



Far East Hotels and Entertainment Limited

Stock Code : 37

Interim Report 2011





	<i>Page(s)</i>
Corporate Information	2
Managing Director & Chief Executive's Statement	3 – 4
Interim Financial Information	
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6 – 7
Condensed Consolidated Statement of Changes In Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10 – 20
Additional Information Required By Listing Rules	21 – 26

In the event of any error or omission in translation of this Interim Report, the English text shall be taken as correct.

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Deacon Te Ken Chiu, J.P. (*Chairman*)

Derek Chiu, B.A.

(*Managing Director and Chief Executive*)

Desmond Chiu, B.A.

(*Deputy Managing Director*)

Margaret Chiu, LL.B.

Non-executive Directors

Chiu Ju Ching Lan, J.P.

Dick Tat Sang Chiu, M.A.

Dennis Chiu, B.A.

Duncan Chiu, B.Sc.

Independent Non-executive Directors

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

Company Secretary

Tang Sung Ki, CPA, FCCA

Solicitors

Woo Kwan Lee & Lo

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Authorised Representatives

Derek Chiu, B.A.

Tang Sung Ki, CPA, FCCA

Audit Committee

Ng Wing Hang Patrick

Ip Shing Hing, J.P.

Choy Wai Shek Raymond, MH, J.P.

Duncan Chiu, B.Sc.

Remuneration Committee

Derek Chiu, B.A.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

Principal Bankers

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Public Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking
Corporation Limited

Registered & Principal Office

Suite 2308, 23rd Floor, Office Tower,
Convention Plaza, 1 Harbour Road,
Wanchai, Hong Kong

Share Registrars

Tricor Standard Limited

26/F., Tesbury Centre,

28 Queen's Road East, Hong Kong

Stock Exchange

The Shares of the Company are listed on

The Stock Exchange of Hong Kong Limited

Stock Code

0037

Website

www.tricor.com.hk/webservice/00037



OVERALL RESULTS

For the six months ended 30 September 2011, Far East Hotels And Entertainment Limited (the “Company”) and its subsidiaries (the “Group”) recorded an unaudited consolidated net loss attributable to shareholders of HK\$10,423,397 (30/09/2010: net loss of HK\$7,189,784).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2011.

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of Cheung Chau Warwick Hotel has increased by 17% compared with last corresponding period. The Room and Food & Beverages revenue has been increased by 21% and 12% respectively. Both rooms and restaurant facilities have been partially renovated in order to improve the image of the hotel as well as to increase the business. For the Rooms division, the Sales and Marketing Team will continue focusing on the growth of China market in the coming year. Besides doing advertisings in Hong Kong like in the past, the hotel will also do advertisings at China in order to attract more business from this rapid growing market. For the Food & Beverages division, new and tailor-made menus cater for different kinds of clients will be introduced in the coming year.

The turnover of Beijing Warwick Suite Hotel has increased by 44% compared with last corresponding period. This increment brought to this sector a profit of approximately HK\$1,741,000 as compared to a loss of approximately HK\$422,000 with last corresponding period.

In securities investment and trading, the Group has recorded a loss of approximately HK\$5,860,000.

EMPLOYEES

The Group has approximately 100 employees. Employees are remunerated in accordance with nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

FINANCE ACTIVITIES

At 30 September 2011, there were outstanding bank loans of HK\$45,035,000 (31/03/2011: HK\$50,406,795) and unutilised overdraft facilities of HK\$4,000,000 (31/03/2011: HK\$4,000,000) available to the Group.

At 30 September 2011, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 30 September 2011 amounted to approximately HK\$293 million (31/03/2011: approximately HK\$302 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 30 September 2011 is 15% (31/03/2011: 17%).



