

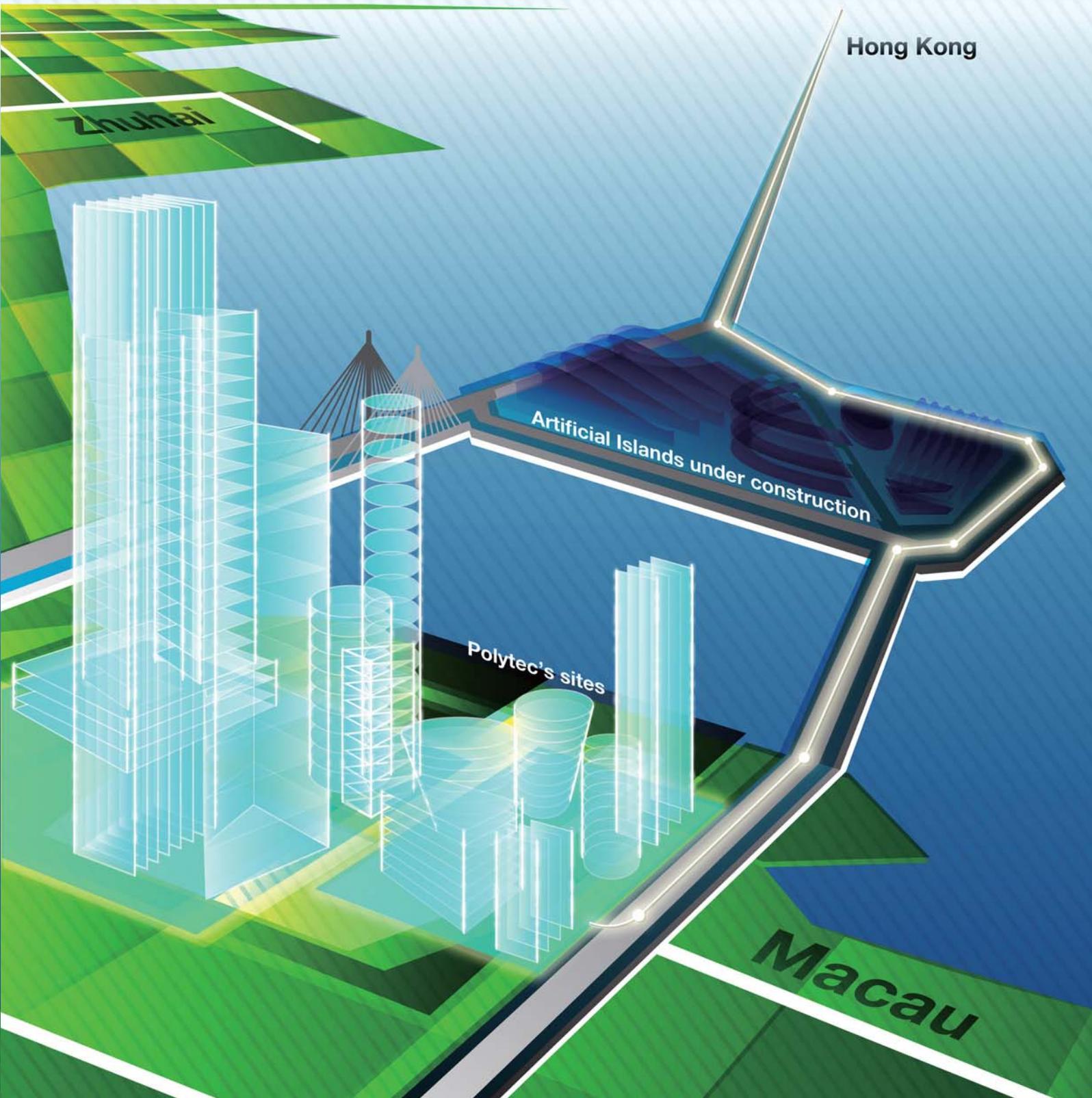


Polytec Asset Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

2011 Interim Report





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Chairman's Statement

GROUP RESULTS AND DIVIDENDS

For the six months ended 30 June 2011, the Group's unaudited net profit attributable to shareholders amounted to HK\$142 million compared to a net profit of HK\$195 million over the same period in 2010. The basic earnings per share for the first half of 2011 amounted to 3.20 HK cents (2010: 4.38 HK cents).

