

## Gin-za-i-za-tion

[noun] UK  'gɛn-zä .aɪ'zeɪ.ʃən

### Definition

The rising trend of retail businesses to operate from above the ground-floor level of buildings to maintain an effective presence in the CBD of a city



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## CORPORATE INFORMATION

### Board of Directors

#### Executive directors

Mr. Ng Chun For, Henry (*Chairman*)  
Mr. Ng Ian (*Deputy Chairman and Chief Executive Officer*)  
Mr. Lee Kwan Yee, Herrick

#### Non-executive director

Mr. Mak Wah Chi

#### Independent non-executive directors

Mr. Li Kit Chee  
Mr. Chan Kam Man  
Mr. Chu Tak Sum

### Committees

#### Audit Committee

Mr. Li Kit Chee (*Committee Chairman*)  
Mr. Mak Wah Chi  
Mr. Chan Kam Man

#### Remuneration Committee

Mr. Li Kit Chee (*Committee Chairman*)  
Mr. Mak Wah Chi  
Mr. Chu Tak Sum

### Authorised Representatives

Mr. Lee Kwan Yee, Herrick  
Mr. Lee Pui Lam

### Company Secretary

Mr. Lee Pui Lam

## Contact

### Principal Place of Business

Suite 1711  
Tower 2 Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Shanghai Office

Room 2101  
Jin Hang Building  
Jingan District  
Shanghai  
PRC

### Principal Share Registrar and Transfer Office

Butterfield Corporate Services  
(Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited  
26th Floor Tesbury Centre  
28 Queen's Road East  
Hong Kong

### Corporate Website

[www.henrygroup.hk](http://www.henrygroup.hk)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

The board of directors (the "Board") of Henry Group Holdings Limited (the "Company") is pleased to present the condensed financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2011, together with the comparative figures for the corresponding period in last year as follows:

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
	Notes	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
Turnover	3	<b>18,456</b>	15,999
Other income and gains		<b>3,904</b>	2,641
Net (loss)/gain in fair value of investment properties		<b>(70,490)</b>	21,000
Other operating expenses		<b>(11,728)</b>	(15,581)
(Loss)/profit from operations		<b>(59,858)</b>	24,059
Finance costs	4	<b>(20,742)</b>	(37,134)
Loss before taxation		<b>(80,600)</b>	(13,075)
Taxation	5	<b>17,623</b>	(3,579)
Loss for the period	6	<b>(62,977)</b>	(16,654)

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
	Notes	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
Loss for the period		<b>(62,977)</b>	(16,654)
Other comprehensive income/(expenses)			
Exchange difference arising on translating foreign operations		<b>11,895</b>	10,586
Recognition of hedging reserve of derivative financial instruments		<b>(4,316)</b>	(6,246)
Other comprehensive income for the period, net of tax		<b>7,579</b>	4,340
Total comprehensive expenses for the period		<b>(55,398)</b>	(12,314)
(Loss)/profit for the period attributable to:			
— Owners of the Company		<b>(17,334)</b>	8,866
— Non-controlling interests		<b>(45,643)</b>	(25,520)
		<b>(62,977)</b>	(16,654)
Total comprehensive (expenses)/income attributable to:			
— Owners of the Company		<b>(18,081)</b>	5,802
— Non-controlling interests		<b>(37,317)</b>	(18,116)
		<b>(55,398)</b>	(12,314)
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company:	8		
— Basic (HK cents)		<b>(2.72)</b>	1.39
— Diluted (HK cents)		<b>N/A</b>	1.34

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	Unaudited 30 September 2011 HK\$'000	Audited 31 March 2011 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,426	1,617
Investment properties		3,907,526	3,848,060
Amount due from a non-controlling shareholder	14(a)	28,000	25,094
Deferred tax assets		5,397	5,397
		<b>3,942,349</b>	3,880,168
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	12,095	8,556
Available-for-sale financial assets		74	74
Cash and bank balances		118,305	143,069
		<b>130,474</b>	151,699
Assets classified as held for sale		79,000	79,000
		<b>209,474</b>	230,699
<b>CURRENT LIABILITIES</b>			
Other payables, rental deposits received and accruals		43,471	26,301
Bank borrowings, current portion (secured)	10	37,596	73,600
Convertible notes	11	72,195	16,759
Amount due to a related party	14(b)	342	342
Tax payable		464	464
		<b>154,068</b>	117,466
Liabilities directly associated with assets classified as held for sale		281	323
		<b>154,349</b>	117,789

		<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
	Notes		
<b>NET CURRENT ASSETS</b>		<b>55,125</b>	112,910
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,997,474</b>	3,993,078
<b>NON-CURRENT LIABILITIES</b>			
Other payables and rental deposits received		<b>9,470</b>	5,656
Bank borrowings, non-current portion (secured)	10	<b>1,317,036</b>	1,182,558
Convertible notes	11	<b>40,343</b>	160,533
Derivative financial instruments		<b>17,100</b>	12,784
Loan from a related party	14(c)	<b>50,854</b>	47,625
Amounts due to non-controlling shareholders	14(d)	<b>545,396</b>	534,597
Loans from shareholders	14(e)	<b>144,909</b>	192,446
Advance from a shareholder	14(g)	<b>13,025</b>	—
Deferred tax liabilities		<b>476,841</b>	494,464
		<b>2,614,974</b>	2,630,663
<b>NET ASSETS</b>		<b>1,382,500</b>	1,362,415
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>71,642</b>	63,638
Reserves		<b>843,905</b>	794,507
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>915,547</b>	858,145
Non-controlling interests		<b>466,953</b>	504,270
<b>TOTAL EQUITY</b>		<b>1,382,500</b>	1,362,415



