



Polytec Asset Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)



2010 Interim Report

Contents

	Page
Chairman's Statement	2
Unaudited Consolidated Income Statement	6
Unaudited Consolidated Statement of Comprehensive Income	7
Unaudited Consolidated Balance Sheet	8
Unaudited Consolidated Statement of Changes in Equity	10
Unaudited Condensed Consolidated Cash Flow Statement	11
Notes to the Unaudited Interim Financial Statements	12
Other Information	19

Chairman's Statement

INTERIM RESULTS AND DIVIDENDS

The Group's unaudited net profit attributable to the shareholders amounted to HK\$195 million for the six months ended 30 June 2010 compared to HK\$867 million over the same period last year.

As there were no revaluation adjustments from the Group's investment properties for the first half of 2010, the underlying net profit was HK\$195 million compared to HK\$891 million for the corresponding period of 2009. The underlying interim earnings per share for 2010 amounted to 4.38 HK cents compared to 20.08 HK cents for the same period last year.

The Board of Directors has declared an interim dividend of 0.9 HK cent per share for the six months ended 30 June 2010. The interim dividend will be payable on 15 October 2010 to the shareholders whose names appear on the register of members of the Company on 6 October 2010.

BUSINESS REVIEW

For the first half of 2010, the main source of net earnings attributable to the Group came from the partial profit recognition of HK\$178 million from Pacifica Garden, which is the Group's 58%-owned property development project in Taipa, Macau. We have pre-sold 100% of the residential units and over 60% of carparking spaces of the project. The remaining carparking spaces and retail spaces of the project will be put up for sale at an appropriate time.

In April 2010, the Group exercised the call option granted by Ufex Advisors Corp ("Ufex") to acquire 100% interest in its wholly owned subsidiary, Caspi Neft TME ("Caspi Neft"). Caspi Neft is engaged in the business of the production and exploration of oil from hydrocarbon deposits in Kazakhstan, in respect of which it entered a 25-year tax and royalty contract for the production of oil and gas with the Ministry of Energy and Mineral Resources of Kazakhstan in December 2006.

Property Development

As of end-June 2010, the Group's landbank for development in Macau totalled approximately 891,300 sq. m. gross floor area of which approximately 713,000 sq. m. was attributable to the Group, with the two biggest development sites located adjacent to the future Hong Kong-Zhuhai-Macau Bridge. The current status of our major development projects is set out as follows.

Lote P, The Orient Pearl District

Lote P is located in the Orient Pearl District, Macau, covering an aggregate site area of approximately 68,000 sq. m.. It will be developed by phases into various luxury residential towers, together with a large shopping arcade, a five-star club house and car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The Group owns an 80% interest in the project. The master plan of the development has been approved and the building plan has been submitted to the relevant government authorities for approval.

Chairman's Statement

Lotes T & T1, The Orient Pearl District

Lotes T & T1 are located in the Orient Pearl District, Macau, covering an aggregate site area of approximately 17,900 sq. m.. This project will be developed into a number of luxury residential blocks with retail shops and car parking spaces, having an aggregate gross floor area of approximately 191,600 sq. m.. The Group owns an 80% interest in the project. The master plan of the development project has been approved and the building plan has been submitted to relevant government authorities for approval.

Property Investment

The Group's gross rental income generated from its investment property portfolio for the first six months of 2010 amounted to HK\$34.4 million, a slight decrease of 0.6% over the corresponding period of 2009. The decrease in gross rental income during the period under review was mainly due to the continued disposal of retail and office spaces at China Plaza, a non-core investment property. Gross rental income from The Macau Square, the Group's 50%-owned investment property, rose to HK\$30.1 million, representing a 4.2% increase over the same period last year.

Ice and Cold Storage

The ice and cold storage segment contributed HK\$6.2 million to the Group's operating profit in the first half of 2010, representing an increase of 80% over the same period last year. The significant increase in operating earnings for the period under review was partly due to the rebound in economic activity after the worst financial crisis in decades, with total revenue from the cold storage business rising 32.7% during the period. More encouragingly, with an increasing demand for industrial used crushed tube ice due to certain newly launched public infrastructure projects, total ice sales also registered an increase of 7.2% during the first half of the year. In Hong Kong, as a number of large public infrastructure projects are scheduled to be launched in the coming years, we expect our ice sales will improve.

