



# **CHEUK NANG (HOLDINGS) LIMITED**

(Stock Code: 131)

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**INTERIM REPORT**  
**FOR THE SIX MONTHS ENDED 31/12/2012**

# **CHEUK NANG (HOLDINGS) LIMITED**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

### **CHAIRMAN STATEMENT**

#### **RESULTS**

I take pleasure to announce that the unaudited consolidated profit after taxation for the six months ended 31 December 2012 of our Group is HK\$129,740,000 (2011: HK\$67,771,000) as set out in the unaudited condensed consolidated income statement which has been reviewed by the Company's audit committee, an increment of 91.44% as compared with last year.

The Directors resolved to recommend the payment of an interim dividend of HK4.5 cents per share (2011: HK4 cents) which is 12.5% higher than last year.

#### **SCRIP DIVIDEND**

The Company proposes that a scrip dividend election will be offered to shareholders with Hong Kong addresses. Details of the scrip dividend scheme will be announced later. The interim dividend is payable to shareholders whose names appeared on the register of members at the close of business on 27 March 2013.

#### **EXPIRY OF WARRANTS**

The Warrants (Stock code: 1067) ("the 2013 April Warrants") will expire on 20 April 2013. Up to 26 February 2013, a total number of 14,423,980 units of warrants were exercised (being 87.10% of the total number of warrants issued) and a total number of 14,423,980 shares were issued.

#### **REVIEW OF OPERATIONS**

##### **Hong Kong Properties**

In order to solve the financial problem, the governments of U.S.A., Europe and Japan have adopted the policies of low interest rates and loosen monetary policies which resulted weaken currencies. The Hong Kong Dollars being pegged to the US Dollars and is unavoidable caused inflation particular to the property price. Being benefited from the economic growth of China and as a platform for Renminbi Centre, there is strong support for the Hong Kong's economy for the coming year.

Despite Hong Kong Government's measures to tackle the overheat property market by introducing the Buyer's Stamp Duty to non-Hong Kong permanent resident buyers and corporate buyers and extended the period for the Special Stamp Duty in October 2012, the residential property market was affected as reflected in the dropping of the transaction volume in November and early December 2012, the price become strong again and volume also increased at the beginning of 2013.

The progress of our projects is as follows:-

1. *One Kowloon Peak, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*  
The sales office and the show flats in Phase I are now being decorated. The site formation and piling work for Phase II are almost completed. The superstructure works of Phase II will be commenced in early 2013. The marketing and sales campaign will start in the second half of this year.
2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*  
Over 70% of the units are rented out. Major renovation for the driveway and car park is under construction.
3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*  
The two blocks (Villa I and Villa II) have achieved 85% occupancy rate with satisfactory rental income.
4. *Cheuk Nang Plaza, 250 Hennessy Road*  
The occupancy rate of the building has increased to 80% with some tenancies were signed in the past three months and rental price has increased about 15%.
5. *Cheuk Nang Lookout, 30 Severn Road, The Peak*  
Villa Begonia being leased and the renovation of Villa Crocus will be completed next month.
6. *New Villa Cecil, 33 Cheung Chau Sai Tai Road, Cheung Chau*  
Occupation Permit for Phase I already issued. The site formation and foundation work of Phase II is in progress and expect to complete by the end of the year.

## **China Properties**

The local developers in China have achieved over 100% increment in sale volume in the past few months although the Central Government will continue the controlling policies to prevent the market become overheated. Generally, we consider the property price will remain firm this coming year.

### *Cheuk Nang Garden*

#### *Longhwa, Shenzhen*

In the fourth quarter of 2012 and begin of 2013, the supply of Shenzhen residential properties from the primary market increased. Bao'an and Longgang districts took up almost 90% of the total new supply. With government restrictions on home purchases, first-time buyers will remain the major force in the primary market. The residential market is expected to be optimistic both in price and volume.

The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is expected to operate in 2014/15. The traveling time from West Kowloon to Longhwa will be shortened to half an hour which has positive impact on our property investment.

The framework of superstructure of Cheuk Nang Garden is completed. The presale will be commenced by the fourth quarter of 2013 and the decoration of the sales office and show flats will starts after Chinese New Year.

### *Cheuk Nang • Riverside*

#### *Yue Hang Qu, Hangzhou*

In Hangzhou, the transaction volume and price of residential properties remained relatively strong in the fourth quarter of 2012 and the beginning of 2013.

The new expressway “秋石高架” will be completed in 2013 and this will shorten the traveling time between our property to the city centre to 15 minutes.

It is anticipated that the framework of the superstructure of our Cheuk Nang • Riverside development will be completed in the fourth quarter of 2013 and the presale will be started by the end of the year.

## **Macau Properties**

The Macau government has announced a series of measures on 12 October 2012 to cool down the overheated property market including (i) reduce the percentage on bank mortgage; (ii) extended the Special Stamp Duty to cover commercial properties, offices and car parks; (iii) additional special stamp duty imposed on those purchasers who are non-Macau residents and corporations; and (iv) increase the supply of public housing etc.