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Convertible notes reserve HK\$'000	Share-based payment reserve HK\$'000	Hedging reserve HK\$'000	Contribution from shareholders HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2011 (Audited)	63,638	442,935	9,628	926	71,163	15,562	(10,674)	250,139	7,090	7,738	504,270	1,362,415
Recognition of hedging reserve of derivative financial instruments	—	—	—	—	—	—	(4,316)	—	—	—	—	(4,316)
Exchange difference on translating foreign operations	—	—	—	—	—	—	—	—	3,569	—	8,326	11,895
Other comprehensive income (expenses) for the period	—	—	—	—	—	—	(4,316)	—	3,569	—	8,326	7,579
Loss for the period	—	—	—	—	—	—	—	—	—	(17,334)	(45,643)	(62,977)
Total comprehensive income/ (expenses) for the period	—	—	—	—	—	—	(4,316)	—	3,569	(17,334)	(37,317)	(55,398)
Recognition of share-based payments	—	—	—	—	—	308	—	—	—	—	—	308
Shares issued at a premium (note 11(b))	8,004	94,931	—	—	(27,760)	—	—	—	—	—	—	75,175
At 30 September 2011 (Unaudited)	71,642	537,866	9,628	926	43,403	15,870	(14,990)	250,139	10,659	(9,596)	466,953	1,382,500
At 1 April 2010 (Audited)	63,638	442,935	9,628	926	71,163	8,325	(8,928)	250,139	512	(139,971)	563,924	1,262,291
Recognition of hedging reserve of derivative financial instruments	—	—	—	—	—	—	(6,246)	—	—	—	—	(6,246)
Exchange difference on translating foreign operations	—	—	—	—	—	—	—	—	3,182	—	7,404	10,586
Other comprehensive income (expenses) for the period	—	—	—	—	—	—	(6,246)	—	3,182	—	7,404	4,340
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	8,866	(25,520)	(16,654)
Total comprehensive income/ (expenses) for the period	—	—	—	—	—	—	(6,246)	—	3,182	8,866	(18,116)	(12,314)
Release upon maturity of convertible notes	—	—	—	—	—	1,189	—	—	—	—	—	1,189
At 30 September 2010 (Unaudited)	63,638	442,935	9,628	926	71,163	9,514	(15,174)	250,139	3,694	(131,105)	545,808	1,251,166

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Unaudited Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Net cash generated from operating activities	12,948	21,394
Net cash used in investing activities	(70,535)	(52,175)
Net cash generated from financing activities	34,240	34,692
Net (decrease)/increase in cash and cash equivalents	(23,347)	3,911
Effect of foreign exchange rates changes	(1,417)	(8,113)
Cash and cash equivalents at beginning of the period	143,069	124,990
Cash and cash equivalents at end of the period	118,305	120,788

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and 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”).

These Interim Financial Statements should be read in conjunction with the annual report for the year ended 31 March 2011.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the annual reporting period beginning on or after 1 April 2011.

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

The adoption of the new and revised interpretations and amendments had no significant financial effect on this Interim Financial Statements and there have been no significant changes to the accounting policies applied in the Interim Financial Statements.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosure — Transfer of Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10	Consolidated financial statements <sup>2</sup>
HKFRS 11	Joint arrangements <sup>2</sup>
HKFRS 12	Disclosures of interests in other entities <sup>2</sup>
HKFRS 13	Fair value measurements <sup>2</sup>
HKAS 1 (Amendments)	Presentation of items of other comprehensive income <sup>4</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>3</sup>
HKAS 19 (Revised 2011)	Employee benefits <sup>2</sup>
HKAS 27 (Revised 2011)	Separate financial statements <sup>2</sup>
HKAS 28 (Revised 2011)	Investments in associates and joint ventures <sup>2</sup>

1 Effective for annual periods beginning on or after 1 July 2011

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

3 Effective for annual periods beginning on or after 1 January 2012

4 Effective for annual periods beginning on or after 1 July 2012

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and financial position of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

## 3. SEGMENT INFORMATION

The Group has three reportable segments, (i) property leasing and development; (ii) provision of property agency and consultancy services for the retail property sale and leasing market; and (iii) securities investment. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

## (a) Segment turnover and results

An analysis of the Group's turnover and results by reportable segment is presented below:

	Unaudited Six months ended 30 September							
	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>GROSS PROCEEDS</b>	<b>18,456</b>	15,999	—	—	—	—	<b>18,456</b>	15,999
<b>TURNOVER</b>	<b>18,456</b>	15,999	—	—	—	—	<b>18,456</b>	15,999
<b>RESULTS</b>								
Segment profit	<b>16,435</b>	11,322	—	1	—	—	<b>16,435</b>	11,323
Net (loss)/gain in fair value of investment properties							<b>(70,490)</b>	21,000
Unallocated corporate income							<b>113</b>	—
Unallocated corporate expenses							<b>(5,916)</b>	(8,264)
(Loss)/profit from operations							<b>(59,858)</b>	24,059
Finance costs							<b>(20,742)</b>	(37,134)
Loss before taxation							<b>(80,600)</b>	(13,075)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the period (six months ended 30 September 2010: Nil).