Finance and Investment

As mentioned in its 2009 Annual Report in March, the Group has ceased all its non-strategic financial investment activities, with no activities in its financial and investment segment for the first half of this year other than holding of equity securities, which were previously acquired and are of relatively insignificant value.

Chairman's Statement

FINANCIAL REVIEW

As of 30 June 2010, total asset value of the Group amounted to HK\$11,567 million and net asset value amounted to HK\$10,218 million, with cash and cash equivalents of HK\$288 million mainly denominated in Hong Kong dollars.

As of 30 June 2010, the trade and other payables of the Group decreased to HK\$73 million with the decrease mainly due to the transfer of sale deposits for Pacifica Garden to revenue during the period under review.

The Group's gearing ratio, expressed as a percentage of total borrowings, which include total bank borrowings and the total amounts due to the holding companies of the Company, over the equity attributable to equity holders of the Company, increased slightly to 9.4% at 30 June 2010 from 9.1% at end-2009. The bank borrowings are secured by the Group's land and buildings and interest in certain properties, denominated in Hong Kong dollars and bearing interest at prevailing market rates. The bank borrowings of HK\$195 million are repayable by March 2012 and the remaining portion of the bank borrowings is subject to review from time to time. The amounts due to the holding companies are unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment.

As of 30 June 2010, certain assets of the Group with a net asset value of approximately HK\$133 million were pledged to secure the banking facilities to the Group.

On 1 April 2010, the Group and Ufex entered into a sale and purchase agreement to acquire the entire issued share capital of Caspi Neft and a loan assignment agreement to assign to the Group all of the outstanding debt owed by Caspi Neft to Ufex. The total consideration was US\$139.6 million. Upon the signing of the agreements, the Group paid a deposit of US\$4 million. The transactions completed in July after the balance sheet date. Upon completion, part of the outstanding consideration amounting to US\$133.6 million was settled, being the total outstanding consideration of US\$135.6 million less retention money of US\$2 million. The settlement of US\$133.6 million was financed by internal resources of the Group and a loan from the ultimate holding company of the Company.

PROSPECTS

The Macau economy has recovered rapidly from the 2008 financial crisis, with gross domestic product growing robustly at an average rate of 30.1% in the first quarter of 2010. This has been driven largely by the exceptionally strong gaming industry, with gross revenue from the sector rising at a rate of 66.7% in the first six months of this year. In addition, the Macau economy has benefited from the low interest rates associated with the MOP's implicit link with the USD.

Chairman's Statement

The Macau economy is expected to remain strong in the second half of this year, with the gaming and property sectors likely extending their strong momentum into the second half of the year. Over the medium-to-long term, there are a number of factors supporting a promising growth outlook for the Macau economy and hence its property market. First, the start of construction work of the Hong Kong-Zhuhai-Macau Bridge, and other on-going or scheduled mega public infrastructure projects and large private development projects, will continue to increase demand for labour, both local and overseas. With the shortage of the local labour, personal income will undoubtedly rise which will improve housing affordability for local people. The increase in demand for overseas labour, both professionals and workers, will raise future demand for housing in Macau. Second, with the rapid development in the gaming industry over the past seven years, Macau is now regarded as one of the largest and most advanced gaming centres in the world, with gross gaming revenue exceeding MOP120 billion (US\$15 billion) in 2009, and tourist arrivals in the coming years are expected to continue to increase. Therefore, we remain optimistic about the prospects for the economy.

The Group's property business is well positioned to take advantage of this continuing prosperity. Its two mega property development projects, which are located adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge in the Orient Pearl District, are expected to start their foundation and construction work once the Group obtains all necessary government approvals. And the Group will put up more residential units for sale in the coming year. We are confident that with the ultimate holding company of the Group's well established brand in Macau property, we are able to create good value from these two sizeable projects for our shareholders for the years to come.

As previously stated, in July, the Group completed the acquisition of Caspi Neft, an oil and gas company in Kazakhstan. The acquisition allows the Group to diversify its business to the energy sector given that the Group's property business in Macau offers good but relatively limited growth potential due to geographical constraints over the long term. The Group's professional oil and gas team is aiming to raise the production capacity of the oil fields and it is expected to start contributing to the Group's profit from 2011 onwards.

