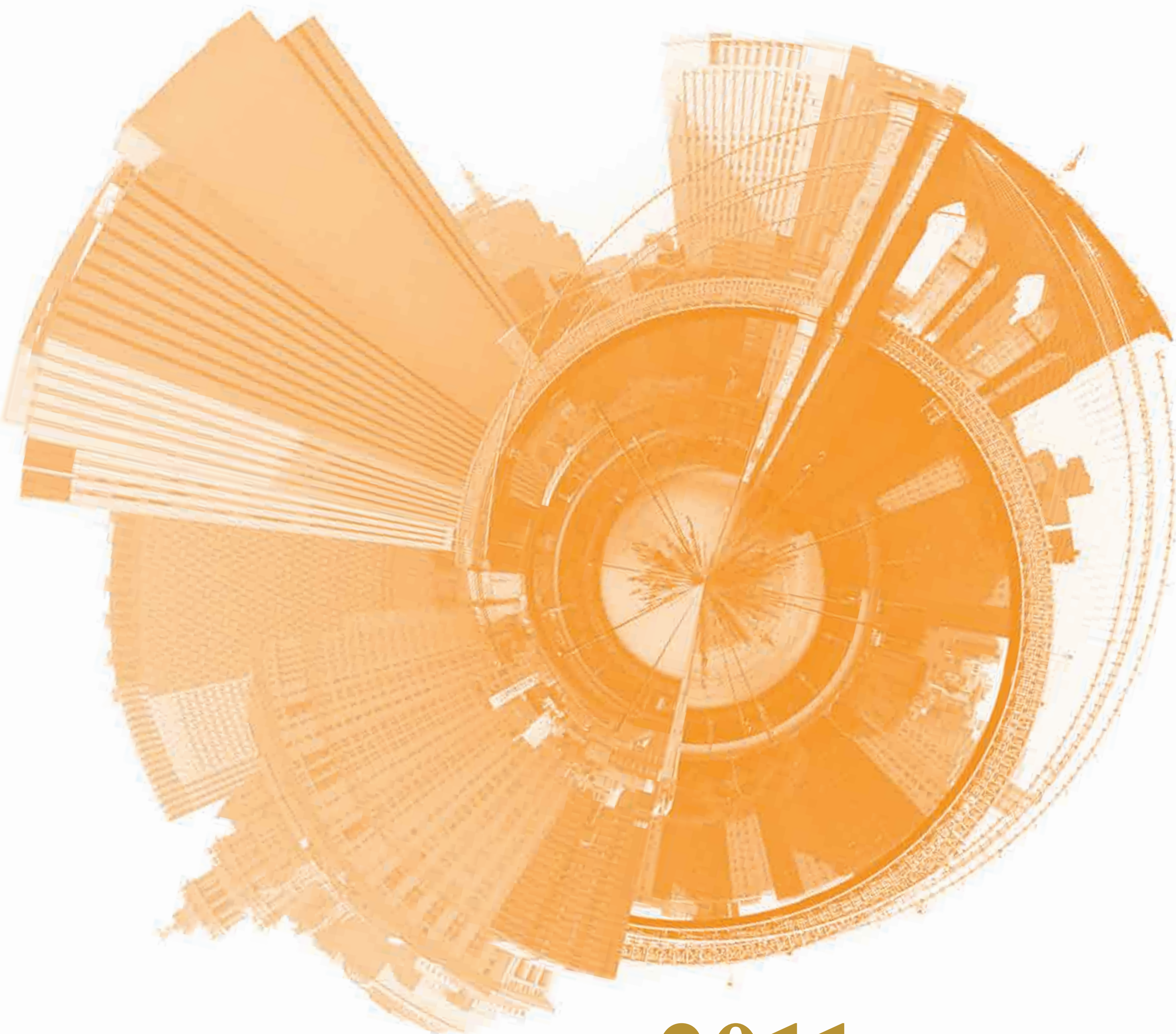
COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司
(incorporated in the Cayman Islands with limited liability)
(stock code : 120)



2011
Interim Report

Contents

Corporate Information

DIRECTORS

Executive Directors:

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors:

Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin
Mr. Wong Po Man, Kenneth

Independent Non-executive Directors:

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

AUDIT COMMITTEE

Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang
Ms. Ka Kit

REMUNERATION COMMITTEE

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Lee Choy Sang
Mr. Li Ka Fai, David

SECRETARY

Mr. Cheng Sui Sang

AUDITORS

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

P O Box 309, George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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68 Yee Wo Street
Causeway Bay
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited
ABN AMRO Bank N.V.
Deutsche Bank A.G.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia Limited

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) achieved an unaudited consolidated profit of approximately HK$582,710,000 for the six months ended 30 September 2011, as compared to an unaudited consolidated loss of HK$103,801,000 recorded in the six months ended 30 September 2010.

