believe it would increase efficiencies in the overall operations of the Group such that the Group could become more competitive in markets, enhancing shareholders' value in consequence. During the six months ended 30 June 2011, the Group has adopted various corporate governance practices to ensure an effective internal control system and the proper delegation of authority.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the directors. Having made specific enquiry of all directors, the Company has confirmed that all directors have complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transaction during the six months ended 30 June 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CG CODE")

Save as disclosed below, the directors believe that the Company has complied with the code provisions of the CG Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2011.

Under provision E.12 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. However the chairman of the Board of the Company was unable to attend the annual general meeting of the Company held on 3 June 2011 due to unexpected business commitments. Alternatively, Mr. Siu Kin Wai, the executive director and company secretary of the Company attended the said annual general meeting.

INVESTMENT AND RISK MANAGEMENT COMMITTEE

The Investment and Risk Management Committee of the Company was established on 4 May 2011, which is mainly responsible for: (i) assessing and recommending to the Board all possible investment proposals prepared by the senior management; (ii) analysing the possible adverse effect of global economic environment and recommending measures and solutions to the Board; (iii) assessing the operating risks of the Company and our subsidiaries and recommending solutions to the Board.

The members of the Investment and Risk Management Committee are Mr. Ang Keng Lam (Convenor), Mr. Qian Xu, Mr. Jiang Xinhao, Ms. Meng Fang, Mr. Siu Kin Wai, Mr. Yu Luning, Mr. Liu Xueheng and Mr. Zhu Wuxiang. All members except Mr. Zhu Wuxiang are executive directors of the Company as the committee will mostly involve in operational matters of the Company. Mr. Zhu Wuxiang is the representative of independent non-executive directors to join the committee to provide independent and professional opinion.

AUDIT COMMITTEE

The Audit Committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 of the Listing Rules. It comprises five independent non-executive directors of the Company to review on matters regarding internal controls and financial reporting of the Group, including review of the unaudited interim results for the six months ended 30 June 2011 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

During the six months ended 30 June 2011, the Audit Committee members are all independent non-executive directors. Members of the audit committee are Mr. Ma Chiu Cheung, Andrew (Convenor), Mr. Goh Gen Cheung, Mr. Ng Tang Fai, Ernesto, Mr. Zhu Wuxiang and Mr. James Chan.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005, which is responsible for formulating and making recommendation to the Board on the Group's policy and structure for all the remunerations of the directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

During the six months ended 30 June 2011, the majority of the Remuneration Committee members are independent non-executive directors. Members of the Remuneration Committee are Mr. Goh Gen Cheung (Convenor), Mr. Ma Chiu Cheung, Andrew, Mr. Ng Tang Fai, Ernesto, Mr. James Chan and Mr. Yu Luning.

NOMINATION COMMITTEE

The Nomination Committee was established in 2005, which is responsible for nominating and affirming candidates approved by the Board, reviewing the structure and composition of the Board on a regular basis, ensuring the competitive position of the organization, evaluating the leadership abilities of executive and non-executive directors and ensuring fair and transparent procedures for the appointment of directors to the Board.

During the six months ended 30 June 2011, the majority of the Nomination Committee members are independent non-executive directors. Members of the Nomination Committee are Mr. Ng Tang Fai, Ernesto (Convenor), Mr. Goh Gen Cheung, Mr. Ma Chiu Cheung, Andrew, Mr. James Chan, Mr. Qian Xu, Mr. Yu Luning and Ms. Meng Fang.