### *Estrada de Seac Pai Van, Coloane*

We have engaged an authoritative environmental company in the Asia-Pacific region to conduct the air ventilation assessment as required by the Macau authorities. After taking professional advices from the environmental company and various conferences with the Macau authorities, the new Air Ventilation Assessment report was submitted to the DSSOPT and the Environmental Protection Bureau for approval in January 2013.

## **Malaysia Properties**

In order to ease the rising property price, the Malaysian Government also has announced to increase the capital gain tax by 5% in October 2012, i.e. those who sell the properties within 2 years after acquisition has to pay a capital gain tax of 15% (which is originally 10%) and those who sell the properties between the second to the fifth year after acquisition has to pay a capital gain tax of 10% (which is originally 5%). Kuala Lumpur property market remain relatively steady.

### *Cecil Chao Centre*

Lot 690, 849, 851 and 1280, Section 57, Lorong Perak, Kuala Lumpur, Malaysia.

#### *Phase I named "Parkview"*

The service apartments have maintained an occupancy rate at 80%.

#### *Phases II to V named "Central Plaza"*

The pile caps and the basement work are in progress. It is anticipated that the work will be finished early next year.

## **INVESTMENT IN HONG KONG STOCK MARKET**

The market price of our investment in the Hong Kong stocks as at 31 December 2012 is HK\$55,643,000 as compared to HK\$78,874,000 as at 30 June 2012. During the period, a total of HK\$32,536,000 stock was sold and of HK\$2,019,000 was purchased.

## **DIRECTORS AND STAFF**

Mr. Ting Woo Shou Kenneth was appointed as an Independent Non-Executive Director of the Company with effect from 17 November 2012.

Mr. Leung Wing Kong Joseph due to his other business commitments has resigned as an Independent Non-Executive Director of the Company with effect from the conclusion of the Board Meeting held on 27 February 2013.

I would like to welcome Mr. Ting for joining the Board and to express our sincere gratitude for the services and contribution made by Mr. Leung during the past nine years.

I would also like on behalf of the Group to thank all our directors and staff for their dedication during the period.

## **OUTLOOK**

Looking ahead into 2013, our investment in China will produce good result in the near future. Hong Kong properties are expected to continue to remain perform well. Recently the Chief Executive has announced a series of measures to increase the supply of residential properties in both the private and public sectors but the effectiveness may not provide effective immediate influence to damp the residential market.

Although uncertain global economy will continue to be a risk in the background, Hong Kong will generally depend more on local, China and regional performance. Hong Kong economic fundamental will continue to be sound.

By order of the Board  
**CECIL CHAO SZE-TSUNG**  
*Executive Chairman*

Hong Kong, 27 February 2013

## RESULTS

The unaudited accounts of the Company and its subsidiaries (collectively referred to as the “Group”) which have been reviewed by the Company’s audit committee are listed as follows:

### Condensed Consolidated Income Statement

For the six months ended 31 December 2012

		<b>Six months ended</b>	
		<b>31 December</b>	
	<i>Note</i>	<b>2012</b>	2011
		<b>HK\$’000</b>	HK\$’000
		<b>(Unaudited)</b>	(Unaudited)
<b>Turnover</b>	3	<b>23,576</b>	16,986
Direct costs		<b>(9,480)</b>	(8,813)
<b>Gross profit</b>		<b>14,096</b>	8,173
Other income	4	<b>7,335</b>	2,140
Change in fair value of investment properties		<b>118,450</b>	92,158
Change in fair value of financial assets at fair value through profit or loss		<b>7,286</b>	(16,094)
Administrative expenses		<b>(13,521)</b>	(11,134)
Other operating expenses		<b>–</b>	(4,742)
Finance costs	5a	<b>(3,251)</b>	(2,013)
<b>Profit before income tax</b>	5	<b>130,395</b>	68,488
Income tax expense	6	<b>(655)</b>	(717)
<b>Profit for the period</b>		<b>129,740</b>	67,771
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>116,165</b>	64,627
Non-controlling interests		<b>13,575</b>	3,144
<b>Profit for the period</b>		<b>129,740</b>	67,771
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>	8		
Basic		<b>HK\$0.27</b>	HK\$0.16
Diluted		<b>HK\$0.27</b>	HK\$0.16

The notes on pages 13 to 27 form part of this interim financial report.

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>129,740</b>	67,771
<b>Other comprehensive income for the period, net of tax</b>		
Exchange gain on translation of financial statements of foreign operations	2,562	5,965
Surplus on revaluation of land and buildings held for own use	12,122	–
<b>Total comprehensive income for the period</b>	<b>144,424</b>	73,736
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	130,849	70,592
Non-controlling interests	13,575	3,144
<b>Total comprehensive income for the period</b>	<b>144,424</b>	73,736

The notes on pages 13 to 27 form part of this interim financial report.