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Notes	Six months ended 30 September	
		2011 (unaudited) HK\$	2010 (unaudited) HK\$
Revenue		19,113,645	14,947,443
Cost of sales		(15,144,208)	(14,233,713)
Gross profit		3,969,437	713,730
Other gains and losses	5	(5,942,290)	714,558
Administrative expenses		(8,156,441)	(8,004,239)
Finance costs	6	(545,684)	(769,472)
Share of results of associates		251,581	155,639
Loss before taxation		(10,423,397)	(7,189,784)
Taxation	7	–	–
Loss for the period attributable to owners of the Company		(10,423,397)	(7,189,784)
Other comprehensive income (expenses) for the period			
Exchange differences arising on translation of foreign operations		421,418	(970,716)
Total comprehensive expenses for the period attributable to owners of the Company		(10,001,979)	(8,160,500)
		Cents	Cents
Loss per share – Basic	8	(2.13)	(1.47)

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		89,421,488	90,897,768
Investment properties		66,479,120	66,479,120
Interests in associates		1,426,322	1,174,741
Interest in a jointly controlled entity		1,830,336	1,830,336
Loan to a jointly controlled entity	9	8,707,226	8,706,948
Available-for-sale investments		159,188,314	159,188,314
Paintings		4,220,000	4,220,000
		331,272,806	332,497,227
CURRENT ASSETS			
Held-for-trading investments		20,680,677	16,849,965
Inventories		573,794	503,829
Trade and other receivables	10	357,221	1,021,965
Deposits and prepayment		1,078,386	1,481,896
Amount due from an associate		213,562	813,562
Pledged bank deposits		2,118,000	2,118,000
Bank balances and cash		12,187,332	8,865,596
		37,208,972	31,654,813
Investment property held for sale		–	20,500,000
		37,208,972	52,154,813

INTERIM FINANCIAL INFORMATION



Notes	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
CURRENT LIABILITIES		
Trade and other payables	11 7,234,328	8,030,609
Receipt in advance	4,403,388	4,252,190
Rental deposits received	3,214,949	2,722,110
Amounts due to directors	228,634	–
Amounts due to associates	1,342,381	823,381
Amounts due to related companies	586,301	592,156
Amount due to a non-controlling shareholder	2,759,382	3,977,205
Bank borrowings – due within one year	12 4,908,000	12,075,795
	24,677,363	32,473,446
Deposit received for investment property held for sale	–	800,000
	24,677,363	33,273,446
NET CURRENT ASSETS		
	12,531,609	18,881,367
	343,804,415	351,378,594
CAPITAL AND RESERVES		
Share capital	13 48,884,268	48,884,268
Reserves	244,041,186	253,411,365
	292,925,454	302,295,633
NON-CURRENT LIABILITIES		
Deferred taxation	8,696,948	8,696,948
Provision for long service payments	2,055,013	2,055,013
Bank borrowings – due after one year	12 40,127,000	38,331,000
	50,878,961	49,082,961
	343,804,415	351,378,594

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital HK\$	Share premium HK\$	Share option reserve HK\$	Capital redemption reserve HK\$	Property revaluation reserve HK\$	Translation reserve HK\$	Special reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 April 2010 (Audited)	48,884,268	210,865,965	1,433,663	28,990,000	2,938,532	(4,020,912)	54,710,271	(47,532,119)	296,269,668
Loss for the period	-	-	-	-	-	-	-	(7,189,784)	(7,189,784)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(970,716)	-	-	(970,716)
Total comprehensive expenses for the period	-	-	-	-	-	(970,716)	-	(7,189,784)	(8,160,500)
Transfer prior year loss to special reserve	-	-	-	-	-	-	(13,096,674)	13,096,674	-
At 30 September 2010 (Unaudited)	48,884,268	210,865,965	1,433,663	28,990,000	2,938,532	(4,991,628)	41,613,597	(41,625,229)	288,109,168
At 1 April 2011 (Audited)	48,884,268	210,865,965	1,433,663	28,990,000	2,938,532	(3,375,629)	41,613,597	(29,054,763)	302,295,633
Loss for the period	-	-	-	-	-	-	-	(10,423,397)	(10,423,397)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	421,418	-	-	421,418
Released upon disposal of property	-	-	-	-	(2,938,532)	-	-	2,938,532	-
Total comprehensive (expenses) income for the period	-	-	-	-	(2,938,532)	421,418	-	(7,484,865)	(10,001,979)
Share-based payment expenses	-	-	631,800	-	-	-	-	-	631,800
Transfer prior year loss to special reserve	-	-	-	-	-	-	(36,581,067)	36,581,067	-
At 30 September 2011 (Unaudited)	48,884,268	210,865,965	2,065,463	28,990,000	-	(2,954,211)	5,032,530	41,439	292,925,454



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$	HK\$
Net cash used in operating activities	(9,510,207)	(2,798,254)
Net cash from investing activities	19,925,990	194,620
Net cash (used in) from financing activities	(6,622,157)	1,693,153
Net increase (decrease) in cash and cash equivalents	3,793,626	(910,481)
Cash and cash equivalents at beginning of the period	8,865,596	4,145,215
Effect of foreign exchange rate changes	(471,890)	–
Cash and cash equivalents at end of the period	12,187,332	3,234,734

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated 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”) and should be read in conjunction with the 2011 annual financial statements.