Excluding revaluation gains for the Group's investment properties net of deferred taxes, the underlying net profit and earnings per share for the first half of 2011 amounted to HK\$58.0 million and 1.31 HK cents respectively.

The Board of Directors has proposed the payment of an interim dividend of 0.9 HK cent per share for the six months ended 30 June 2011 (2010: 0.9 HK cent). The interim dividend will be payable on 14 October 2011 to the shareholders whose names appear on the register of members of the Company on 4 October 2011.

BUSINESS REVIEW

The decrease in the Group's net profit for the first six months of 2011 was mainly due to a lack of major property development project completion. The Group's earnings for the first half of this year came mainly from the sale of retail shops and carparking spaces of Pacifica Garden, the Group's 58%-owned property development project in Taipa, Macau, as well as the sale of some non-core investment properties, with the Group recording total sales proceeds and gains of HK\$127 million and HK\$65.9 million respectively from the properties sold.

Property Development

As of 30 June 2011, the development landbank in Macau attributable to the Group amounted to approximately 726,000 sq. m. gross floor area. All of the Group's existing development sites are located adjacent to the Hong Kong-Zhuhai-Macau Bridge. The status of the Group's major projects under planning and development in Macau is set out below.

Lote P, The Orient Pearl District

Lote P, which is an 80%-owned development project, covers an aggregate site area of approximately 68,000 sq. m. and will be developed by phases into a number of luxury residential towers, together with a large shopping arcade, a club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The architectural plan was approved in early this year and construction work will be commenced once we obtain the final approval from the relevant government authority, which is expected in the next few months.

Chairman's Statement

Lotes T & T1, The Orient Pearl District

Lotes T & T1 combined covers an aggregate site area of approximately 18,000 sq. m.. This project, in which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with retail shops and car parking spaces, having an aggregate gross floor area of approximately 208,400 sq. m.. The master plan has been approved and the architectural plan has been submitted to relevant government authorities for approval. Construction work is expected to be commenced in the second half of next year.

Property Investment

During the period under review, the Group disposed of a number wholly-owned, non-core investment properties at Va long, with total sales proceeds of HK\$98.5 million. The Group intends to continue to dispose of the remaining non-core properties.

Despite the disposal of the above investment properties, the Group's share of gross rental income generated from its property investment portfolio rose to HK\$19.7 million for the first six months of 2011, an increase of 6.4% over the same period in 2010. The increase in total rental income was mainly due to an overall improvement in occupancy rates of both the office and retail portions of The Macau Square, the Group's 50%-owned investment property in Macau, with the Group's share of gross rental income for this particular investment property rising 8.8% to HK\$16.4 million for the first half of 2011.

Oil

For the first six months of 2011, total revenue generated from the oil segment amounted to HK\$27.3 million. The segment recorded an operating loss of HK\$29.1 million. The loss in operation for the period under review was mainly attributable to a temporary suspension of oil production in the first three months of the year, pending the obtaining of a gas flaring permit for the Group's South Alibek Oilfield. The approval for the Group's application for an extension of the permit, which expired at the end of October last year, has been delayed, as a new Law on Subsoil and Subsoil Use of the Republic of Kazakhstan, adopted on 24 June 2010, substantially reduces gas flaring quotas and imposes more severe penalties for environmental violations. We have been able to obtain a temporary permit and we are currently seeking a permanent solution to tackle the gas flaring requirements. While we resumed oil production in April, it takes time for the overall production to return to the normal levels and therefore our cashflows and earnings from the segment may still be affected in the short term.

We believe that our oilfield, the South Alibek Oilfield, which is located in the oil and gas rich Pre-Caspian Basin in Kazakhstan and is still in an early stage of development, has good chances of finding more oil and we have accordingly started a series of drilling programs to identify additional potentials.

Ice and Cold Storage

The overall performance of cold storage and ice manufacturing businesses was satisfactory during the first six months of 2011, with total operating profit for the segment rising 21.7% to HK\$7.6 million.