## Condensed Consolidated Statement of Financial Position

As at 31 December 2012

		At 31 December 2012 HK\$'000 (Unaudited)	At 30 June 2012 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	9	3,870,003	3,697,250
Property, plant and equipment		114,982	104,596
Mortgage loans		57	69
Other financial assets		4,742	4,742
Other non-current asset		950	950
Deferred tax assets		27,606	27,918
		<hr/> 4,018,340	<hr/> 3,835,525
<b>Current assets</b>			
Properties under development for sale	9	1,500,441	1,284,535
Completed properties for sale		374,835	372,298
Financial assets at fair value through profit or loss	10	55,643	78,874
Trade and other receivables	11	10,337	8,625
Current tax recoverable		2,247	1,105
Bank balances and cash		92,446	205,521
		<hr/> 2,035,949	<hr/> 1,950,958
<b>Current liabilities</b>			
Trade and other payables	12	24,594	26,278
Amounts due to non-controlling shareholders		239,990	239,990
Bank overdrafts		8,877	222
Interest-bearing borrowings		1,376,423	1,270,379
Current taxation		159	898
		<hr/> 1,650,043	<hr/> 1,537,767
<b>Net current assets</b>		<hr/> 385,906	<hr/> 413,191
<b>Total assets less current liabilities</b>		<hr/> 4,404,246	<hr/> 4,248,716

**Condensed Consolidated Statement of Financial Position (Continued)***As at 31 December 2012*

		At <b>31 December 2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2012 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Advances from a director		27,208	44,278
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>4,377,038</b>	4,204,438
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital	13	44,075	42,042
Reserves		4,270,201	4,113,209
		<hr/>	<hr/>
<b>Total equity attributable to the owners of the Company</b>		<b>4,314,276</b>	4,155,251
<b>Non-controlling interests</b>		<b>62,762</b>	49,187
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>4,377,038</b>	4,204,438
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 27 form part of this interim financial report.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(232)	(143,483)
Net cash used in investing activities	(248,165)	(2,870)
Net cash generated from financing activities	117,150	151,264
Net (decrease)/increase in cash and cash equivalents	(131,247)	4,911
Cash and cash equivalents at 1 July	198,383	84,996
<b>Cash and cash equivalents at 31 December</b>	<b>67,136</b>	<b>89,907</b>
<b>Analysis of the balances of cash and cash equivalents:</b>		
Bank balances and cash as stated in condensed consolidated statement of financial position	92,446	101,141
Less: bank overdrafts	(8,877)	(4,420)
Less: pledged bank balances	(16,433)	(6,814)
	<b>67,136</b>	<b>89,907</b>

The notes on pages 13 to 27 form part of this interim financial report.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

	Equity attributable to the owners of the Company							
	Share	Exchange	Property	Share	Share	Retained	Non-	Total
	capital	reserve*	revaluation	capital	premium*	profits*	controlling	equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 July 2011</b>	40,231	11,375	3,027	320,065	1,191,474	2,420,248	49,222	4,035,642
2011 final dividend approved and paid	-	-	-	-	-	(18,237)	-	(18,237)
Issue of shares								
Pursuant to scrip dividend scheme	719	-	-	-	15,812	-	-	16,531
By exercise of warrants	455	-	-	-	7,742	-	-	8,197
Share issue expenses	-	-	-	-	(8)	-	-	(8)
<b>Transaction with owners</b>	1,174	-	-	-	23,546	(18,237)	-	6,483
Profit for the period	-	-	-	-	-	64,627	3,144	67,771
Other comprehensive income for the period								
Exchange gain on translation of financial statements of foreign operations	-	5,965	-	-	-	-	-	5,965
Total comprehensive income for the period	-	5,965	-	-	-	64,627	3,144	73,736
<b>Balance at 31 December 2011</b>	41,405	17,340	3,027	320,065	1,215,020	2,466,638	52,366	4,115,861

## Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 31 December 2012

	Equity attributable to the owners of the Company							
	Share capital	Exchange reserve*	Property revaluation reserve*	Share capital reserve*	Share premium*	Retained profits*	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2012	42,042	9,885	7,063	320,065	1,229,612	2,546,584	49,187	4,204,438
2012 final dividend approved and paid	-	-	-	-	-	(19,551)	-	(19,551)
Issue of shares								
Pursuant to scrip dividend scheme	629	-	-	-	17,607	-	-	18,236
By exercise of warrants	1,404	-	-	-	28,087	-	-	29,491
Transaction with owners	2,033	-	-	-	45,694	(19,551)	-	28,176
Profit for the period	-	-	-	-	-	116,165	13,575	129,740
Other comprehensive income for the period								
Exchange gain on translation of financial statements of foreign operations	-	2,562	-	-	-	-	-	2,562
Change in fair value of land and buildings	-	-	12,122	-	-	-	-	12,122
Total comprehensive income for the period	-	2,562	12,122	-	-	116,165	13,575	144,424
Balance at 31 December 2012	44,075	12,447	19,185	320,065	1,275,306	2,643,198	62,762	4,377,038

\* These reserve accounts comprise the Group's reserves of HK\$4,270,201,000 (As at 30 June 2012: HK\$4,113,209,000) in the condensed consolidated statement of financial position.

The notes on pages 13 to 27 form part of this interim financial report.

## **Notes to the Condensed Consolidated Financial Statements**

*For the six months ended 31 December 2012*

### **1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 27 February 2013.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in note 2 to this condensed consolidated interim financial statements and the accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

This condensed consolidated interim financial statements 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 30 June 2012.