I would like to take this opportunity to express my gratitude to my fellow Directors for their support and all staff for their contribution.

Or Wai Sheun
Chairman

Hong Kong, 30 August 2010

Unaudited Consolidated Income Statement

		For the six months ended 30 June	
	Note	2010 HK\$'000	2009 HK\$'000
TURNOVER	2	801,260	965,114
Cost of sales		(421,923)	(67,298)
Gross profit		379,337	897,816
Other operating income		15,675	27,700
Selling and distribution costs		(11,306)	(3,555)
Administrative expenses		(17,085)	(11,520)
Other operating expenses		(13,513)	(19,720)
PROFIT FROM OPERATIONS		353,108	890,721
Loss arising from a change in fair value of investment properties		—	(14,000)
Finance costs		(4,126)	(2,484)
Share of results of jointly controlled entity		11,133	(5,467)
PROFIT BEFORE TAX	2	360,115	868,770
Income tax expenses	3	(33,927)	(1,970)
PROFIT FOR THE PERIOD	4	326,188	866,800
ATTRIBUTABLE TO:			
Equity holders of the Company		194,503	867,178
Minority interests		131,685	(378)
		326,188	866,800
EARNINGS PER SHARE — Basic/diluted	5	4.38 HK cents	19.54 HK cents

Unaudited Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	326,188	866,800
OTHER COMPREHENSIVE INCOME:		
Loss on fair value changes of interests in property development	—	(162,998)
Transfer to income statement upon recognition from interests in property development	—	(872,639)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	—	(1,035,637)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	326,188	(168,837)
ATTRIBUTABLE TO:		
Equity holders of the Company	194,503	(168,459)
Minority interests	131,685	(378)
	326,188	(168,837)

Unaudited Consolidated Balance Sheet

	<i>Note</i>	30 June 2010 HK\$'000	31 December 2009 HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		135,952	138,482
Investment properties		86,000	86,000
Interest in jointly controlled entity		381,359	370,226
Interests in property development	6	10,116,880	10,116,880
Goodwill		16,994	16,994
		10,737,185	10,728,582
CURRENT ASSETS			
Amount due from jointly controlled entity		161,838	174,693
Held for trading investments		11,670	8,385
Derivative financial instrument		—	7,800
Inventories		126,011	525,753
Trade and other receivables	7	242,760	36,032
Cash and cash equivalents		288,000	280,241
		830,279	1,032,904
CURRENT LIABILITIES			
Trade and other payables	8	73,030	607,505
Bank loans		180,000	—
Current taxation		138,548	92,257
		391,578	699,762
NET CURRENT ASSETS			
		438,701	333,142
TOTAL ASSETS LESS CURRENT LIABILITIES			
		11,175,886	11,061,724

Unaudited Consolidated Balance Sheet

	<i>Note</i>	30 June 2010 HK\$'000	31 December 2009 HK\$'000 (Restated)
NON-CURRENT LIABILITIES			
Bank loans		195,000	60,000
Amount due to immediate holding company		590,104	291,807
Amount due to ultimate holding company		—	566,374
Deferred taxation		26,384	38,748
		811,488	956,929
NET ASSETS			
		10,364,398	10,104,795
CAPITAL AND RESERVES			
Share capital		443,897	443,897
Reserves		9,774,464	9,646,546
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		10,218,361	10,090,443
MINORITY INTERESTS			
		146,037	14,352
TOTAL EQUITY			
		10,364,398	10,104,795

Unaudited Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					Minority interests	Total equity
	Share capital HK\$'000	Share premium account HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	443,897	5,912,600	2,820,880	913,066	10,090,443	14,352	10,104,795
Dividends paid to equity holders of the Company (note 9)	—	—	—	(66,585)	(66,585)	—	(66,585)
Total comprehensive income for the period	—	—	—	194,503	194,503	131,685	326,188
At 30 June 2010	443,897	5,912,600	2,820,880	1,040,984	10,218,361	146,037	10,364,398
At 1 January 2009	443,897	5,912,600	3,827,631	116,082	10,300,210	15,363	10,315,573
Dividends paid to equity holders of the Company (note 9)	—	—	—	(53,268)	(53,268)	—	(53,268)
Dividends paid to minority shareholders	—	—	—	—	—	(1,475)	(1,475)
Total comprehensive income for the period	—	—	(1,035,637)	867,178	(168,459)	(378)	(168,837)
At 30 June 2009	443,897	5,912,600	2,791,994	929,992	10,078,483	13,510	10,091,993

Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM		
— OPERATING ACTIVITIES	18,507	(1,712)
— INVESTING ACTIVITIES	12,541	10,774
— FINANCING ACTIVITIES	(23,289)	(150,838)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,759	(141,776)
Cash and cash equivalents at beginning of period	280,241	394,437
CASH AND CASH EQUIVALENTS AT END OF PERIOD	288,000	252,661

Notes to the Unaudited Interim Financial Statements

1. ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS(s)”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as applicable to condensed interim financial statements and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2009, except as described below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS(s)”, which term collectively includes HKASs and Interpretations) that are effective for the current accounting period of the Group. The adoption of these new or revised HKFRSs has no material impact on the Group’s financial statements, excepted the following areas.

As a result of the amendments to HKAS 27 “Consolidated and Separate Financial Statements”, any losses incurred by a non-wholly owned subsidiary will be allocated between the Company and minority interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the minority interests. Previously, if the allocation of losses to the minority interests would have resulted in a deficit balance, the losses were only allocated to the minority interests if the minority interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

As a result of the amendment to HKAS 17 “Leases”, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group’s judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of those interests which are registered and transferable ownership interests in land located in Hong Kong. The Group has reclassified these leasehold interests from operating leases to finance leases retrospectively, as the Group considers that it is in a position economically similar to that of a purchaser. Accordingly, the Group has reclassified its prepaid lease payments with a carrying amount of HK\$105,757,000 at 1 January 2010 (1 January 2009: HK\$108,577,000) as property, plant and equipment.

Notes to the Unaudited Interim Financial Statements

2. SEGMENT INFORMATION

The Group had three operating segments which included properties investment, trading and development related activities ("Properties"), manufacturing of ice and provision of cold storage and related services ("Ice and Cold Storage") and financial investment and related activities ("Financial Investments").

	For the six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Turnover		
— Properties	777,102	875,742
— Ice and Cold Storage	24,158	20,423
— Financial Investments	—	68,949
	801,260	965,114
	For the six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Profit/(loss) before tax		
— Properties	358,165	854,187
— Ice and Cold Storage	6,240	3,475
— Financial Investments	3,273	26,971
— Share of results of jointly controlled entity	11,133	(5,467)
— Corporate portion	(18,696)	(10,396)
	360,115	868,770
	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Assets		
— Properties	10,388,257	10,755,229
— Ice and Cold Storage	161,499	163,518
— Financial Investments	11,670	8,385
— Interest in and amount due from jointly controlled entity	543,197	544,919
— Corporate portion	462,841	289,435
	11,567,464	11,761,486

Notes to the Unaudited Interim Financial Statements

3. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current tax		
— Hong Kong Profits Tax	475	117
— Overseas income tax	45,816	829
Deferred tax	(12,364)	1,024
	33,927	1,970

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the six months ended 30 June 2010. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdiction.

4. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging:

	For the six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Depreciation and amortisation	2,704	2,918
Interest on borrowings	4,126	2,484

Notes to the Unaudited Interim Financial Statements

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following information:

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	194,503	867,178
<i>Number of shares</i>		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,438,967,838	4,438,967,838

6. INTERESTS IN PROPERTY DEVELOPMENT

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the ultimate holding company respectively.

Interests in property development are stated at their fair value at the balance sheet date. In determining the fair value of interests in property development, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate in order to calculate the present value. Cash flow projections for the interests in property development are based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements.