## (b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segment is presented below:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	Unaudited 30.9.2011 HK\$'000	Audited 31.3.2011 HK\$'000	Unaudited 30.9.2011 HK\$'000	Audited 31.3.2011 HK\$'000	Unaudited 30.9.2011 HK\$'000	Audited 31.3.2011 HK\$'000	Unaudited 30.9.2011 HK\$'000	Audited 31.3.2011 HK\$'000
<b>ASSETS</b>								
Segment assets	4,035,772	4,010,640	141	141	77	77	4,035,990	4,010,858
Unallocated corporate assets							115,833	100,009
Consolidated total assets							4,151,823	4,110,867
<b>LIABILITIES</b>								
Segment liabilities	2,164,861	2,074,597	1,228	1,228	—	—	2,166,089	2,075,825
Unallocated corporate liabilities							603,234	672,627
Consolidated total liabilities							2,769,323	2,748,452

For the purpose of monitoring segment performance and allocating resources between reportable segments:

- all assets are allocated to reportable segments other than corporate assets.
- all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

**(c) Geographical segments**

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

For the six months ended 30 September 2011, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	<b>Non-current assets*</b>	
	<b>Unaudited At 30 September 2011 HK\$'000</b>	Audited At 31 March 2011 HK\$'000
The PRC	<b>2,699,905</b>	2,637,623
Hong Kong	<b>1,237,047</b>	1,237,148
	<b>3,936,952</b>	3,874,771

\* Non-current assets excluding deferred tax assets.

## 4. FINANCE COSTS

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Interest charge on bank borrowings		
— wholly repayable within five years	<b>4,200</b>	3,448
— wholly repayable after five years	<b>23,243</b>	13,529
Imputed interest on convertible notes (note 11)	<b>10,421</b>	9,295
Imputed interest on interest-free loan from a related party (note 14(c))	<b>2,133</b>	1,857
Interest on amounts due to non-controlling shareholders (note 14(d))(ii)	<b>10,799</b>	10,798
Interest on loans from shareholders (note 14(e))	<b>4,263</b>	8,039
Interest on advance from a shareholder (note 14(g))	<b>25</b>	—
	<b>55,084</b>	46,966
Less: amount capitalised into investment properties under construction	<b>(34,342)</b>	(9,832)
	<b>20,742</b>	37,134



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

## 5. TAXATION

Unaudited  
Six months ended 30 September

	2011 HK\$'000	2010 HK\$'000
The (credit)/charge comprises:		
Hong Kong profits tax for the period	—	125
Deferred taxation		
— Change in fair value of investment properties	(17,623)	2,615
— Others	—	839
	<b>(17,623)</b>	3,454
	<b>(17,623)</b>	3,579

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2010: 16.5%) on the estimated assessable profits for the period.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for the PRC income tax for the period has been made as the PRC subsidiary sustained a loss during the period (six months ended 30 September 2010: Nil).

## 6. LOSS FOR THE PERIOD

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Loss for the period has been arrived at after charging/(crediting) the followings:		
Directors' remuneration	<b>2,100</b>	3,076
Other staff costs	<b>3,693</b>	5,224
Total staff costs	<b>5,793</b>	8,300
Depreciation of property, plant and equipment	<b>321</b>	302
Imputed interest income generated from amount due from a non-controlling shareholder (note 14(a))	<b>(1,028)</b>	(1,021)
Interest income on bank deposits	<b>(224)</b>	(53)
Property rental income under operating leases, net of direct outgoings of approximately HK\$32,000 (six months ended 30 September 2010: HK\$702,340)	<b>(18,424)</b>	(15,297)

## 7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

## 8. (LOSS)/EARNINGS PER SHARE

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

	<b>Unaudited</b> <b>Six months ended 30 September</b>	
	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
<b>(Loss)/Earnings</b>		
(Loss)/profit for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share	<b>(17,334)</b>	8,866
	<b>Unaudited</b> <b>Six months ended 30 September</b>	
	<b>2011</b> <b>Number of</b> <b>ordinary shares</b>	2010 Number of ordinary shares
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<b>636,816,505</b>	636,376,710
Effect of dilutive potential ordinary shares:		
Share options	—	23,325,500
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<b>636,816,505</b>	659,702,210

Diluted loss per share for the six months ended 30 September 2011 is not presented as the share options and convertible notes outstanding at the end of reporting period had an anti-dilutive effect on the basic loss per share.