### **2. ADOPTION OF NEW OR AMENDED HKFRSs**

#### **Adoption of new/revised HKFRSs – effective 1 July 2012**

In the current period, the Group has applied, for the first time the following new and revised HKFRSs issued by HKICPA, which are relevant to and effective for Group’s financial statements for the annual financial periods beginning on 1 July 2012.

- Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The adoption of the new HKFRSs has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

## **Notes to the Condensed Consolidated Financial Statements (Continued)**

*For the six months ended 31 December 2012*

### **2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)**

#### **Adoption of new/revised HKFRSs – effective 1 July 2012 (Continued)**

The Group has early applied Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets in the interim financial statements for the six months ended 31 December 2011.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **3. SEGMENT INFORMATION**

The Group is principally engaged in property development and investment and provision of property management and related services.

In accordance with the Group's internal financial reporting provided to the Group's most senior executive management who is responsible for allocating resources, assessing performance of the operating segments and making strategic decision, the management considers the business from both business and geographical perspective.

From business perspective, the Group organised into the following main business segments:

- Property sales;
- Property rental;
- Estate management; and
- Others – securities trading, investments in derivative financial instruments and debentures

The Group's most senior executive management assesses the performance of the operating segments based on the profit before income tax for the period.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 3. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below:

	Six months ended 31 December 2012				
	Property sales HK\$'000	Property rental HK\$'000	Estate management HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
– From external customers	–	22,541	1,035	–	23,576
– Inter-segment revenue	–	1,256	9,280	–	10,536
<b>Reportable segment revenue</b>	<b>–</b>	<b>23,797</b>	<b>10,315</b>	<b>–</b>	<b>34,112</b>
<b>Reportable segment profit</b>	<b>–</b>	<b>131,511</b>	<b>1,035</b>	<b>10,759</b>	<b>143,305</b>
<b>Reportable segment assets</b>	<b>1,910,990</b>	<b>3,936,602</b>	<b>1,828</b>	<b>61,335</b>	<b>5,910,755</b>
<b>Reportable segment liabilities</b>	<b>2,763</b>	<b>234,176</b>	<b>155</b>	<b>–</b>	<b>237,094</b>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 3. SEGMENT INFORMATION (Continued)

	Six months ended 31 December 2011				
	Property sales	Property rental	Estate management	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
– From external customers	–	15,709	1,277	–	16,986
– Inter-segment revenue	–	1,233	–	–	1,233
Reportable segment revenue	–	16,942	1,277	–	18,219
Reportable segment profit/(loss)	–	100,971	1,277	(14,738)	87,510
Reportable segment assets	1,604,585	3,628,787	826	94,442	5,328,640
Reportable segment liabilities	2,352	273,495	87	–	275,934

The total reportable segment profit can be reconciled to the Group's profit before income tax as presented in this interim financial report as follows:

	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
Total reportable segment profit	143,305	87,510
Unallocated operating income	7,335	2,140
Unallocated operating expenses	(16,994)	(19,149)
Finance costs	(3,251)	(2,013)
Profit before income tax	130,395	68,488

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 4. OTHER INCOME

	Six months ended	
	31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of financial assets at fair value through profit or loss	2,497	–
Recovery of bad debts previously written off	8	8
Dividend income	976	1,357
Exchange gain, net	3,180	–
Interest income	423	460
Sundry income	251	315
	<hr/>	<hr/>
	<b>7,335</b>	<b>2,140</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 5. PROFIT BEFORE INCOME TAX

This is stated after charging/(crediting) the following:

	Six months ended 31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest charges on:		
Bank loans and overdrafts wholly repayable within five years	17,176	8,463
Advances from a director	619	751
Other incidental borrowing costs	1	1
	<hr/>	<hr/>
Total borrowing costs	17,796	9,215
Less: Interest capitalised into investment properties and properties under development for sale	(14,545)	(7,202)
	<hr/>	<hr/>
Total interest charges for financial liabilities not at fair value through profit or loss	3,251	2,013
	<hr/> <hr/>	<hr/> <hr/>
<b>(b) Other items</b>		
Depreciation	2,071	842
Exchange (gain)/loss, net	(3,180)	3,784
(Gain)/loss on disposal of financial assets at fair value through profit or loss	(2,497)	957
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	7,130	6,648
Contribution to defined contribution plans	149	116
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
Current tax		
– Hong Kong	321	689
– Overseas	334	28
	<hr/>	<hr/>
Total income tax expense	655	717
	<hr/> <hr/>	<hr/> <hr/>

### 7. DIVIDENDS

	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
Final dividend of HK4.5 cents		
(2011: HK4.5 cents) per share	19,551	18,237
Proposed interim dividend of HK4.5 cents		
(2011: HK4 cents) per share	19,834	16,562
	<hr/>	<hr/>
	39,385	34,799
	<hr/> <hr/>	<hr/> <hr/>

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 7. DIVIDENDS (Continued)

During the six months ended 31 December 2012, scrip dividend alternative was offered to shareholders in respect of 2012 final dividend. This alternative was accepted by shareholders as follows:

	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Dividends:		
Cash	1,315	1,706
Share alternative	18,236	16,531
	<hr/>	<hr/>
	19,551	18,237
	<hr/> <hr/>	<hr/> <hr/>

### 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the period is based on the following data:

#### Earnings

	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Profit attributable to the owners of the Company for the purpose of calculating basic and diluted earnings per share	116,165	64,627
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 8. EARNINGS PER SHARE (Continued)

#### Number of shares

	At 31 December 2012	At 31 December 2011
Weighted average number of ordinary shares for the purposes of basic earnings per share	424,981,601	403,830,342
Effect of dilutive potential ordinary shares:		
Warrants	1,074,417	73,624
	<u>426,056,018</u>	<u>403,903,966</u>

### 9. INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT FOR SALE

During the six months ended 31 December 2012, capital expenditure on additions of the investment properties was HK\$49,340,000 (30 June 2012: HK\$27,638,000), on properties under development for sale was HK\$215,906,000 (30 June 2012: HK\$171,021,000).

### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2012 HK\$'000	At 30 June 2012 HK\$'000
<b>Financial assets at fair value through profit or loss</b>		
Held for trading		
Equity securities listed in Hong Kong	55,643	78,874
	<u>55,643</u>	<u>78,874</u>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 11. TRADE AND OTHER RECEIVABLES

	At 31 December 2012 <i>HK\$'000</i>	At 30 June 2012 <i>HK\$'000</i>
Trade receivables	813	624
Prepayments, deposits and other receivables	9,524	8,001
	<hr/>	<hr/>
	<b>10,337</b>	<b>8,625</b>
	<hr/> <hr/>	<hr/> <hr/>

The trade receivables of the Group represent rental and management fee in arrears. The Group maintains a credit policy to minimise any credit risk associated with trade receivables. As of the end of the reporting period the ageing analysis of the trade receivables (which is included in trade and other receivables), based on invoice date and net of impairment for bad and doubtful debts is as follows:

	At 31 December 2012 <i>HK\$'000</i>	At 30 June 2012 <i>HK\$'000</i>
0 – 30 days	481	375
31 – 60 days	223	105
61 – 90 days	–	9
Over 90 days	109	135
	<hr/>	<hr/>
	<b>813</b>	<b>624</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are due upon presentation of invoices.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 12. TRADE AND OTHER PAYABLES

	At 31 December 2012 <i>HK\$'000</i>	At 30 June 2012 <i>HK\$'000</i>
Trade payables	595	429
Accrued charges and other payables	23,999	25,849
	<hr/>	<hr/>
	<b>24,594</b>	26,278
	<hr/> <hr/>	<hr/> <hr/>

As of the end of the reporting period, the ageing analysis of the trade payables (which is included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2012 <i>HK\$'000</i>	At 30 June 2012 <i>HK\$'000</i>
0 – 30 days	584	32
31 – 60 days	–	55
61 – 90 days	–	55
Over 90 days	11	287
	<hr/>	<hr/>
	<b>595</b>	429
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 13. SHARE CAPITAL

	Authorised		Issued and fully paid	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.10 each				
At 1 July 2012	10,000,000,000	1,000,000	420,416,019	42,042
Issue of share pursuant to scrip dividend scheme	-	-	6,288,074	629
Issue of shares by exercise of warrants ( <i>note 1</i> )	-	-	14,043,929	1,404
<b>At 31 December 2012</b>	<b>10,000,000,000</b>	<b>1,000,000</b>	<b>440,748,022</b>	<b>44,075</b>

*Note:*

1. On 30 March 2012, the Company passed a resolution to approve the issue of one bonus warrant for every twenty five existing shares of the Company held by the shareholders (“2013 April Warrants”). On 20 April 2012, the Company issued 16,561,917 units of 2013 April Warrants. The holders of 2013 April Warrants are entitled to subscribe at any time during 20 April 2012 to 20 April 2013 for fully paid shares of the Company at an initial subscription price of HK\$2.10 per share (subject to adjustment). During the period, 14,043,929 shares of HK\$0.10 each per share were issued upon the exercise of 14,043,929 units of 2013 April Warrants. The remaining 2,442,236 units of 2013 April Warrants will expire on 20 April 2013.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 14. CAPITAL COMMITMENTS

As of the end of the reporting period, capital commitments in respect of properties under development outstanding and acquisition of land not provided for in the interim financial statements are as follows:

	At 31 December 2012 <i>HK\$'000</i>	At 30 June 2012 <i>HK\$'000</i>
Authorised but not contracted for	<b>626,203</b>	102,424
Contracted but not provided for	<b>746,584</b>	739,351
	<hr/> <b>1,372,787</b> <hr/>	<hr/> 841,775 <hr/>

### 15. PLEDGE OF ASSETS

At 31 December 2012, the Group's total bank borrowings of HK\$1,376,423,000 (30 June 2012: HK\$1,270,379,000) was secured by the following:

- (i) legal charges on certain of the Group's investment properties, properties under development for sale, completed properties for sale, property, plant and equipment, financial assets at fair value through profit or loss and other financial assets with carrying values of HK\$2,919,484,000 (30 June 2012: HK\$2,465,454,000), HK\$647,324,000 (30 June 2012: HK\$36,694,000), HK\$330,033,000 (30 June 2012: HK\$269,846,000), HK\$113,130,000 (30 June 2012: HK\$102,130,000), HK\$46,837,000 (30 June 2012: HK\$70,919,000) and HK\$4,742,000 (30 June 2012: Nil) respectively;
- (ii) floating charge all the assets and undertakings of certain subsidiaries;
- (iii) charge over certain bank account balances with carrying values of HK\$16,433,000 (30 June 2012: HK\$6,916,000);
- (iv) mortgages over the shares of certain subsidiaries; and
- (v) assignments of sale proceeds, insurance proceeds, rental income and deposits arising from the tenancy agreements of certain properties.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions which were carried out in the ordinary course of the Group's business are as follows:

	Note	Six months ended 31 December	
		2012 HK\$'000	2011 HK\$'000
Salaries and other short-term employee benefits paid to key management personnel, including amounts paid to the Company's directors		<b>4,862</b>	4,882
Interest paid to Dr. Chao Sze-Tsung Cecil Architect and other professional service fees paid to Cecil Chao & Associates Limited ("CCAL")	(a)	<b>619</b>	751
Cecil Chao Design (Macau) Limited ("CCA Macau")	(b)	<b>6,530</b>	1,500
Rental income received from CCAL	(c)	–	12,498
Commission paid to Szehope Securities Company Limited	(d)	<b>81</b>	93
Rental charge paid to Resource Development Limited	(e)	–	2,280
		<b>—————</b>	<b>—————</b>

## **Notes to the Condensed Consolidated Financial Statements (Continued)**

*For the six months ended 31 December 2012*

### **16. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

- (a) Dr. Chao Sze-Tsung Cecil has provided unsecured advances, which have no fixed repayment term to the Group at 3% (30 June 2012: 3%) above the HIBOR per annum. At 31 December 2012, the advances from Dr. Chao Sze-Tsung Cecil to the Group amounted to HK\$27,208,000 (30 June 2012: HK\$44,278,000). Dr. Chao Sze-Tsung Cecil has confirmed that he will not request repayment of these advances until such time as the Group is in a position to repay.
- (b) CCAL and CCA Macau rendered architectural and related services to the Group on terms agreed between both parties. Dr. Chao Sze Tsung Cecil is the beneficial owner of CCAL and CCA Macau.
- (c) Certain properties were leased to CCAL as office premises on terms mutually agreed between both parties.
- (d) Dr. Chao Sze-Tsung Cecil is the beneficial owner of Szehope Securities Company Limited.
- (e) Dr. Chao Sze-Tsung Cecil is the beneficial owner of Resource Development Limited. The rental agreement was expired and no rental charge was paid to Resource Development Limited during the period.

### **17. COMPARATIVE FIGURES**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

Turnover for the six months ended 31 December 2012 (the “Period”) amounted to HK\$23,576,000 (six months ended 31 December 2011: HK\$16,986,000), a 38.8% increase over the same period last year. It was mainly due to the increase in turnover from rental income from Villa Cecil Phase III Block II.

For property leasing, the Period recorded an increase of 43.5% in rental income as compared with the corresponding period in 2011, amounting HK\$22,541,000 (31 December 2011: HK\$15,709,000).

Gross profit for the Period amounted to HK\$14,096,000, a 72.5% increase as compared with the same period last year.

Other income recorded an increase of 242.8% to HK\$7,335,000 when compared with the same period last year (31 December 2011: HK\$2,140,000). The other income for the Period were mainly attributed to gain on disposal of financial assets at fair value through profit or loss, dividend income from listed securities and net exchange gain on overseas investment. Gain on fair value adjustment on investment properties amounted to HK\$118,450,000 (31 December 2011: HK\$92,158,000). Administrative expenses increased by 21.4% to HK\$13,521,000 as compared with the same period last year. No other operating expenses for the Period. (31 December 2011: HK\$4,742,000). Finance costs recorded an increase of 61.5% to HK\$3,251,000 as compared with the same period last year.

Profit attributable to owners of the Company for the Period was HK\$116,165,000 (31 December 2011: HK\$64,627,000). Basic earnings per share was HK\$0.27 (31 December 2011: HK\$0.16) and fully diluted earning per share was HK\$0.27 (31 December 2011: HK\$0.16).

Final dividend of HK4.5 cents for the year ended 30 June 2012 (30 June 2011: HK4.5 cents) was paid during the Period. Scrip dividend alternative was offered to shareholders in respect of 30 June 2012 final dividend.

The Board resolved an interim dividend of HK4.5 cents per share for the six months ended 31 December 2012 (31 December 2011: HK4 cents). Scrip dividend alternative was offered to shareholders in respect of 31 December 2012 interim dividend.

## **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY**

As at 31 December 2012, the Group's total equity attributable to owners of the Company amounted to approximately HK\$4,314,276,000 (30 June 2012: HK\$4,155,251,000), an increase of HK\$159,025,000 or 3.8% when compared with 30 June 2012. With the total number of ordinary shares in issue of 440,748,022 as at 31 December 2012 (30 June 2012: 420,416,019 shares), the total equity attributable to owners of the Company per share was HK\$9.79, a decrease of 0.9% over 30 June 2012: HK\$9.88. The decrease in total equity attributable to owners of the Company per share was mainly attributable to the increase in number of ordinary shares but partly offset by increase in fair value of investment properties of the Group during the Period.