Notes to the Unaudited Interim Financial Statements

7. TRADE AND OTHER RECEIVABLES

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	3,858	1,187
31 days to 60 days past due	54,501	1,756
61 days to 90 days past due	256	1,101
Over 90 days past due	226	479
Amounts past due	54,983	3,336
Trade receivables	58,841	4,523
Other receivables and deposits	183,919	31,509
	242,760	36,032

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

8. TRADE AND OTHER PAYABLES

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	—	—
31 days to 60 days	1,677	—
61 days to 90 days	—	—
Over 90 days	18,953	31,825
Trade payables	20,630	31,825
Deposits received from sale of properties	10,402	532,196
Other payables	41,998	43,484
	73,030	607,505

Notes to the Unaudited Interim Financial Statements

9. DIVIDENDS

	For the six months ended 30 June	
	2010	2009
Interim dividend per share	0.90 HK cent	0.80 HK cent

Subsequent to the balance sheet date, the Board of Directors has declared an interim dividend of 0.9 HK cent (2009: 0.8 HK cent) per ordinary share, totalling HK\$39,951,000 (2009: HK\$35,512,000), in respect of the six months ended 30 June 2010.

During the six months ended 30 June 2010, a final dividend of 1.5 HK cents (2009: 1.2 HK cents) per ordinary share, totalling HK\$66,585,000 (2009: HK\$53,268,000), attributable to the previous financial year was approved and paid.

10. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties:

- (a) The amount due to immediate holding company was unsecured, interest bearing at a premium over the Hong Kong Interbank Offering Rates ("HIBOR") and with no fixed repayment terms. During the six months ended 30 June 2010, interest of HK\$2,367,000 (2009: HK\$176,000) was payable to the immediate holding company.
- (b) The amount due to the ultimate holding company was unsecured and bearing interest at a premium over the HIBOR. During the six months ended 30 June 2010, interest of HK\$1,260,000 (2009: HK\$2,185,000) was payable to the ultimate holding company.

Notes to the Unaudited Interim Financial Statements

11. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 7 December 2009, the Group entered into a deed of call option (the “Deed”) with an independent third party (the “Seller”). Pursuant to the Deed, in consideration of the payment by the Group to the Seller of the sum of US\$1,000,000, which could be applied towards the payment of the consideration mentioned below, the Seller granted to the Group an irrevocable option (the “Option”) to require the Seller to (i) sell all of the issued share capital of Caspi Neft TME to the Group and (ii) assign any and all of the outstanding debt owed by Caspi Neft TME to the Seller as at the date of the Deed and such other amount that may be extended or granted by the Seller to Caspi Neft TME subsequent to the date of the Deed to the Group at a total consideration of US\$139,600,000. The Option might be exercised at the discretion of the Group at any time within four months from the date of the Deed.

On 1 April 2010, the Group exercised the Option. Pursuant to the exercise of the Option, the Group and the Seller entered into a sale and purchase agreement to acquire by the Group the entire issued share capital of Caspi Neft TME at a consideration of US\$100,000,000 and a loan assignment agreement to assign to the Group all of the outstanding debt owed by Caspi Neft TME to the Seller at a consideration of US\$39,600,000. Upon signing of the agreements, the Group had paid a deposit of US\$4,000,000 to the Seller. The transactions have been completed after the balance sheet date. Upon completion, part of the outstanding considerations amounted to US\$133,600,000 was settled, being the total outstanding considerations of US\$135,600,000 less retention money of US\$2,000,000. The retention money will be settled within one year from the completion.

Caspi Neft TME is a joint stock company registered under the laws of Kazakhstan and is principally engaged in the business of the production and exploration of oil from hydrocarbon deposits in Kazakhstan. Details of the transactions are set out in the circular of the Company dated 27 July 2010.

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Directors and Chief Executives

As at 30 June 2010, the interests and short positions of the Directors and Chief Executives 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")) as recorded in the register required to be kept under section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital <i>(Note 1)</i>
Mr. Or Wai Sheun <i>(Notes 2 and 5)</i>	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Directly beneficially owned	2,000,000	0.05%
Ms. Wong Yuk Ching	Directly beneficially owned	6,655,000	0.15%
Mr. Lam Chi Chung, Tommy	Directly beneficially owned	230,000	0.01%
Ms. Chio Koc Ieng	Directly beneficially owned	270,000	0.01%
Mr. Lai Ka Fai	Directly beneficially owned	430,000	0.01%

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Directors and Chief Executives *(Continued)*

Long positions in shares of associated corporation – Kowloon Development Company Limited (“KDC”)