## 9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables were trade receivables of approximately HK\$3,360,000 (net of provisions). The trade receivables represented rental receivables. The aging analysis of the Group's trade receivables (net of provisions) is as follows:

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Up to 30 days	<b>3,245</b>	2,918
31–60 days	<b>115</b>	—
61–90 days	—	24
More than 90 days	—	—
	<b>3,360</b>	2,942

## 10. BANK BORROWINGS — SECURED

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Bank loans	<b>1,354,632</b>	1,256,158
Less: current portion	<b>(37,596)</b>	(73,600)
Non-current portion	<b>1,317,036</b>	1,182,558

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

The bank borrowings are repayable as follows:

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
On demand or within one year	<b>37,596</b>	73,600
After one year but within two years	<b>25,496</b>	4,400
After two years but within five years	<b>328,825</b>	126,102
After five years	<b>962,715</b>	1,052,056
	<b>1,354,632</b>	1,256,158

## 11. CONVERTIBLE NOTES

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Liability component at beginning of period	<b>177,292</b>	158,125
Imputed interest (note 4)	<b>10,421</b>	19,167
Conversion of shares (note b)	<b>187,713 (75,175)</b>	177,292 —
Liability component at end of period	<b>112,538</b>	177,292
Current portion	<b>(72,195)</b>	(16,759)
Non-current portion	<b>40,343</b>	160,533

- (a) On 17 November 2008, the Company issued two batches of convertible notes in the principal amount of HK\$17,860,000 each as part of the consideration for the acquisition of Uptodate Management Limited. The convertible notes bear interest at 1.68% per annum with the respective maturity dates on 1 August 2009 and 1 February 2012 or convertible into shares of the Company one month after maturing at the initial conversion price of HK\$1.9 per share subject to adjustment to take into account of capital transactions with dilutive effect. Each batch of convertible notes could be converted to 9,400,000 shares of the Company at the conversion price of HK\$1.9 per share. During the year ended 31 March 2010, the convertible note due on 1 August 2009 with a principal amount of approximately HK\$17,860,000 was fully repaid upon its maturity. There was no conversion of convertible note due on 1 February 2012 during the period. If there is no conversion, the remaining outstanding balance will be repaid on the maturity date with the interest thereof.

The convertible notes were split between the liability and equity components of approximately HK\$28,424,000 and HK\$7,296,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The respective effective interest rates of the liability component of the two convertible notes are 14.23% and 15.13% per annum.

- (b) On 25 June 2007, the Company issued a convertible note in the principal amount of HK\$129,105,609 as part of the consideration for the acquisition of Max Act Enterprises Limited. The convertible note bears interest at 1.68% per annum with maturity date of 5 years from the date of issuance and are repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK\$0.98 per share and subsequently adjusted to HK\$0.937 ("Conversion Price") as a result of the completion of placing in November 2007. For details of adjustment to the conversion price, please refer to the Company's announcement dated 16 November 2007.

On 30 September 2011, a partial convertible note in the principal amount of HK\$75,000,000 out of HK\$129,105,609 were exercised to convert into 80,042,689 issued shares at the Conversion Price. If there is no conversion, the remaining outstanding balance will be repaid on the maturity date with the interest thereof.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 September 2011*

The convertible note was split between the liability and equity component of approximately HK\$81,318,000 and HK\$47,787,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible note equity reserve. The effective interest rate of the liability component is 11.41% per annum.

- (c) On 14 November 2007, the Company issued a convertible note in the principal amount of HK\$42,625,000 as part of the consideration for the acquisition of Seedtime International Limited. The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK\$1.25 per share subject to adjustment to take into account for capital transactions with dilutive effect. Subsequently, it was adjusted to HK\$1.22 as a result of taking into account the dilutive effect of the share placement in November 2007. No conversion was made during the period. The whole amount of the convertible note will be converted to 34,938,524 shares of the Company at the conversion price of HK\$1.22 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity component of approximately HK\$25,135,000 and HK\$17,490,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 12.95% per annum.

## 12. SHARE CAPITAL

	Number of Shares Number '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2011 and at 30 September 2011	1,000,000	100,000
Issued and fully paid:		
At 1 April 2011	636,377	63,638
Issue of shares on exercise of convertible notes (Note 11(b))	80,043	8,004
At 30 September 2011	716,420	71,642

## 13. OPERATING LEASE ARRANGEMENTS

### The Group as lessee

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

	Unaudited 30 September 2011 HK\$'000	Audited 31 March 2011 HK\$'000
Within one year	1,157	1,461
In the second to fifth year inclusive	667	988
	1,824	2,449

Operating lease payments represent rental payables by the Group for certain of its office premises and staff quarter.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

## The Group as lessor

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

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Within one year	<b>22,650</b>	27,690
In the second to fifth year inclusive	<b>15,645</b>	12,312
	<b>38,295</b>	40,002

## 14. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group has the following material related party transactions:

- (a) Amount due from a non-controlling shareholder, being Premium Assets Development Limited, is unsecured, interest free and not repayable within the next twelve months. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting its initial nominal value at current market interest rate of similar financial instruments. The imputed interest for the period amounted to approximately HK\$1,028,000 (six months ended 30 September 2010: HK\$1,021,000).
- (b) Amount due to a related party, being Mr. Chan Kwok Hung (a director of a non wholly-owned subsidiary), is unsecured, interest free and has no fixed repayment term.