During the Period, the Group had bought and sold listed securities investment. Other than the existing projects and those disclosed in the interim report, the Group did not have any confirmed future plans for material investment or acquiring capital assets.

## **SECURITIES INVESTMENT**

As at 31 December 2012, the fair value of investment in listed securities was HK\$55,643,000. During the Period, the portfolio was decreased by a net disposal of HK\$43,801,000 and gain in change in fair value of HK\$7,286,000. The listed securities investments of HK\$55,643,000 as at 31 December 2012 representing 0.9% (30 June 2012: 1.4%) of the total assets, which formed part of the Group's cash management activities.

## **RISK MANAGEMENT**

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement and effective internal controls in the best interests of the Group.

## **EQUITY**

The number of issued ordinary shares as at 31 December 2012 and 30 June 2012 were 440,748,022 and 420,416,019 respectively.

## **DEBT AND GEARING**

As at 31 December 2012, the Group's bank and other borrowings amounted to HK\$1,412,508,000 (30 June 2012: HK\$1,314,879,000). Cash and bank balances amounted to HK\$92,446,000 (30 June 2012: HK\$205,521,000) and net borrowing amounted to HK\$1,320,062,000 (30 June 2012: HK\$1,109,358,000).

Total debts to equity ratio was 32.3% (30 June 2012: 31.3%) and net debt to equity ratio was 30.2% (30 June 2012: 26.4%).

The increase in the total debt to equity ratio and net debt to equity ratio were mainly due to increase in bank borrowing during the Period resulted from increase in investment in our subsidiaries in China.

At the reporting date, the Group's bank and other borrowings were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. Of the Group's total bank and other borrowings HK\$1,412,508,000, 57.4%, 9.2% and 33.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively by reference to the repayment schedule of the loan agreement. The Group's bank and other borrowings carried interest rates by reference to HIBOR, PBRC of PRC and BLR of Malaysia. No hedging for interest rate subsisted at the end of the Period.

#### **PLEDGE OF ASSETS**

As at 31 December 2012, the Group's investment properties, properties under development for sale, completed properties for sale, property, plant and equipment, financial assets at fair value through profit or loss and other financial assets with their respective carrying value of HK\$2,919,484,000 (30 June 2012: HK\$2,465,454,000), HK\$647,324,000 (30 June 2012: HK\$36,694,000), HK\$330,033,000 (30 June 2012: HK\$269,846,000), HK\$113,130,000 (30 June 2012: HK\$102,130,000), HK\$46,837,000 (30 June 2012: HK\$70,919,000) and HK\$4,742,000 (30 June 2012: Nil) were pledged to secure general banking facilities of the Group.

#### **FINANCIAL AND INTEREST EXPENSES**

Financial costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest capitalized for the Period was HK\$14,545,000 as compared to HK\$7,202,000 for the same period last year. Interest expenses for the Period amounted to HK\$3,251,000, representing 61.5% increase over the interest expenses of HK\$2,013,000 recorded for the same period last year. The increase in interest expense was mainly due to increase in bank borrowing and interest rate during the Period. The average interest rate over the period under review was 1.3% (31 December 2011: 0.9%) which was expressed as a percentage of total interest expenses over the average total borrowing.

## **REMUNERATION POLICIES AND SHARE OPTION SCHEME**

During the period under review, the Group employed a total of 56 (Period ended 31 December 2011: 44) staff.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary, year end double pay and year end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Period.

## **HONG KONG**

The Government has introducing several policies such as Buyer's Stamp Duty to non-Hong Kong permanent resident buyers and Corporate buyers to cool down the properties market. We consider there is no material adverse effect to the properties price.

### **1. One Kowloon Peak**

The site formation and piling work for Phase II are expected to be completed shortly. Superstructure will be started following the completion of site formation and piling work. The sale will take place in second half of 2013.

### **2. Villa Cecil Phase II**

Occupancy rate is satisfactory and negotiation for renewal continues for tenancy expiry in 2013.

### **3. Villa Cecil Phase III**

Occupancy rate is satisfactory. Negotiation for new lease for Block I and II and renewal for expiry lease in Block I is continued.

### **4. New Villa Cecil**

Occupation Permit for Phase I has obtained. Site formation and foundation work for Phase II are in progress.



## **CHINA**

The Government of the China continues its controlling policy on property market. We consider the property price will remain stable.

### **1. Cheuk Nang Garden, Shenzhen**

The framework of superstructure of Cheuk Nang Garden is completed. The presale will take place in the fourth quarter of 2013.

### **2. Cheuk Nang • Riverside, Hangzhou**

The framework of superstructure expected to be completed by the end of 2013.

## **MACAU**

The Air Ventilation Assessment report has been submitted to the DSSOPT and the Environmental Protection Bureau for approval.

## **MALAYSIA**

Phase I named “Parkview” has been operated as service apartment with satisfactory income. For Phase II to V named “Central Plaza”, piling caps and basement work are in progress. The work are expected to be completed early next year.