Chairman's Statement

FINANCIAL REVIEW

As of 30 June 2011, total book value of the Group's assets amounted to HK\$12,765 million as compared with HK\$12,664 million at end-2010. Net asset value of the Group amounted to HK\$10,455 million as of 30 June 2011, with cash and cash equivalents of HK\$319 million, denominated mainly in Hong Kong dollars.

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, reduced slightly to 17.7% as of 30 June 2011 from 19.0% at end-2010. The decrease was mainly due to the repayments of the amount due to our immediate holding company. The amount due to the immediate holding company is unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment. The ultimate holding company, Polytec Holdings International Limited, has provided a credit facility totalling HK\$1,300 million to finance the Company till March 2013 and has agreed to extend the facility if necessary. The facility is unsecured, denominated in Hong Kong dollars and bearing interest at prevailing market rates. As of 30 June 2011, only HK\$882 million of this facility was utilised. Bank borrowings of HK\$180 million are secured by the Group's land and buildings, denominated in Hong Kong dollars and bearing interest at prevailing market rates and subject to review from time to time. The remaining bank borrowings of HK\$195 million are secured by the Group's interest in certain properties, denominated in Hong Kong dollars and bearing interest at prevailing market rates and have a three-year term from March 2009, repayable by March 2012.

In previous years, the banking facility of HK\$195 million was classified as a long term liability, but was reclassified as current liabilities during the period under review, because the maturity date of the facility is within twelve months from the balance sheet date. This results in the net current liability position of the Group. The management will negotiate with the bank to renew the banking facility before its maturity and will seek other facilities from other banks. Together with unutilized portion of the credit facility provided by the ultimate holding company, the management considers that the net current liability position will not have any significant impact on the overall liquidity position of the Group.

As of 30 June 2011, certain assets of the Group, with total book value of approximately HK\$135 million, were pledged to secure the banking facilities to the Group.

Because of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in the Kazakhstan Tenge ("KZT"), the local currency of Kazakhstan. While the majority of the operating expenses, as well as capital expenditure, of the Group's oil business is denominated in the KZT, over 80% of its revenue generated from this segment is denominated in the USD. However, this business currently represents a relatively small portion of the Group's overall business and therefore the fluctuation in the KZT is unlikely to substantially affect the Group's financial position.

Chairman's Statement

PROSPECTS

Following the downgrade of US credit ratings in early August and the on-going debt problems in Europe, the uncertainty over the outlook for the global economy has been mounting. Indeed, the current debt crisis will unlikely be permanently resolved unless the governments in the major developed countries, especially the US and Europe, are determined to substantially reduce their respective debt levels as their imprudent fiscal policies of the past decades, including over-expansion of their social benefits, have led to the current unsustainable debt burdens in these countries. Therefore, it is expected that the US and many countries in the European Union will further tighten their fiscal policies or implement austerity measures in order to for them to return to more sustainable fiscal paths in the next few years. There is a general consensus that these major developed countries with fiscal tightening policies will be in a period of low-growth in the next few quarters and if the relevant governments do not initiate appropriate measures to effectively stimulate their respective economies, the risk of a global economic recession or stagnation will rise.

In Macau, the gross domestic product (GDP) rose 21.5% in the first quarter of 2011, supported primarily by strong gross revenue generated from its gaming activities, rising over 44% in the first half of the year. While the average property transaction prices remained elevated for the first six months of the year according to the official data, the overall residential transaction volumes fell 6.3% during the period due to the introduction of property cooling measures by the government in the second half of last year.

According to the preliminary unofficial data, the overall residential transaction volumes have already fallen substantially over the past two months and transaction prices have also started to soften, following the additional restrictive property measures, announced in late April and effective on 14 June, to further deter speculation in the property market, including imposition of a special stamp duty and further tightening in mortgage lending. We expect these severe measures, together with increasing uncertainties over the outlook for the global economy and hence worsening sentiment, to have some negative impacts on the overall transaction volumes and prices, especially on those presold property projects, in the months ahead.