The Company made a positive profit alert announcement on 17 November 2011 informing the shareholders that the Group will record a substantial unaudited consolidated profit for the six months period ended 30 September 2011, as compared with an unaudited consolidated loss recorded for the six months period ended 30 September 2010, which was primarily due to the share of the gain realised by the jointly controlled entities from the disposal of 70% interest in the property development project at Chengdu City, the People’s Republic of China (the “PRC”).

The achievement of an unaudited consolidated profit to HK$582,710,000 for the period under review was attributed mainly to the following factors: -

(i) After the recognition of the decrease in the fair value of the derivative financial liability relating to the subscription options for the convertible bonds due 2013, as offset by the decrease in fair value of the financial instruments in the portfolio of the Group, there was a net loss of HK$6,458,000 on changes in the overall fair value of the financial instruments for the six months period ended 30 September 2011, as compared to a net loss recorded in the six months period ended 30 September 2010 of HK$84,220,000.

(ii) As mentioned above, there was a sharing of 50% of the results of jointly controlled entities for approximately HK$585,501,000, which arose from the gain on the sale of 70% interest in the property development project at Chengdu City by the jointly controlled entities 50/50 owned by the Group and Regal Hotels International Holdings Limited. Please refer to the announcement of the Company dated 30 June 2011 for details of the transaction.

(iii) Under the revised accounting standard, no gain was recognized in respect of the extension of the maturity date of the convertible bonds of the Group during the period under review, as opposed to a gain of HK$9,707,000 recognized for the six months period ended 30 September 2010 under the then accounting standard on change in fair value of the convertible bonds arising from extension of maturity date and such gain was included as a set-off against finance costs in the then Condensed Consolidated Statement of Comprehensive Income, resulting in an increase in the total finance costs to HK$17,367,000 for the six months period ended 30 September 2011 as against HK$11,263,000 for the six months period ended 30 September 2010.

(iv) There was an income tax credit of HK$22,265,000 taken up as income in the period under review (2010: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

General

The principal activities of the Group during the period under review continued to be property development and investment, securities investments and other investments. The economic climate and overall business sentiment in Hong Kong and the PRC have been somewhat unstable during the period under review due to the concern on the worsening of the sovereign debt crisis of several European economies, which may lead to substantial write-offs by European financial institutions and holders of such debts in other parts of the world and eventuate in a possible global financial crisis, as well as the lack of any positive signs of recovery in US economy. It is uncertain if the effect of such financial problems in these western countries will spill over to other economies such as the PRC and Hong Kong, in which the Group is mainly operating.

As mentioned earlier in the paragraph under Financial Review, the Company made an announcement on 30 June 2011 in respect of the sale of 70% interest in a property development project in Chengdu City, the PRC which is owned under the joint venture that is 50% owned by each of the Group and Regal Hotels International Holdings Limited. The joint venture has realised from the sale (including the revaluation of the retained interest at the then appraised value) a gain of approximately HK$1,171,002,000, 50% of which amounting to HK$585,501,000 had been included in the Condensed Consolidated Statement of Comprehensive Income of the Group for the six months period ended 30 September 2011. The sale has substantially reduced the funding requirement of the Group to such development project and has provided the Group with positive cash flow during the period under review.

In April 2011, the Group entered into an extension agreement with the holder of the convertible bonds due 2011 in the principal amount of HK$141.45 million to further extend the maturity date of such convertible bonds to 14 February 2013, the same maturity date as the other outstanding convertible bonds issued by the Group. Such extension had been approved by the independent shareholders of the Company at an extraordinary general meeting held in June 2011.

As at 30 September 2011, cash and bank balances, pledged bank deposit and deposits placed with securities brokers within the Group amounted to HK$88,438,000. With further consideration payments anticipated to be received from the disposal of the joint venture project in Chengdu, the management is confident that the Group have sufficient resources to take up suitable investments when opportunities arise.