## **PROPERTY VALUATION**

A property valuation has been carried out by Directors in respect of the Group’s investment properties and certain property, plant and equipment as at 31 December 2012 and that valuation was used in preparing the financial statements for the six months ended 31 December 2012. The Group’s investment properties and investment properties under development were valued at HK\$2,444,298,000 and HK\$1,425,705,000 respectively making the total HK\$3,870,003,000 (30 June 2012: investment properties and investment properties under development were valued at HK\$2,345,910,000 and HK\$1,351,340,000 making the total HK\$3,697,250,000). The aggregate increase in fair value of approximately HK\$118,450,000 was credited to the income statement for the Period. The Group land and building held for own use and as a director’s quarter carried at fair value were valued at HK\$91,000,000 (30 June 2012: HK\$80,000,000) and HK\$22,130,000 (30 June 2012: HK\$22,130,000) respectively. Changes in fair value of HK\$12,122,000 for the Period were recorded in revaluation reserve. Properties under development for sale of the Group were stated at lower of cost or net realisable value in the financial statements.

## **POLICY AND OUTLOOK**

Following the continues growth of the China economy and the adoption of low interest rates and loosen monetary policies by the U.S.A., European countries and Japan, the Hong Kong's economy will be benefit from it.

Following the recent economic development in Hong Kong and China, the Group expecting our investment will produce good result in the coming years.

## **INTERIM DIVIDEND**

The Directors resolved to recommend the payment of an interim dividend of HK4.5 cents (2011: HK4 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 27 March 2013. The interim dividend will be paid on 23 April 2013.

## **CLOSURE OF REGISTER**

The register of members of the Company will be closed from 21 March 2013 to 27 March 2013 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the interim dividend, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20 March 2013.

## **PURCHASE AND CANCELLATION OF SHARES**

There was no redemption, purchase or cancellation of shares by the Company or any of its subsidiaries during the six months ended 31 December 2012.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code and Corporate Governance Report**

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. During the period, the Company had complied with the relevant provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) based on the principles set out in Appendix 14 to the Listing Rules, save the following:–

- (i) the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code;
- (ii) the role and responsibilities of Chairman and the Chief Executive Officer are not separated as we are still looking for suitable person to act as Chief Executive Officer.

### **Audit Committee**

During the period, the Audit Committee comprises Messrs. Lam Ka Wai Graham, Leung Wing Kong Joseph and Dr. Sun Ping Hsu Samson, all being Independent Non-Executive Directors of the Company. The Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December, 2012.

Owing to the resignation of Mr. Leung Wing Kong Joseph as Independent Non-Executive Director of the Company with effect from the conclusion of the Board Meeting held on 27 February 2013, Mr. Leung will cease to be member of the Audit Committee at the same time.

### **Nomination Committee**

The changes in membership of the Nomination Committee are as follows:–

- (i) Mr. Leung Wing Kong Joseph will cease to be member of the Nomination Committee following his resignation as Independent Non-Executive Director with effect from the conclusion of the Board Meeting held on 27 February 2013;

- (ii) Mr. Ting Woo Shou Kenneth, the newly appointed Independent Non-Executive Director will become member of the Nomination Committee with effect from 28 February 2013;
- (iii) Mr. Lam Ka Wai Graham will also cease to act as member of the Nomination Committee with effect from 28 February 2013; and
- (iv) The other members Dr. Chao Sze Tsung Cecil and Dr. Sun Ping Hsu Samson remain unchanged.

### **Remuneration Committee**

The changes in membership of the Remuneration Committee are as follows:–

- (i) Mr. Leung Wing Kong Joseph will cease to be member and Chairman of the Remuneration Committee following his resignation as Independent Non-Executive Director with effect from the conclusion of the Board Meeting held on 27 February 2013;
- (ii) Dr. Sun Ping Hsu Samson will act as Chairman of the Committee with effect from 28 February 2013;
- (iii) Dr. Chao Sze Tsung Cecil will become member of the Committee with effect from 28 February 2013;
- (iv) Mr. Chao Howard and Ms. Ho Sau Fun Connie will cease to act as Committee members with effect from 28 February 2013; and
- (v) Mr. Lam Ka Wai Graham will remain unchanged.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted codes of conduct regarding securities transactions by Directors (the “Securities Code”) and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the six months ended 31 December 2012. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

At 31 December 2012, the interests and short positions of the Directors and Chief Executive in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

<b>Name</b>	<b>Equity</b>	<b>Personal interest</b>	<b>Corporate interests</b>
Chao Sze-Tsung Cecil	Ordinary Shares of HK\$0.1 each	20,655,329 shares	291,656,069 shares
Lee Ding Yue Joseph	Ordinary Shares of HK\$0.1 each	2,196,612 shares	–

*Note:* The shareholdings disclosed by Dr. Cecil Sze-Tsung Chao under the heading "Corporate Interests" in the above represents the shares held by Yan Yin Company Limited and Szehope Securities Company Limited, substantial shareholders of the Company.

The Company did not grant to the Directors, Chief Executive or their associates any right to subscribe for shares in the Company.

Save as disclosed above, none of the Directors or their associates had any interest or short position in the shares of the Company or its subsidiaries as at 31 December 2012 that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the year was the Company, any of its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

By order of the Board  
**HO SAU FUN CONNIE**  
*Company Secretary*

Hong Kong, 27 February 2013