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital <i>(Note 6)</i>
Mr. Or Wai Sheun <i>(Note 2)</i>	Founder and beneficiary of a trust	812,230,124	70.59%
	Through controlled corporation	277,500	0.02%
Mr. Yeung Kwok Kwong	Directly beneficially owned	165,000	0.01%
Ms. Wong Yuk Ching	Directly beneficially owned	1,110,000	0.10%
Mr. Lam Chi Chung, Tommy	Directly beneficially owned	15,000	0.00%
Ms. Chio Koc Ieng	Directly beneficially owned	210,000	0.02%
Mr. Lai Ka Fai	Directly beneficially owned	701,000	0.06%

Save as disclosed above, as at 30 June 2010, none of the Directors and Chief Executives had registered an interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30 June 2010 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in or any other body corporate.

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other persons

As at 30 June 2010, the interests and short positions of the persons, other than the Directors and Chief Executives, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital <i>(Note 1)</i>
Long positions			
The Or Family Trustee Limited Inc. <i>(Notes 3 and 5)</i>	Through controlled corporation	3,260,004,812	73.44%
HSBC International Trustee Limited <i>(Notes 4 and 5)</i>	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited <i>(Note 5)</i>	Through controlled corporation	3,260,004,812	73.44%

Save as disclosed above, as at 30 June 2010, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes:

1. As at 30 June 2010, the total number of issued shares in the Company was 4,438,967,838 ordinary shares.
2. Mr. Or Wai Sheun was deemed to be interested in 812,230,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.

Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.

3. The Or Family Trustee Limited Inc. holds 812,230,124 ordinary shares in KDC (being 70.59% of the issued ordinary share capital of KDC) and, therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
4. HSBC International Trustee Limited holds 814,544,474 ordinary shares in KDC (being 70.79% of the issued ordinary share capital of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
5. The interest in 3,260,004,812 ordinary shares in the Company as disclosed above by KDC, The Or Family Trustee Limited Inc. and HSBC International Trustee Limited (the "Disclosed Shareholders") respectively and by Mr. Or Wai Sheun are the same interests in the Company.

According to the register of the Company, as at 30 June 2010, the Disclosed Shareholders were interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary share capital of the Company). On specific enquiries made, the Disclosed Shareholders have confirmed that as at 30 June 2010, they were interested in 3,260,004,812 ordinary shares in the Company. There is a difference of 15,000,000 ordinary shares between the actual numbers of shares interested in of the Disclosed Shareholders and the number of shares interested in as disclosed by the Disclosed Shareholders because the Disclosed Shareholders do not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

6. As at 30 June 2010, the total number of issued shares in KDC was 1,150,681,275 ordinary shares.

Other Information

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2010.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2010.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2010.

EMPLOYEES

As at 30 June 2010, the total number of employees of the Group was about 90. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, except for the deviation from Code Provision A.4.1. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors do not have a specific term of appointment, but subject to rotation in accordance with Article 108(A) of the Articles of Association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 October 2010 to Wednesday, 6 October 2010 (both days inclusive) in order to determine entitlements of shareholders to the interim dividend. In order to qualify for the entitlement of the interim dividend, the shareholders must ensure that all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 October 2010.

Other Information

DIRECTORS

As at the date of this report, Mr. Or Wai Sheun, Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng are Executive Directors, Mr. Lai Ka Fai is Non-executive Director and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are Independent Non-executive Directors.

CHANGE OF DIRECTORS' INFORMATION

- a) With effective from 1 July 2010, the basic salaries of the following Directors have been changed:
- | | |
|--------------------------|-------------------------|
| Mr. Yeung Kwok Kwong | HK\$1,842,750 per annum |
| Ms. Wong Yuk Ching | HK\$1,092,000 per annum |
| Mr. Lam Chi Chung, Tommy | HK\$1,603,940 per annum |
| Ms. Chio Koc Ieng | HK\$1,092,000 per annum |
- b) On 19 April 2010, Mr. Liu Kwong Sang has been appointed as an independent non-executive director of Dragonite International Limited (formerly known as Ruyan Group (Holdings) Limited), whose securities are listed on the main board of the Stock Exchange.
- c) On 8 March 2010, Mr. Anthony Francis Martin Conway resigned as an independent non-executive director of Armitage Technologies Holding Limited, whose securities are listed on the GEM board of the Stock Exchange.