Nevertheless, we remain optimistic about the outlook for the property market over the medium and long-term, as there are still favourable factors prevailing in the Macau economy supporting its housing market. First, its overall economy will likely continue to be well supported by its robust monopoly gaming industry in the Greater China region and its increasingly competitive and attractive tourism industry. Also the on-going mega infrastructure projects and large-scale luxury hotel and resort development projects in the pipeline, will likely result in residents' income increasing considerably and hence increasing demand for better quality housing in the medium term. Second, a low-interest rate environment is expected over the next two years due to the linkage of MOP, Macau's local currency, to the HKD and therefore to Hong Kong interest rates. The Group is well positioned to take advantage of the continued economic prosperity in Macau.



Chairman's Statement

In early this year, we made a significant progress by obtaining an approval for the architectural plan of the Group's 80%-owned large-scale luxury residential and commercial development project, being named "Pearl Horizon" (海一居), which is located in the Orient Pearl District of Macau. Foundation work for this project will begin once we obtain a final approval from the relevant authority, which is expected in the next few months. We are preparing for a formal launch of the presale of the project. This mega project covers an aggregate gross floor area of 700,000 sq. m., comprising over 5,000 luxury residential units, a sizeable shopping arcade, a five-star clubhouses as well as over 4,000 car parking spaces. It will be developed in phases in the coming years and will provide substantial cashflows and continuing earnings for the Group during the completion period. However, as it will take three to four years for the first phase of the residential portion of the project to be completed, and as profits cannot be recognised for accounting purposes until such completion, there will be an earnings shortfall over the next few years. Therefore, Management is actively seeking new activities to improve earnings for the Group in short term.

I would like to take this opportunity to thank my fellow directors for their support and all staff for their hard work and dedication.

Or Wai Sheun

Chairman

Hong Kong, 29 August 2011

Unaudited Consolidated Income Statement

		For the six months ended 30 June	
		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
	Note		
TURNOVER	2	103,845	801,260
Cost of sales		(35,747)	(421,923)
Gross profit		68,098	379,337
Other income		50,073	15,675
Selling and distribution costs		(8,591)	(11,306)
Administrative expenses		(31,633)	(17,085)
Other operating expenses		(22,010)	(13,513)
PROFIT FROM OPERATIONS		55,937	353,108
Gain arising from change in fair value of investment properties		600	—
Finance costs		(11,600)	(4,126)
Share of results of jointly controlled entity		122,550	11,133
PROFIT BEFORE TAX	2	167,487	360,115
Income tax expenses	3	(11,478)	(33,927)
PROFIT FOR THE PERIOD	4	156,009	326,188
ATTRIBUTABLE TO:			
Equity holders of the Company		142,066	194,503
Non-controlling interests		13,943	131,685
		156,009	326,188
EARNINGS PER SHARE — Basic/diluted	5	3.20 HK cents	4.38 HK cents



Unaudited Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
PROFIT FOR THE PERIOD	156,009	326,188
OTHER COMPREHENSIVE INCOME:		
Gain on fair value changes of interests in property development	12,942	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	12,942	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	168,951	326,188
ATTRIBUTABLE TO:		
Equity holders of the Company	155,008	194,503
Non-controlling interests	13,943	131,685
	168,951	326,188

Unaudited Consolidated Balance Sheet

		30 June	31 December
		2011	2010
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,246,428	1,203,558
Oil exploitation assets		122,088	123,144
Investment properties		5,600	56,000
Interest in jointly controlled entity		556,590	434,040
Interests in property development	6	10,186,346	10,173,404
Other deposit		—	2,527
Deferred taxation		1,145	2,195
Goodwill		16,994	16,994
		12,135,191	12,011,862
CURRENT ASSETS			
Amount due from jointly controlled entity		132,663	149,984
Held for trading investments		12,090	13,095
Inventories		115,037	125,138
Trade and other receivables	7	50,292	33,588
Cash and cash equivalents		319,235	329,979
		629,317	651,784
CURRENT LIABILITIES			
Dividend payable		66,585	—
Trade and other payables	8	197,428	151,748
Bank loans		375,000	180,000
Current taxation		140,837	127,401
		779,850	459,149
NET CURRENT (LIABILITIES)/ASSETS		(150,533)	192,635
TOTAL ASSETS LESS CURRENT LIABILITIES		11,984,658	12,204,497