Property Investments and Development Projects

Chengdu Project

As mentioned in our last report for the year ended 31 March 2011, the development works in Xindu District, Chengdu City, Sichuan Province, the PRC are progressing. After the disposal of 70% interest by the joint venture pursuant to an agreement entered into on 30 June 2011, the Group now has an effective interest of 15% in the property development project. This composite development project in Chengdu has an overall total gross floor area of approximately 5,360,000 square feet and is being developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 438,000 square feet. Superstructural works for the hotel development have progressed steadily and the first phase of hotel is presently scheduled to be soft opened in the fourth quarter of 2012. The three residential towers included in the first stage will have about 340 apartment units with carparks and some ancillary commercial accommodation, commanding total gross floor area of approximately 489,000 square feet. Superstructural works for this part of the development have commenced, with overall construction works scheduled to be completed also in the fourth quarter of 2012. Presale of the residential units is anticipated to be launched in the second quarter of 2012. Development works for the other stages are planned to be carried out progressively.

In conjunction with the disposal of 70% interests in the joint venture, the 50% owned jointly controlled entity has granted a put option to the purchaser, which shall have a right to require the 50% owned jointly controlled entity to purchase or procure the purchase of the completed hotel and commercial podium of the property development project at a price equivalent to the market valuation of such hotel and commercial podium, to be determined by an independent professional appraiser. The option is exercisable by the purchaser within three years after the completion of the disposal, and extendable by the purchaser to four years if the hotel and commercial podium has not been completed within the three-year exercise period.

Xinjiang Project

There has been progress made in this development project which involves the re-forestation work at Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. The Group has further invested in the maintenance of the re-forestation landscape and has recently obtained the temporary permit for land use rights of the grassland (臨時使用草原許可證) for certain area of the project. The Group will continue to commit to the project and is hopeful that the project will potentially bring in good return to the investment by the Group.

Rainbow Lodge

The Group owns ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories. Due to recent market conditions and the proximity of the property to the Chinese border, the Group is considering plans to remodify the units with a view to enhancing their market value and to catering also for potential demand from the PRC users.

Securities Investments

The Group continues to maintain an active investment portfolio of listed securities. Total financial assets at fair value through profit and loss stood at HK$218,316,000 as at 30 September 2011.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Current assets and current liabilities of the Group as at 30 September 2011 were HK$310,339,000 and HK$79,543,000, respectively (31 March 2011: HK$400,384,000 and HK$403,713,000, respectively). Included within the current liabilities as at 30 September 2011 was an amount of HK$65,864,000 (31 March 2011: HK$202,452,000) which represented the derivative financial liabilities relating to the subscription options for the subscription of additional 2013 convertible bonds. As explained in earlier reports of the Company, these amounts were only recognized as derivative financial liabilities in compliance with the applicable accounting standards and the Group will in no event be obliged to settle any such liability by incurring any cash payout or otherwise by using any of its assets. Cash and bank balances, pledged bank deposit and deposits placed with securities brokers stood at HK$88,438,000 as at 30 September 2011, as compared to HK$108,655,000 as at 31 March 2011.

The Group's gearing ratio as at 30 September 2011, based on net borrowings (represented by convertible bonds and bank borrowings net of cash and bank deposits) as a percentage of total assets, was approximately 28% (31 March 2011: 40%).

During the period under review, the Group did not use any financial instruments for hedging purposes and there was no hedging instrument outstanding as at 30 September 2011 (31 March 2011: Nil).

As at 30 September 2011, the total issued ordinary shares remained unchanged from 31 March 2011 at 11,785,130,951 shares of HK$0.0002 each.

CONTINGENT LIABILITIES

There was no outstanding contingent liability of the Group as at 30 September 2011 (31 March 2011: Nil).

CAPITAL COMMITMENT

The Group has capital commitment of HK$117,231,000 outstanding as at 30 September 2011 (31 March 2011: HK$73,900,000).

OUTLOOK

During the period under review, the global economic sentiment has generally been quite unstable as compared with the early part of this year. The sovereign debt crisis in several European countries and the lackluster performance of US economy have added uncertainties to the future of the global economy. The restrictive and monetary measures taken in the PRC and Hong Kong on the property sector have dampened the market demand and the general sentiment. As a result of these combining factors, there had been downward adjustments in the stock and property markets in terms of prices and trading volume, which were particularly evident in the last few months. However, the Group remains optimistic of the medium to longer term prospects of the property sector in Hong Kong and the PRC and continues to be committed to those projects that are being undertaken by the Group. Due to the changed market condition and their need for huge capital outlay, the Group has slowed down its efforts to pursue investment opportunities in the natural resources sector. Meanwhile, the Group is considering investing in property investment projects in Hong Kong and also in the PRC, especially in some second-line cities. On the other hand, the Group will continue the negotiation with the relevant government authorities under the new state policies as regards to the Xinjiang project and is hopeful that a satisfactory result could be achieved. The disposal by the 50% owned joint venture of 70% interest in the Chengdu project will reduce the funding requirement for such project by the Group and strengthen the overall cash flow of the Group. Moreover, the Group is actively reviewing other potential investment opportunities, with a view to achieving for the Group asset growth and profitability.