Certain comparative figures for prior accounting period have been restated to conform with the current period’s presentation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies used in the unaudited condensed consolidated 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 addition, in the current period, the Group has applied, for the first time, a number of new and revised Standards, Amendments and Interpretations (collectively the “new and revised HKFRSs”) issued by the HKICPA. The adoption of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the condensed consolidated financial statements of the Group, except HKFRS 9 “Financial Instruments”.



HKFRS 9 which was issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (as revised in November 2010) adds requirements for financial liabilities and for derecognition. HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted. The directors anticipate that the application of HKFRS 9 may have an impact on measurement and classification of the Group's available-for-sale investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

3. SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

1. Hotel operation in Hong Kong
2. Hotel operation and property letting in the People's Republic of China, excluding Hong Kong ("PRC")
3. Property investment in Hong Kong
4. Securities investment and trading

INTERIM FINANCIAL INFORMATION

Segment revenues and results

The following is an analysis of the Group's revenue and profit (loss) by operating segments:

	Hotel operation and Hotel operation in Hong Kong HK\$	Hotel property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
	Six months ended 30 September (unaudited)				
2011					
Revenue	10,590,584	8,523,061	–	–	19,113,645
Segment profit (loss)	2,269,052	1,740,988	(166,229)	(5,863,584)	(2,019,773)
Unallocated gains and losses					(78,706)
Unallocated expenses					(8,156,441)
Unallocated finance costs					(420,058)
Share of results of associates					251,581
Loss before taxation					(10,423,397)
Taxation					–
Loss for the period					(10,423,397)

INTERIM FINANCIAL INFORMATION



	Hotel operation and Hotel operation in Hong Kong HK\$	Hotel property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
	Six months ended 30 September (unaudited)				
2010					
Revenue	9,039,708	5,907,735	–	–	14,947,443
Segment profit (loss)	1,270,213	(421,942)	(496,337)	200,732	552,666
Unallocated gains and losses					513,826
Unallocated expenses					(8,004,239)
Unallocated finance costs					(407,676)
Share of results of associates					155,639
Loss before taxation					(7,189,784)
Taxation					–
Loss for the period					(7,189,784)

Geographical information

	Revenue from external customers	
	2011 (unaudited) HK\$	2010 (unaudited) HK\$
Hong Kong	10,590,584	9,039,708
PRC	8,523,061	5,907,735
	19,113,645	14,947,443

4. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$	HK\$
Loss before taxation has been arrived at after charging:		
Depreciation	3,693,236	3,561,101
Auditor's remuneration	498,366	346,453
Directors' remuneration & other staff costs		
Salaries, bonus and allowances	6,362,295	6,652,890
Retirement benefits cost	430,842	414,681
Share-based payment expenses	631,800	–
	7,424,937	7,067,571
Operating lease rentals in respect of rental premises	3,042,379	2,898,919
Share of taxation of associates (included in share of results of associates)	49,692	30,750
Cost of inventories recognised as an expense	2,122,381	1,994,910
and after crediting:		
Net rental income from properties	4,056,321	194,622



5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$	HK\$
Dividend income from listed securities	637,647	280,555
Decrease in fair value of held-for-trading investments	(6,501,230)	(79,823)
Loss on disposal of property, plant & equipment	(89,728)	–
Bank interest income	11,010	2,250
Other interest income	11	17
Exchange gain	–	511,559
	(5,942,290)	714,558

6. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	(unaudited)	(unaudited)
	HK\$	HK\$
Interest on bank borrowings:		
Wholly repayable within 5 years	221,707	147,534
Not wholly repayable within 5 years	323,977	621,938
	545,684	769,472

7. TAXATION

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or has tax losses to offset the assessable profits in both periods.