- (c) Loan from a related party represents the following:

		<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
	Note		
北京栢宇興業房地產開發有限公司 (Beijing Grand-Pac Ventures Limited) ("BGPV")	(i)	<b>50,854</b>	47,625

- (i) BGPV is a company incorporated in the PRC, in which a director of a non wholly-owned subsidiary has equity interest. The amount due is unsecured, interest free and not repayable before 14 November 2015. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting its initial nominal value of the loan of approximately RMB60,180,000 at current market interest rate of similar financial instruments over the repayment period. Imputed interest on the nominal value of the loan for the period amounted to approximately HK\$2,133,000 (six months ended 30 September 2010: HK\$1,857,000).

- (d) Amounts due to non-controlling shareholders comprise the following:

		<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
	Notes		
Uni-Land Property Group Limited	(i)	<b>851</b>	851
Best Task Limited	(ii)	<b>544,545</b>	533,746
		<b>545,396</b>	534,597

- (i) The amount is unsecured, interest free and repayable on 31 October 2012. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

- (ii) The amount includes a shareholder's loan of approximately principal HK\$239,317,000, which carries fixed interest at 9% per annum and interest payable thereon of approximately HK\$76,515,000 (31 March 2011: HK\$65,715,000). The loan and interest payable are unsecured and are not expected to be repayable within the next twelve months. The interest on the loan for the period amounted to approximately HK\$10,799,000 (six months ended 30 September 2010: HK\$10,798,000). The remaining balance of approximately HK\$228,714,000 (six months ended 30 September 2010: HK\$228,714,000) is unsecured, interest free and in substance represents equity investment in the subsidiary from the non-controlling shareholder of a non-wholly owned subsidiary.
- (e) Loans from shareholders represent the following:

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Mr. Ng Chun For, Henry	<b>125,844</b>	174,011
Mr. Ng Ian	<b>9,260</b>	8,945
Mr. Ng Eric	<b>9,260</b>	8,945
Mr. Chan Kwai Ping, Albert	<b>545</b>	545
	<b>144,909</b>	192,446

The loans from shareholders are unsecured, bearing fixed interest rate at 9% per annum and are not repayable within the next twelve months. Interest on these loans for the period amounted to approximately HK\$4,263,000 (six months ended 30 September 2010: HK\$8,039,000).

- (f) High Fly Investments Limited (“High Fly”), being a lender, arranged for financing of the development project in Shanghai in form of shareholder’s loan to its subsidiary, Grandyear Estate Limited (“Grandyear”) as borrower, with annual caps (“Annual Caps”) for 7 financial years ending 31 March 2015 of HK\$600 million (the “HF Loan”). The HF loan is secured by a share charge given by High Luck International Limited (being an immediate holding company of Grandyear) to High Fly over all of its interest in Grandyear. On 6 May 2009, High Fly entered into a supplementary agreement with Grandyear pursuant to which High Fly will provide additional shareholder’s loan to Grandyear by HK\$44.15 million from HK\$600 million to HK\$644.15 million. As a result, the Company revised the Annual Caps from HK\$600 million to HK\$644.15 million (“Revised Annual Caps”) which constitutes a continuing connected transaction of the Company required reporting, announcement, independent shareholders’ approval and annual review pursuant to the Listing Rules. The Revised Annual Caps was approved by the independent shareholders of the Company at the special general meeting held on 10 June 2009. As of 30 September 2011, the outstanding principal balance of HF Loan was approximately HK\$527 million.
- (g) On 9 August 2011, Mr. Ian Ng being the lender provided an one-off cash advance of HK\$13 million (“Advance”) under favourable terms beneficial to the Company, *inter alias*, unsecured, bearing a fixed interest rate of 3.28% p.a. and not repayable within 24 months from date of borrowing.

The Advance is exempted from the reporting, announcement and independent shareholders’ approval requirements under 14A.65(4) of the Listing Rules.

Interest on the Advance for the period amounted to approximately HK\$25,000 (six months ended 30 September 2010: HK\$Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Hong Kong — Gin-za-i-sa-tion

While urbanisation describes the process by which more and more people migrate from countryside to live in cities, “Gin-za-i-sa-tion” (our newly created word) is a vertical expansion process by which retail businesses migrate to operate above the ground level to maintain an effective presence in Central Business District (CBD). The process was first evidenced in Ginza, Tokyo and has intensified within Causeway Bay (CwB) in Hong Kong. Recent rental transactions indicate that CwB supersedes Ginza and becomes the third most expensive shopping strip in the world. CwB now only follows New York’s Fifth Avenue and Paris’s Avenue des Champs-Élysées, thanks to the increased spending by cash-rich PRC tourists, as well as to the nearly half-million sq.ft. of office space due to open up in the Hysan project by second quarter of 2012. As the biggest addition in CwB, since Times Square’s opening in 1994’s, the Hysan project has been fueling the demand for both prime street level retail shops and the above-ground level retail units in order to capture the shopping & culinary needs of the thousands of new office workers in CwB.

The whole area is going through another positive transformation, and businesses in CwB are likely to enjoy robust growth for a long time. As one of the pioneering leaders in operating the Ginza towers vertical business platform, we will place our business development priority in CwB over that in Mainland China. This is because recent austerity measures, intense competition and higher taxation will continue to dampen the prospects of the return on our investment in Mainland China. The Group intends to halt putting resources into Mainland China until there is a reversal of austerity measures in the real estate market in the PRC. If the time and situation is right, the Group might even consider to dispose of its present Shanghai joint venture based development project (JV Project) and redirect the focus of its resources on CwB again.