The Directors are confident that with the resources available at present, the Group will be able to progress ahead and to create long term value to the shareholders.

HUMAN RESOURCES

As at 30 September 2011, the Group had two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. There are thirty-three full time employees working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with the market norm.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2011.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

	NOTES	**Six months ended 30 September 2011 Unaudited** ***HK$'000***	Six months ended 30 September 2010 Unaudited *HK$'000*
Turnover	3	**29,916**	120,074
Revenue		**6,596**	2,667
Net gain (loss) on disposal of financial assets at fair value through profit or loss		**1,365**	(1,945)
Other operating income		**368**	355
Loss on changes in fair value of financial instruments, net	4	**(6,458)**	(84,220)
Administration expenses		**(9,560)**	(8,478)
Share of results of jointly controlled entities		**585,501**	(917)
Finance costs		**(17,367)**	(11,263)
Profit (loss) before tax	5	**560,445**	(103,801)
Income tax credit	6	**22,265**	—
Profit (loss) for the period		**582,710**	(103,801)
Other comprehensive (loss) income			
Exchange difference arising on translating foreign subsidiary during the period		**(207)**	332
Share of other comprehensive income of jointly controlled entities		**—**	3,518
Other comprehensive (loss) income for the period		**(207)**	3,850
Total comprehensive income (loss) for the period		**582,503**	(99,951)

	NOTE	**Six months ended 30 September 2011 Unaudited *HK$'000***	Six months ended 30 September 2010 Unaudited *HK$'000*
Profit (loss) for the period attributable to:			
Owners of the Company		**582,726**	(103,718)
Non-controlling interests		**(16)**	(83)
		582,710	(103,801)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**582,519**	(99,887)
Non-controlling interests		**(16)**	(64)
		582,503	(99,951)
Earnings (loss) per share	8		
– Basic		**4.94 HK cents**	(0.92) HK cent
– Diluted		**2.11 HK cents**	(0.92) HK cent

Condensed Consolidated Statement of Financial Position

As at 30 September 2011

	NOTES	30 September 2011 Unaudited HK$'000	31 March 2011 Audited HK$'000
Non-current assets			
Property and equipment	9	**325**	277
Investment properties		**80,000**	80,000
Interests in jointly controlled entities	10	**722,821**	187,151
		803,146	267,428
Current assets			
Deposit paid for a property development project		**—**	24,500
Prepayments, deposits and other receivables		**987**	978
Financial assets at fair value through profit or loss	11	**218,316**	263,653
Tax recoverable		**2,598**	2,598
Deposits placed with securities brokers		**6,896**	10,748
Pledged bank deposit		**5,979**	—
Cash and bank balances		**75,563**	97,907
		310,339	400,384
Current liabilities			
Accrued liabilities and other payables		**4,376**	4,702
Bank borrowings		**5,000**	—
Derivative financial liabilities	12	**65,864**	202,452
Provisions		**1,199**	1,199
Income tax payable		**3,104**	25,369
Convertible bonds	13	**—**	169,991
		79,543	403,713
Net current assets / (liabilities)		**230,796**	(3,329)

	NOTES	**30 September 2011 Unaudited *HK$'000***	31 March 2011 Audited *HK$'000*
Total assets less current liabilities		**1,033,942**	264,099
Non-current liability			
Convertible bonds	13	**393,759**	206,419
		640,183	57,680
Capital and reserves			
Share capital	14	**2,357**	2,357
Reserves		**638,179**	55,660
Equity attributable to owners of the Company		**640,536**	58,017
Non-controlling interests		**(353)**	(337)
		640,183	57,680

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	Capital redemption reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Contributed surplus (Note) HK$'000	Convertible bonds reserve HK$'000	Other reserve HK$'000	(Accumulated losses) retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity (capital deficiency) HK$'000
At 1 April 2011 (audited)	**2,357**	**202,769**	**209**	**1,018**	**11,585**	**26,801**	**24,739**	**(620)**	**(210,841)**	**58,017**	**(337)**	**57,680**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**—**	**(207)**	**—**	**—**	**—**	**582,726**	**582,519**	**(16)**	**582,503**
At 30 September 2011 (unaudited)	**2,357**	**202,769**	**209**	**1,018**	**11,378**	**26,801**	**24,739**	**(620)**	**371,885**	**640,536**	**(353)**	**640,183**
At 1 April 2010 (audited)	2,253	165,029	209	1,018	4,908	26,801	29,373	—	(426,256)	(196,665)	—	(196,665)
Total comprehensive income (loss) for the period	—	—	—	—	3,831	—	—	—	(103,718)	(99,887)	(64)	(99,951)
Conversion of convertible bonds	11	2,430	—	—	—	—	314	—	(450)	2,305	—	2,305
At 30 September 2010 (unaudited)	2,264	167,459	209	1,018	8,739	26,801	29,687	—	(530,424)	(294,247)	(64)	(294,311)