Unaudited Consolidated Balance Sheet

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
<i>Note</i>		
NON-CURRENT LIABILITIES		
Amount due to immediate holding company	581,713	1,152,822
Amount due to ultimate holding company	881,605	627,901
Other payables	46,981	46,872
Deferred taxation	19,469	22,608
	1,529,768	1,850,203
NET ASSETS	10,454,890	10,354,294
CAPITAL AND RESERVES		
Share capital	443,897	443,897
Reserves	9,952,120	9,863,697
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10,396,017	10,307,594
NON-CONTROLLING INTERESTS	58,873	46,700
TOTAL EQUITY	10,454,890	10,354,294

Unaudited Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					Non-controlling 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 2011	443,897	5,912,600	2,877,404	1,073,693	10,307,594	46,700	10,354,294
Profit for the period	—	—	—	142,066	142,066	13,943	156,009
Other comprehensive income for the period	—	—	12,942	—	12,942	—	12,942
Total comprehensive income for the period	—	—	12,942	142,066	155,008	13,943	168,951
Dividends paid to equity holders of the Company (note 9)	—	—	—	(66,585)	(66,585)	—	(66,585)
Dividends paid to non-controlling interests	—	—	—	—	—	(1,770)	(1,770)
At 30 June 2011	443,897	5,912,600	2,890,346	1,149,174	10,396,017	58,873	10,454,890
At 1 January 2010	443,897	5,912,600	2,820,880	913,066	10,090,443	14,352	10,104,795
Impact of change in accounting policies in 2010 (note 11)	—	—	—	20,143	20,143	—	20,143
Restated balance at 1 January 2010	443,897	5,912,600	2,820,880	933,209	10,110,586	14,352	10,124,938
Profit and total comprehensive income for the period	—	—	—	194,503	194,503	131,685	326,188
Dividends paid to equity holders of the Company (note 9)	—	—	—	(66,585)	(66,585)	—	(66,585)
At 30 June 2010	443,897	5,912,600	2,820,880	1,061,127	10,238,504	146,037	10,384,541



Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM		
— OPERATING ACTIVITIES	62,787	18,507
— INVESTING ACTIVITIES	60,239	12,541
— FINANCING ACTIVITIES	(133,770)	(23,289)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,744)	7,759
Cash and cash equivalents at beginning of period	329,979	280,241
CASH AND CASH EQUIVALENTS AT END OF PERIOD	319,235	288,000

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 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 2010.

2. SEGMENT INFORMATION

The Group had four operating segments which included properties investment, trading and development related activities (“Properties”), oil exploration and production related activities (“Oil”), manufacturing of ice and provision of cold storage and related services (“Ice and Cold Storage”) and other miscellaneous operations (“Others”).

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Turnover		
— Properties	49,420	777,102
— Oil	27,333	—
— Ice and Cold Storage	27,092	24,158
— Others	—	—
	103,845	801,260



Notes to the Unaudited Interim Financial Statements

2. SEGMENT INFORMATION (Continued)

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Profit/(loss) before tax		
— Properties	84,908	358,165
— Oil	(29,123)	—
— Ice and Cold Storage	7,597	6,240
— Others	(821)	3,273
	62,561	367,678
— Gain arising from change in fair value of investment properties	600	—
— Share of results of jointly controlled entity	122,550	11,133
— Corporate portion	(18,224)	(18,696)
	167,487	360,115
	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Assets		
— Properties	10,302,094	10,353,091
— Oil	1,274,643	1,220,557
— Ice and Cold Storage	165,328	159,796
— Others	12,090	13,095
	11,754,155	11,746,539
— Interest in and amount due from jointly controlled entity	689,253	584,024
— Corporate portion	321,100	333,083
	12,764,508	12,663,646

Notes to the Unaudited Interim Financial Statements

3. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Current tax		
— Hong Kong Profits Tax	366	475
— Overseas income tax	13,202	45,816
Deferred tax	(2,090)	(12,364)
	11,478	33,927

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the six months ended 30 June 2011. 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/(crediting):

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Depreciation and amortisation	9,285	2,704
Interest on borrowings	10,370	4,126
Gain on disposal of investment properties	(44,951)	—