The Group’s turnover for the Interim Period were mainly contributed by its Ginza-style buildings portfolio (i.e. Jardine Center and L’hart) which was increased by 16% to HK\$18.5 million (six months ended 30 September 2010: HK\$15.9 million). The portfolio’s occupancy rate was about 98% as at 30 September 2011 (31 March 2011: 98%; 30 September 2010: 100%). The sustained growth has been driven by the introduction of more popular service-oriented chain stores from the beauty and style operators as a new integral part of a diverse tenant mix. The new stores generated synergy amongst the tenants and the Ginza-style buildings as a whole, becoming a trendy life-style leisure and entertainment spot in CwB. During the Interim Period, the Group continued to devote intensive marketing efforts into

the promotion of tenants' businesses located above the ground-floor level in Causeway Bay directed towards both local and visiting shoppers alike. Examples of these activities include launching a novel promotion with the theme "Sea and Ocean 2.5-D Visual Building Design" supported by advertisements in renowned magazines and trendy journals.

## China — New episode and challenge

As part of the Group's business strategy to broaden its business in the PRC, it acquired a 30% attributable interest in the JV Project in 2008. The JV Project located in the heart of Jingan District of Shanghai covers a GFA of about 74,600 sq.m. and includes an indoor public transport interchange. The JV Project is to feature a remarkable façade and novel interior design that would create a multi-dimensional "must visit" shopping and entertainment destination. The JV Project's construction schedule has been delayed to be completed by the forth quarter of 2012.

## PROSPECTS

Going forward, the Group is optimistic about the prospects of urban property development within the retail market sector in CwB over the long run taking into account that the increasing numbers of the PRC tourists and improved local consumer confidence were once again boosting Hong Kong retail sales. The majority of those prime areas in CwB with which those leases were renewed upon the expiry of the leases due in 2011 could climb to a range of about 70% or more. The many flagship stores of international brands committing to the CwB and other prime areas are solid evidence demonstrating the high demand from international brands which buttresses the positive expectation of the retail business environment within the prime shopping districts of Hong Kong in the future.

Regarding the shopping mall development project in the PRC, the Board is of its view that it is inevitable that the JV Project will be adversely affected by the PRC Government's austerity measures (i.e, a series of stringent macroeconomic adjustment measures, policies and regulations tightening bank credit in the real estate market.) The Group intends by all means to cooperate with joint venture shareholders, the PRC local bank and main construction service providers to mitigate any business and financial risks as practicable should the PRC Government initiates further tightening-measures.

## MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the potential adverse affects in the PRC, the net effect of all these factors should result in an undefined upward trend towards a parallel increase in rentals and scarcity of prime areas in the CBD. The Board believes that there will be ample scope for business development that will be beneficial to the Group, which is already equipped with high quality properties, to expand its business and thereby provide fruitful returns to its shareholders in the long run.

## FINANCIAL REVIEW

The group's turnover for the Interim Period increased by 16% to approximately HK\$18.5 million (six months ended 30 September 2010: HK\$15.9 million) which primarily contributed by its revenue generated from Hong Kong properties investment business segment due to the favourable rental growth.

The loss in fair value of the JV Project amounted to approximately HK\$70.4 million had been recognised in accordance with prevailing accounting standard.

Finance costs charged to the consolidated statement of comprehensive income were approximately HK\$20.7 million (six months ended 30 September 2010: HK\$37.1 million). It mainly consisted of an imputed interest of convertible notes HK\$10.4 million (six months ended 30 September 2010: HK\$9.3 million) being of a non-cashflow nature amortised in accordance with prevailing accounting standard.

Loss attributable to owners of the Company for the Interim Period amounted to approximately HK\$17.3 million (six months ended 30 September 2010: profit of HK\$8.9 million). Basic loss per share was HK\$2.72 cents, based on weighted average of approximately 637 million shares after taking the effect of the new issue as a result of partial conversion of convertible notes (six months ended 30 September 2010: earning per share HK\$1.39 cents). Excluding the effect of loss in fair value of the JV Project of approximately HK\$52.8 million (net of tax) of which 30% attributable to the Company, the loss attributable to the owners of the Company for the Interim Period was approximately HK\$1.5 million.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Interim Period, the Group's operation was financed by internal financial resources, loans from shareholders, amounts due to a non-controlling shareholder for JV Project, convertible notes and banking facilities. The Board is of the view that, after taking into account these available resources, the Group has sufficient financial resources to satisfy its commitments, capital expenditure and working capital requirements.

As at the Interim Period end date, the Group's bank borrowings of approximately HK\$1,354,632,000 (31 March 2011: HK\$1,256,158,000) and the Group's gearing ratio, expressed as total liabilities over total assets was approximately 66.7% (31 March 2011: 66.9%). Cash and bank balances of approximately HK\$118,305,000 (31 March 2011: HK\$143,069,000). The increase in bank borrowings was primarily due to the financing of the JV Project. Whilst the Group's bank borrowings bear interest at prevailing market floating rates, the Group entered into interest rate swap arrangements denominated in Hong Kong dollars with a bank for an aggregate notional amount of HK\$240 million to mitigate the risk of interest rate upward trends.