Note:

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group reorganisation in 1991, net of subsequent distributions. Under the Companies Law of Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

	Six months ended 30 September 2011 Unaudited	Six months ended 30 September 2010 Unaudited
	HK$'000	*HK$'000*
Net cash (used in) generated from operating activities	**(46,778)**	75,965
Net cash generated from (used in) investing activities	**30,290**	(314)
Net cash (used in) generated from financing activities	**(18)**	271
Net (decrease) increase in cash and cash equivalents	**(16,506)**	75,922
Cash and cash equivalents at beginning of the period	**97,907**	142,410
Effect of foreign exchange rate changes	**141**	307
Cash and cash equivalents at end of the period, represented by cash and bank balances	**81,542**	218,639

1. GENERAL

The Company is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the interim report for the six months ended 30 September 2011.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2011 ("Interim Financial Information") is presented in Hong Kong dollar ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is HK$.

The principal activities of the Company and the subsidiaries (collectively referred as the "Group") are property investment, property development, securities investments and other investments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information 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 (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Information have been prepared on the historical costs basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

Except as described below, the accounting policies used in the Interim Financial Information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments to standards and interpretations ("INTs") (herein collectively referred to as "new and revised HKFRSs") issued by the HKICPA.

HKAS 24 (Revised)	Related Party Disclosures
Hong Kong Financial Reporting Standards ("HKFRSs") (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) - INT 19	Extinguishing Financial Liabilities with Equity Instruments

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

The Group has not early applied the following revised standards, amendments or INTS that have been issued but are not yet effective for the accounting period beginning on 1 April 2011.

HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits [4]
HKAS 27 (2011)	Separate Financial Statements [4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosure - Transfers of Financial Assets[1]
HKFRS 9	Financial instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

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

[2] Effective for annual periods beginning on or after 1 January 2012

[3] Effective for annual periods beginning on or after 1 July 2012

[4] Effective for annual periods beginning on or after 1 January 2013

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKAS 1 (Revised) has been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The application of the amendment to HKAS 1 might result in changes in presentation of the Group's condensed consolidated statement of comprehensive income.

The amendments to HKAS 12 "Deferred tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred taxation recognised for investment properties that are measured using the fair value model.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 27 and HKAS 28 new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statement for the financial year ending 31 March 2014 and the potential impact is described below.

HKFRS 10 "Consolidated Financial Statements" replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. At the end of the reporting period, the directors of the Company are in the process of assessing the potential financial impact.

HKFRS 11 "Joint Arrangements" replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. Under HKAS 31, the Group's jointly controlled entities are accounted for using the equity method of accounting. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year beginning on 1 April 2013 and are in the process of assessing the impact.

HKFRS 13 "Fair Value Measurement" which was issued in June 2011 replaces the fair value measurement guidance contained in individual HKFRSs by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied when its use is already required or permitted by other standards within HKFRSs. The directors of the Company consider that had the amendment been adopted during the interim period the disclosure of three-level fair value hierarchy would be applied to the investment properties of the Group.

Other than those disclosed above, the directors of the Company anticipate that the application of the other new and revised standards will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and investments.

The Group's reportable segments under HKFRS 8 are as follows:

(a) Securities trading - engaged in trading of listed securities; and

(b) Property investment and development - engaged in property investment and property development.

The following is an analysis of the unaudited Group's turnover and results by reportable segments for six months ended 30 September 2011 and 2010:

	Securities trading		**Property investment and development**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**29,916**	120,074	**—**	—	**29,916**	120,074
Segment results	**(135,140)**	2,160	**(4,699)**	(1,986)	**(139,839)**	174
Other operating income					**368**	355
Gain (loss) on changes in fair value of derivative financial instrument related to convertible bonds					**136,588**	(87,464)
Unallocated expenses					**(4,806)**	(4,686)
Finance costs					**(17,367)**	(11,263)
Share of results of jointly controlled entities			**585,501**	(917)	**585,501**	(917)
Income tax credit					**22,265**	—
Profit (loss) for the period					**582,710**	(103,801)