No provision for PRC Enterprise income tax is required as the subsidiary operating in the PRC has tax losses to offset the assessable profits. In last corresponding period, it incurred a loss and no provision is required.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period of HK\$10,423,397 (2010: loss of HK\$7,189,784) and 488,842,675 (2010: 488,842,675) ordinary shares in issue during the period.

(b) Diluted loss per share

No diluted loss per share for the six months ended 30 September 2011 was presented as there were no potential ordinary shares outstanding during the period.

No diluted loss per share for the six months ended 30 September 2010 was presented as the exercise of the potential dilutive ordinary shares would result in a reduction in loss per share.

9. LOAN TO A JOINTLY CONTROLLED ENTITY

The loan to the jointly controlled entity is unsecured, interest-free and has no fixed repayment terms.

The loan is not expected to be repaid within twelve months from the end of the reporting period.



10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors net of allowance of HK\$233,150 (31/03/2011: HK\$117,237).

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

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

	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
0 – 30 days	147,567	87,512
31 – 60 days	43,440	8,408
Over 60 days	42,143	21,317
	233,150	117,237

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$3,737,425 (31/03/2011: HK\$4,546,236).

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

	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
0 – 30 days	423,010	442,736
31 – 60 days	356,794	551,488
Over 60 days	2,957,621	3,552,012
	3,737,425	4,546,236

The average credit period on purchase of goods is 60 days.

12. BANK BORROWINGS

	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
Bank borrowings comprise:		
Secured	45,035,000	48,406,795
Unsecured	–	2,000,000
	45,035,000	50,406,795
The above borrowings are repayable as follows:		
Within one year	4,908,000	12,075,795
More than one year, but not exceeding two years	3,908,000	3,408,000
More than two years, but not exceeding three years	3,908,000	2,908,000
More than three years, but not exceeding five years	23,646,000	21,896,000
More than five years	8,665,000	10,119,000
	45,035,000	50,406,795
Less: Amount due within one year shown under current liabilities	(4,908,000)	(12,075,795)
Amount due after one year	40,127,000	38,331,000



13. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2011 and 30 September 2011	750,000,000	75,000,000
Issued and fully paid:		
At 1 April 2011 and 30 September 2011	488,842,675	48,884,268

Pursuant to a special resolution passed by the shareholders on 1 June 2007 and the subsequent order of the High Court of the Hong Kong Special Administrative Region granted on 20 July 2007, capital reduction took effect on 20 July 2007 whereby both issued and unissued ordinary share capital with par value of HK\$1.00 were reduced by HK\$0.90 per share to HK\$0.10 per share and the nominal value of the issued share capital was reduced by HK\$439,958,407 of which an amount of HK\$221,897,828 was applied towards eliminating the accumulated losses of the Company as at 31 March 2006, an amount of HK\$100,000,000 was reserved and credited to a special reserve account and the remaining balance of HK\$118,060,579 was credited to the share premium account.

The special reserve can be applied for:

- (a) capitalisation by the issue of new shares of the Company
- (b) eliminating losses, if any, sustained by the Company after 31 March, 2006. Such loss is to be reversed if the relevant asset, against which impairment loss has been eliminated against this reserve, is realised or revalued at an amount in excess of the amount of provision already made.

The special reserve is undistributable pursuant to section 79C of the Hong Kong Companies Ordinance unless the person entitling to the benefit thereof has agreed otherwise.

14. OPERATING LEASE

Operating lease arrangements

The Group as lessee:

At 30 September 2011, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
Within one year	5,150,846	4,986,347
In the second to fifth year inclusive	20,603,385	19,945,388
Over five years	41,206,770	42,383,949
	66,961,001	67,315,684

The Group as lessor:

	30/09/2011 (unaudited) HK\$	31/03/2011 (audited) HK\$
Within one year	2,336,073	4,652,157



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, the interests and short positions of the directors and the Company's chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Directors' interest in shares and underlying shares of the Company