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	
	2011 HK\$'000	2010 HK\$'000
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	142,066	194,503
<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 2011 HK\$'000	31 December 2010 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	5,123	2,906
31 days to 60 days past due	2,696	1,311
61 days to 90 days past due	1,180	1,016
Over 90 days past due	267	4,424
Amounts past due	4,143	6,751
Trade receivables	9,266	9,657
Other receivables	41,026	23,931
	50,292	33,588

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 2011 HK\$'000	31 December 2010 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	5	—
31 days to 60 days	—	23
61 days to 90 days	—	4
Over 90 days	6,175	6,147
Trade payables	6,180	6,174
Deposits received from sale of properties	635	1,235
Government fees and levies	63,615	55,238
Outstanding consideration payable for the acquisition of a subsidiary	15,600	15,600
Other payables	111,398	73,501
	197,428	151,748



Notes to the Unaudited Interim Financial Statements

9. DIVIDENDS

	For the six months ended 30 June	
	2011	2010
Interim dividend per share	0.90 HK cent	0.90 HK cent

Subsequent to the balance sheet date, the Board of Directors has declared an interim dividend of 0.9 HK cent (2010: 0.9 HK cent) per ordinary share, totalling HK\$39,951,000 (2010: HK\$39,951,000), in respect of the six months ended 30 June 2011.

During the six months ended 30 June 2011, a final dividend of 1.5 HK cents (2010: 1.5 HK cents) per ordinary share, totalling HK\$66,585,000 (2010: HK\$66,585,000), attributable to the previous financial year was approved.

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 2011, interest of HK\$5,891,000 (2010: HK\$2,367,000) 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 2011, interest of HK\$3,704,000 (2010: HK\$1,260,000) was payable to the ultimate holding company.

11. COMPARATIVES

The Group has adopted the amendments to HKAS 12 "Income Taxes" in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment Property" in the second half of 2010. As a result of the change in policy, which has been applied retrospectively, the opening balance of retained earnings at 1 January 2010 in the Unaudited Consolidated Statement of Changes in Equity has been restated.

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Directors and Chief Executives

As at 30 June 2011, 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 (Note 1)
Mr. Or Wai Sheun (Notes 2 and 5)	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 (Note 7)
Mr. Or Wai Sheun (Note 2)	Founder and beneficiary of a trust	830,330,124	72.16%
	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 2011, 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 2011 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 2011, 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, 5 and 6)</i>	Through controlled corporation	3,260,004,812	73.44%
HSBC International Trustee Limited <i>(Notes 4, 5 and 6)</i>	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited <i>(Notes 5 and 6)</i>	Through controlled corporation	3,260,004,812	73.44%

Save as disclosed above, as at 30 June 2011, 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 2011, 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 830,330,124 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 830,330,124 ordinary shares in KDC (being 72.16% 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 832,644,474 ordinary shares in KDC (being 72.36% 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 Mr. Or Wai Sheun, KDC, The Or Family Trustee Limited Inc. and HSBC International Trustee Limited respectively are the same interests in the Company.
6. According to the register of the Company, as at 30 June 2011, KDC, The Or Family Trustee Limited Inc. and HSBC International Trustee Limited (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 2011, 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.
7. As at 30 June 2011, 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 2011.

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 2011.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2011.

EMPLOYEES

As at 30 June 2011, the total number of employees of the Group was about 260. 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 2011, 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 Monday, 3 October 2011 to Tuesday, 4 October 2011 (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 Friday, 30 September 2011.



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 leng are Executive Directors, Mr. Lai Ka Fai and Ms. Or Pui Ying, Peranza are Non-executive Directors and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are Independent Non-executive Directors.

CHANGE OF DIRECTORS' INFORMATION

With effect from 1 July 2011, the basic salaries of the following Directors have been changed. The new basic salaries are as follows:

Mr. Yeung Kwok Kwong	HK\$1,950,000 per annum
Ms. Wong Yuk Ching	HK\$1,157,000 per annum
Mr. Lam Chi Chung, Tommy	HK\$1,684,800 per annum
Ms. Chio Koc leng	HK\$1,157,000 per annum