The Group's bank borrowings as at the Interim Period end date were summarised as follows:

Currency of bank loans	Total HK\$ million	Due within one year HK\$ million	Due more than one year but not exceeding two years HK\$ million	Due more than two years but not exceeding five years HK\$ million	Due after five years HK\$ million
RMB	608.0	—	—	203.4	404.6
HK\$	746.6	37.6	25.5	125.4	558.1
	<b>1,354.6</b>	37.6	25.5	328.8	962.7

As at the Interim Period end date, the net assets attributable to owners of the Company of approximately HK\$915,547,000 (31 March 2011: HK\$858,145,000). With the total number of ordinary shares in issue of 716,419,399 as at 30 September 2011 (31 March 2011: 636,376,710 shares), the unaudited net assets value per share was approximately HK\$1.28 (31 March 2011: HK\$1.35).



## MANAGEMENT DISCUSSION AND ANALYSIS

### CHARGE ON ASSETS

At the Interim Period end date, the Group has pledged:

- a. Investment properties in Hong Kong in aggregate fair value of approximately HK\$1,236 million for securing general banking facilities granted from several banks to its subsidiaries; and
- b. Investment properties under construction in the PRC at fair value of HK\$2,671 million for securing general banking facilities amounted to approximately RMB710 million from a bank in the PRC to its non-wholly subsidiary for meeting its local working capital and capital expenditures needs.

### DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (six months ended 30 September 2010: Nil).

### CONTINGENT LIABILITIES

At the Interim Period end date, the Group has provided several corporate guarantees for securing banking facilities granted to certain subsidiaries amounted to HK\$803.5 million (31 March 2011: HK\$763.5 million).

## COMMITMENTS

Capital commitments outstanding at the Interim Period end date not provided for in the Interim Financial Statements were as follows:

	<b>Unaudited 30 September 2011 HK\$'000</b>	Audited 31 March 2011 HK\$'000
Construction cost of investment properties under construction		
Contracted for	<b>315,162</b>	201,575

## EMPLOYEES AND REMUNERATION POLICY

As at the Interim Period end date, the Group had about 23 employees based in Hong Kong and the PRC. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature. The Group also provides other benefits including medical insurance and contribution to Mandatory Provident Fund Schemes. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS

The Group did not have any significant investments, material acquisitions or disposals during the Interim Period.

## EVENT AFTER THE REPORTING PERIOD

Save for a partial redemption of convertible notes due in February 2012 with principal amount of HK\$7,600,000 out of HK\$17,860,000, there has been no significant event occurred subsequent to the Interim Period end date.

## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

### SHARE OPTION SCHEME

A share option scheme, which will expire on 2 September 2013, was adopted by the Company at the Annual General Meeting held on 3 September 2003. The primary purpose of the share option scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the share option scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries, and other eligible persons as specified under the terms of the share option scheme, to subscribe for shares in the Company in accordance with the terms of the share option scheme for the consideration of HK\$1 for each lot of share options granted. The total number of shares in respect of which options may be granted under the share option scheme is not permitted to exceed 63,637,671 shares, being 10% of the issued share capital of the Company at the date of approval of the refreshment of the 10% general limit at the Annual General Meeting held on 12 August 2011. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12- month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company.

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the board of directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

- (a) the closing price of shares at the date of grant of a share option;
- (b) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a share.

Details of the share options granted by the Company pursuant to the share option scheme and the options outstanding as at the interim period end date were as follows:

	Option grant date	Exercise period*	Exercise price HK\$	Number of share options outstanding	Approximate percentage of interest in issued share capital
Executive directors	28 October 2005	28 October 2005 to 27 October 2015	0.676	4,000,000	0.56%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	4,000,000	0.56%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	2,000,000	0.28%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	12,600,000	1.76%
	13 April 2010	13 April 2010 to 12 April 2020	0.48	4,770,000	0.66%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	12,600,000	1.76%
	18 April 2011	18 April 2016 to 17 April 2021	0.66	3,280,000	0.45%
Non-executive director	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.28%
Employee	2 April 2007	2 April 2007 to 1 April 2017	0.686	500,000	0.07%
	18 April 2011	18 April 2016 to 17 April 2021	0.66	3,500,000	0.49%
Eligible persons	28 October 2005	28 October 2005 to 27 October 2015	0.676	640,000	0.09%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.28%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.14%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.88%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.88%
					<b>65,490,000</b>

\* Both dates inclusive

## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at the interim period end date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

- (I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company
- (a) Long positions in ordinary shares of HK\$0.1 each of the Company

Number of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Interest of controlled corporations	304,552,533 (Notes 1 and 2)	42.51%
Mr. Ng	Personal	33,274,587	4.64%
Mr. Ng Ian	Interest of controlled corporation	80,042,689 (Note 3)	11.17%
Mr. Ng Ian	Personal	4,601,227	0.64%