Name of director	Number of issued ordinary shares held			Total	Approximate percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Deacon Te Ken Chiu	12,491,424	–	108,901,052	121,392,476 <i>(Note 1)</i>	24.83%
Mr. Derek Chiu	12,394,000	–	78,430,299	90,824,299 <i>(Note 2)</i>	18.58%
Madam Chiu Ju Ching Lan	188,000	–	–	188,000	0.04%
Mr. Dick Tat Sang Chiu	12,172,800	–	22,277,033	34,449,833 <i>(Note 3)</i>	7.05%
Ms. Margaret Chiu	676,240	–	5,000,000	5,676,240 <i>(Note 4)</i>	1.16%

Notes:

- Of the 108,901,052 shares, (i) 100,939,842 shares were held by various private companies wholly owned by Mr. Deacon Te Ken Chiu of which 72,182,400 shares were held by Achiemax Limited; (ii) 295,210 shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited; and (iii) 7,666,000 shares were held by Brentford Investments Inc., a wholly-owned subsidiary of Far East Holdings International Limited. Mr. Deacon Te Ken Chiu is a controlling shareholder of these companies.

ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

- (2) The 78,430,299 shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu.
- (3) The 22,277,033 shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu.
- (4) The 5,000,000 shares were held by a private company wholly owned by Ms. Margaret Chiu.

(b) Directors' interest in shares and underlying shares of associated corporation

Name of director	Nature of interests	Name of associated corporation	Number of ordinary shares held	Percentage of issued share capital of associated corporation
Mr. Derek Chiu	Long Position	Sino Noble Development Limited	50	50%

Sino Noble Development Limited is a jointly controlled entity of the Company which the Company held 50% of the issued share capital.


(c) Share options of the Company

At an extraordinary general meeting of the Company held on 1 June 2007, an ordinary resolution to approve the adoption of a new share option scheme that complies with the Listing Rules was duly passed by shareholders. Share options granted under the scheme during the period and as at 30 September 2011 were as follows:

Category of Grantee	Number of Options				Exercise Price HK\$	Grant date	Exercisable Period	
	Options held at 1 April 2011	Options granted during the period	Options exercised during the period	Options held at at 30 September 2011			From	To
Executive director								
Mr. Derek Chiu	-	4,500,000	-	4,500,000	0.2498	15/04/2011	15/04/2011	14/04/2021
Independent non-executive directors								
Mr. Ip Shing Hing	1,000,000	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
Mr. Ng Wing Hang Patrick	1,000,000	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
Mr. Choy Wai Shek Raymond	1,000,000	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
Aggregate for employees	5,000,000	-	-	5,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	1,500,000	-	-	1,500,000	0.2650	24/02/2010	24/02/2010	23/02/2020
	<u>9,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>14,000,000</u>				

Save as disclosed above, as at 30 September 2011, none of the directors nor the Company's chief executive nor their respective associates, had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listing Companies.

SUBSTANTIAL SHAREHOLDERS

Save as the interests of certain directors disclosed under the section headed “DIRECTORS’ INTERESTS IN SHARES AND UNDERLYING SHARES”, according to the register of interests maintained by the Company pursuant to Section 336 of the SFO and so far as was known to the directors or chief executive of the Company, as at 30 September 2011, the following persons or corporations (other than a director or chief executive of the Company) had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:

Name of shareholder	Capacity	Number of ordinary issued shares held	Percentage of share capital of the Company
Achiemax Limited (<i>Note 1</i>)	Beneficial owner	72,182,400	14.77%
Energy Overseas Ltd. (<i>Note 2</i>)	Beneficial owner	78,430,299	16.04%

Notes:

- (1) Mr. Deacon Te Ken Chiu and Mr. Dennis Chiu are directors of Achiemax Limited.
- (2) Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu who is also its director.

Save as disclosed above, as at 30 September 2011 and so far as is known to the directors or chief executive of the Company, there was no other person (other than a director or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.



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

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

CORPORATE GOVERNANCE

The Company has complied with Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2011, with deviations from code provision A.4.1 of the Code in respect of the service term of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. Ng Wing Hang Patrick, Mr. Ip Shing Hing, Mr. Choy Wai Shek Raymond and one non-executive director, Mr. Duncan Chiu.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including a review of the unaudited interim financial statements for the six months ended 30 September 2011.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The committee comprises two independent non-executive directors, namely Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond and the Managing Director of the Company, Mr. Derek Chiu.

The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

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") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2011.

On Behalf of the Board

Derek Chiu

Managing Director & Chief Executive

Hong Kong, 25 November 2011