4. LOSS ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	Six months ended 30 September 2011 Unaudited ***HK$'000***	Six months ended 30 September 2010 Unaudited *HK$'000*
(Decrease) increase in fair value of financial assets at fair value through profit and loss	**(143,046)**	3,244
Decrease (increase) in fair value of derivative financial liabilities	**136,588**	(87,464)
	(6,458)	(84,220)

5. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax is stated after charging:

	Six months ended 30 September 2011 Unaudited ***HK$'000***	Six months ended 30 September 2010 Unaudited *HK$'000*
Depreciation on property and equipment	**41**	44
Operating lease charges on rented premises	**668**	668

6. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2011 and 30 September 2010 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 September 2011 and 2010.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No income tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for the six months ended 30 September 2011 and 2010.

	Six months ended 30 September 2011 Unaudited *HK$'000*	Six months ended 30 September 2010 Unaudited *HK$'000*
Current tax credit:		
– Overprovision in previous years	**22,265**	—

During the six months ended 30 September 2011, in relation to the income tax provision as at 31 March 2011 for the years of assessment 2006/07 to 2008/09 of approximately HK$22,265,000, the Group finalised with Inland Revenue Department that the relevant tax previously provided for is no longer payable and the income tax credit was made during the six months ended 30 September 2011.

7. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).

8. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September 2011 Unaudited *HK$'000*	Six months ended 30 September 2010 Unaudited *HK$'000*
Profit (loss)		
Profit (loss) for the purpose of basic earnings (loss) per share	**582,726**	(103,718)
Effect of dilutive potential ordinary shares :		
– Gain on change in fair value of derivative financial liabilities	**(136,588)**	—
– Imputed interest expense on convertible bonds	**17,348**	—
Profit (loss) for the purpose of diluted earnings (loss) per share	**463,486**	(103,718)

	Six months ended 30 September 2011 Unaudited *'000*	Six months ended 30 September 2010 Unaudited *'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**11,785,131**	11,311,183
Effect of dilutive potential ordinary shares :		
– Options to subscribe for convertible bonds	**3,333,333**	—
– Convertible bonds	**6,869,583**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**21,988,047**	11,311,183

9. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2011, the Group incurred approximately HK$89,000 on additions to property and equipment.

10. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30 September 2011	31 March 2011
	Unaudited	Audited
	HK$'000	*HK$'000*
Cost of investments	**1**	1
Loans to jointly controlled entities	**132,769**	182,600
Share of post-acquisition reserves	**590,051**	4,550
	722,821	187,151

During the six months ended 30 September 2011, the jointly controlled entity which is 50% owned by each of the Group and Regal Hotels International Holdings Limited disposed of its 70% interest in a group of companies holding a property development project in Chengdu City, the PRC ("Disposal Transaction"). The jointly controlled entity has realised from the sale (including the revaluation of the retained interest at the then appraised value) a gain of approximately HK$1,171,002,000, 50% of which amounting to HK$585,501,000 had been included in the Condensed Consolidated Statement of Comprehensive Income of the Group for the six months ended 30 September 2011.

Details of the Disposal Transaction were set out in the announcement of the Company dated 30 June 2011.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2011	31 March 2011
	Unaudited	Audited
	HK$'000	*HK$'000*
Held for trading investments:		
Equity securities listed in Hong Kong	**218,316**	263,653

12. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging purpose and represent:

	30 September 2011	31 March 2011
	Unaudited	Audited
	HK$'000	*HK$'000*
Options to subscribe for convertible bonds due 2013	**65,864**	202,452

Options to subscribe for additional convertible bonds were granted by the Group in conjunction with the issue of the convertible bonds due 2013 in the principal amount of HK$200,000,000 by the Group on 15 February 2008. The fair value of the options to subscribe for additional convertible bonds was valued by Grant Sherman Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuation was made by using the Binomial Option Pricing Model and considering the present value of the stream of future cash flows discounted at the interest rate of 11.47% as at 30 September 2011 (31 March 2011: 9.27%).

The inputs into the model were as follows:

	At 30 September 2011	At 31 March 2011
Spot price	HK$272,375,000	HK$424,258,000
Exercise price	HK$200,000,000	HK$200,000,000
Risk free rate	0.160%	0.640%
Expected life	0.69 year	0.94 year
Expected volatility	92.39%	110.89%
Expected dividend yield	Nil	Nil

13. CONVERTIBLE BONDS

On 27 April 2011, the Group entered into a deed of variation with the holder of the convertible bonds with the principal amount of HK$141,450,000 ("CB2010") to further extend its maturity date from 16 May 2011 to 14 February 2013.