- Note 1: Henry Jewellery Holdings Limited (“HJHL”), a company incorporated in the British Virgin Islands, owned 137,356,200 shares of the Company. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.
- Note 2: Jumbo Step International Limited (“Jumbo Step”), a company incorporated in the British Virgin Islands owned 167,196,333 shares of the Company, is wholly-owned by Mr. Ng. Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.
- Note 3: On 28 September 2011, Jumbo Step’s previously reported entire interest in 172,724,659 shares by virtue of two convertible notes with each of principal amount HK\$129,105,609.21 (“CB1”) and HK\$42,625,000 (“CB2”) issued by the Company in June and November 2007 respectively (subject to conversion price adjustment) both have been transferred to Golden Tool International Limited (“Golden Tool”) which is a company incorporated in the British Virgin Islands. On 30 September 2011, Golden Tool exercised conversion right attached to the CB1 with a partial amount of HK\$75,000,000 out of HK\$129,105,609.21 at the conversion price of HK\$0.937 per share into 80,042,689 shares (“Conversion”). Mr. Ian Ng is entitled to exercise or control the exercise of 100% of the voting rights of Golden Tool.

## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

## (b) Long positions in underlying shares of the Company

(i) *Share options*

As at the interim end date, the Directors had personal interests in share options of the Company granted under the share option scheme adopted on 3 September 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price HK\$	Number of share option outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.28%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.28%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.14%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.88%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.88%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.28%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.28%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.14%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.88%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.88%
Mr. Lee Kwan Yee, Herrick	13 April 2010	13 April 2010 to 12 April 2011	0.48	4,770,000	0.66%
	18 April 2011	18 April 2016 to 17 April 2021	0.66	3,280,000	0.46%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.28%
				45,250,000	6.32%

(ii) *Convertible notes*

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of a controlled corporation	— (Note 3)	—
Mr. Ng Ian	Interest of a controlled corporation	92,681,970 (Note 4)	12.94%

Note 4: Golden Tool is interested in 92,681,970 Shares by virtue of the convertible notes with the respective principal amount of 54,105,609.21 out of HK\$129,105,609.21 after the Conversion and HK\$42,625,000 issued by the Company in June and November 2007 respectively (subject to conversion price adjustment) (“Convertible Notes”).

## (II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of Associated Corporations of the Company

Long positions in the shares of associated corporations of the Company:

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity and nature of interest</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of issued share capital of the associated corporation</b>
Mr. Ng	HJHL (Note 1)	Personal beneficial owner	80	80%
Mr. Ng Ian	HJHL (Note 1)	Personal beneficial owner	10	10%
Mr. Ng	Jumbo Step (Note 2)	Personal beneficial owner	1	100%
Mr. Ng Ian	Golden Tool (Note 3)	Personal beneficial owner	1	100%

Save as disclosed above, as at the interim period end date none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

### SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at the interim period end date, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise been notified to the Company were as follows:

<b>Name of shareholder</b>	<b>Capacity and nature of interest</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of issued share capital of the Company</b>
Mr. Ng	Interest of controlled corporations (Notes 1 and 2)	304,552,533	42.51%
Mr. Ng	Personal (Note 6)	50,874,587	7.10%
HJHL	Beneficial owner (Note 1)	137,356,200	19.17%
Jumbo Step	Beneficial owner (Note 2)	167,196,333	23.34%
Mr. Ng Ian	Interest of a controlled corporation (Notes 3 and 4)	172,724,659	24.11%
Golden Tool	Beneficial owner (Notes 3 and 4)	172,724,659	24.11%
Well Garden Limited	Interest of a controlled corporation	61,895,826	8.64%
Mr. Chung Toi Chiu, Steven	Beneficial owner (Note 7)	97,056,441	13.55%
Premium Assets Development Limited ("Premium Assets")	Interest of a controlled corporation (Note 7)	97,056,441	13.55%
Euphoria Limited	Beneficial owner	51,600,000	7.20%
Inchigo Group Holdings Limited	Interest of a controlled corporation	51,600,000	7.20%
Inchigo Asset Management International, Pte. Ltd.	Interest of a controlled corporation	51,600,000	7.20%

Note 6: Please refer to section regarding interest and short positions in shares, underlying shares and debentures of the Company on pages 36 and 38.

Note 7: Mr. Chung Toi Chiu, Steven ("Mr. Chung") owns 87,656,441 shares and 9,400,000 shares by virtue of the convertible notes through Premium Assets. Mr. Chung is entitled to exercise or control of the exercise of 73.83%, more than one-third, of the voting rights of Premium Assets so he is deemed to be interested in all shares held by Premium Assets by virtue of the SFO.

Save as disclosed above, as at the interim period end date, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE

### Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the Interim Period.

### Review by Audit Committee

The audit committee comprises an non-executive director and two independent non-executive directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Chairman of the Audit Committee) and Mr. Chan Kam Man. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited Interim Financial Statements for the Interim Period.

### Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company (the "Directors"). All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the interim period.

## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board

**Ng Ian**

*Chief Executive Officer*

Hong Kong, 18 November 2011

The Directors of the Company as at the date of this report are:

*Executive Directors*

Mr. Ng Chun For, Henry (*Chairman*)

Mr. Ng Ian (*Deputy Chairman and Chief Executive Officer*)

Mr. Lee Kwan Yee, Herrick

*Non-executive Director*

Mr. Mak Wah Chi

*Independent non-executive Directors*

Mr. Li Kit Chee

Mr. Chan Kam Man

Mr. Chu Tak Sum