As a result of further extension of the maturity date, the CB2010 was reclassified from current liability to non-current liability.

14. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
At 1 April 2010, HK$0.001 each	250,000,000	250,000
Subdivision of shares of HK$0.001 each into five shares of HK$0.0002 each (Note (b))	1,000,000,000	—
At 31 March 2011, 1 April 2011 and 30 September 2011, HK$0.0002 each	1,250,000,000	250,000
Issued and fully paid:		
At 1 April 2010, HK$ 0.001 each	2,253,443	2,253
Conversion of convertible bonds 2010 ("CB2010") (Note (a))	10,250	10
Subdivision of shares of HK$0.001 each into five shares of HK$0.0002 each (Note (b))	9,054,771	—
Conversion of convertible bonds 2011 ("CB2011") (Note (c))	466,667	94
At 31 March 2011, 1 April 2011 and 30 September 2011, HK$0.0002 each	11,785,131	2,357

Notes:

a. On 26 April 2010, a principal amount of HK$2,050,000 of CB2010 was converted into 10,250,000 new ordinary shares of HK$0.001 each of the Company.

b. Pursuant to an ordinary resolution approved by the shareholders of the Company on 27 August 2010, the then existing ordinary shares of HK$0.001 each were subdivided into five subdivided shares of HK$0.0002 each, effective on 30 August 2010.

c. On 17 February 2011, a principal amount of HK$28,000,000 of CB2011 was fully converted into 466,666,666 new ordinary shares of HK$0.0002 each of the Company.

15. OPERATING LEASE COMMITMENTS

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

	30 September 2011 Unaudited *HK$'000*	31 March 2011 Audited *HK$'000*
Within one year	**1,241**	867
2 to 5 years inclusive	**1,355**	1,228
	2,596	2,095

Operating lease payments represent rental payable by the Group for certain of its office premises. The leases were negotiated for a term of one to three years and with fixed rentals.

16. CAPITAL COMMITMENT

Commitments contracted but not provided for in respect of:

	30 September 2011 Unaudited *HK$'000*	31 March 2011 Audited *HK$'000*
Investments in jointly controlled entities (Note)	**117,231**	67,400
Investment in a property development project in Hong Kong	**—**	6,500
	117,231	73,900

Note: The Group has contracted with a wholly-owned subsidiary of Regal Hotels International Holdings Limited to invest in Faith Crown and its subsidiaries with total agreed commitment of investment costs of HK$250,000,000 for a property development project in the PRC.

17. RELATED PARTY TRANSACTION

The Group had the following related party transaction during the period:

	Six months ended 30 September 2011 Unaudited *HK$'000*	Six months ended 30 September 2010 Unaudited *HK$'000*
Related company		
Building management fee	**236**	214

Other Information

DIRECTORS' INTERESTS IN SHARE CAPITAL

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 30 September 2011, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 September 2011, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance.

Name	Number of shares held	Percentage of the Company's share capital
Giant Sino Group Limited *(Note 1)*	4,403,576,090	37.37%
Winart Investments Limited *(Note 2)*	900,000,000	7.64%
Lendas Investments Limited *(Note 2)*	650,000,000	5.52%
Great Select Holdings Limited *(Note 2)*	466,666,666	3.96%
Fountain Sky Limited *(Note 2)*	334,000,000	2.83%
Culture Landmark Investment Limited *(Note 3)*	1,446,064,745	12.27%
New Asia Media Development Limited *(Note 3)*	1,446,064,745	12.27%

Save as disclosed herein, there was no other person who, as at 30 September 2011, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

Notes:

1. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman of the Company and an Executive Director). Space Capital Investments Limited was deemed to be interested in the 4,403,576,090 shares held by Giant Sino Group Limited.

2. Each of Winart Investments Limited, Lendas Investments Limited and Great Select Holdings Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg Holdings Limited ("Paliburg"). Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Winart Investments Limited, Lendas Investments Limited and Great Select Holdings Limited. Mr. Leung So Po, Kelvin, a Non-executive Director, is a director of Great Select Holdings Limited.

   Fountain Sky Limited is a wholly owned subsidiary of Regal Hotels (Holdings) Limited, which in turn is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels International Holdings Limited ("Regal Hotels"). Regal Hotels is the listed associate of, and was owned as to 49.37% as at 30 September 2011 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Fountain Sky Limited.

   Paliburg is the listed subsidiary of, and was owned as to 59.97% as at 30 September 2011 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City International Holdings Limited ("Century City"), which is a listed company controlled by, and was owned as to 56.44% as at 30 September 2011 by, Mr. Lo Yuk Sui.

   Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Winart Investments Limited, Lendas Investments Limited, Great Select Holdings Limited and Fountain Sky Limited under Part XV of the SFO.

3. New Asia Media Development Limited is the beneficial owner of 1,446,064,745 shares of the Company and is a wholly owned subsidiary of Culture Landmark Investment Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 issued by Fancy Gold Limited, a wholly owned subsidiary of the Company ("**Convertible Bonds due 2013-A**") (Note 2)

Name	**Underlying shares of the Company pursuant to Convertible Bonds due 2013-A issued**	**Adjusted conversion price per share (subject to adjustment)**	**Further extended conversion period** *(Note 2)*	**Approximate % of issued share capital of the Company**
Valuegood International Limited *(Note 1)*	3,536,250,000	HK$0.04	16 July 2007 to 31 January 2013	30.01%

Notes:

1. Valuegood International Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and was owned as to 49.37% as at 30 September 2011 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 59.97% as at 30 September 2011 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and was owned as to 56.44% as at 30 September 2011 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2013-A held by Valuegood International Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Valuegood International Limited.

2. The Company, Fancy Gold Limited and Valuegood International Limited had entered into an extension agreement to further extend the maturity date of the Convertible Bonds due 2013-A to 14 February 2013. Such further extension was approved by independent shareholders of the Company at the extraordinary general meeting of the Company held on 9 June 2011. (Please also refer to the third paragraph under Business Review.)

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 that have been issued or may be issued by Apex Team Limited, a wholly owned subsidiary of the Company ("**Convertible Bonds due 2013**")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013 issued	Adjusted conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Time Crest Investments Limited *(Note 1)*	1,666,666,666	HK$0.06	29 February 2008 to 31 January 2013	14.14%
Well Mount Investments Limited *(Note 1)*	1,666,666,666 *(Note 3)*	HK$0.06	14 days after the date of issue *(Note 3)* to 31 January 2013	14.14%
Jumbo Pearl Investments Limited *(Note 2)*	1,666,666,666	HK$0.06	29 February 2008 to 31 January 2013	14.14%
Sun Joyous Investments Limited *(Note 2)*	1,666,666,666 *(Note 3)*	HK$0.06	14 days after the date of issue *(Note 3)* to 31 January 2013	14.14%

Notes:

1. Each of Time Crest Investments Limited and Well Mount Investments Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and was owned as to 49.37% as at 30 September 2011 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 59.97% as at 30 September 2011 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 56.44% as at 30 September 2011 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Time Crest Investments Limited and Well Mount Investments Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Time Crest Investments Limited and Well Mount Investments Limited.

2. Each of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 59.97% as at 30 September 2011 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and was owned as to 56.44% as at 30 September 2011 by, Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Jumbo Pearl Investments Limited and Sun Joyous Investments Limited under Part XV of the SFO. Mr. Ng Kwai Kai, Kenneth, a Non-executive Director, is a director of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited.

3. As at 30 September 2011, Well Mount Investments Limited and Sun Joyous Investments Limited have not exercised their options to subscribe for the relevant Convertible Bonds due 2013.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the annual report of the Company for year ended 31 March 2011 required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") is set out below:

Name of Director		Details of changes
Non-executive Directors		
Mr. Wang Baoning	•	Resigned as a Non-executive Director and the Vice Chairman of the Company with effect from 26 September 2011.
Mr. Ng Kwai Kai, Kenneth	•	Appointed as an executive director and also as a member of the remuneration committee of KH Investment Holdings Limited ("KH Investment"), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 14 September 2011.
Mr. Leung So Po, Kelvin	•	Appointed as an executive director of KH Investment with effect from 14 September 2011.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

Code of Corporate Governance Practices

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2011, except that:

(1) The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual; and

(2) The Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms.

The deviation in item (1) above is due to the practical necessity and effective management on account of the Group's corporate operating structure.

Although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

Model Code for Securities Transactions by Directors

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 a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2011.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises Mr. Li Ka Fai, David (Chairman of the Committee), Mr. Lee Choy Sang and Ms. Ka Kit, all Independent Non-executive Directors of the Company.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group as well as the auditing, internal control and financial reporting matters, including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2011.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 20 December 2005. The remuneration committee presently comprises the Chairman, Mr. Bong Shu Yin, Daniel and two Independent Non-executive Directors, namely, Mr. Li Ka Fai, David and Mr. Lee Choy Sang. The remuneration committee holds at least one meeting every year. The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the senior management. The remuneration and the employment contracts of any newly appointed Directors and any compensation of removal and dismissal of Directors have to be reviewed and approved by the remuneration committee.