# GOLDLION

## Holdings Limited

Interim Report 2010

Stock Code: 00533

# CHAIRMAN'S STATEMENT

***OPERATING RESULTS***

The Group achieved satisfactory results in the six months ended 30 June 2010 despite continuing uncertainties in the global economy. Performances in two of the Group's major operating locations, namely Mainland China and Singapore, improved from the same period last year.

The Group recorded a turnover of HK$667,089,000 in the six months ended 30 June 2010, or 3% over the same period last year. The growth was 4% if sales income from the Group's Meizhou property development project is excluded.

As for profits, profit attributable to equity holders of the Company during the period was HK$161,535,000, rising by 37% from the same period last year. The growth amounted to about 33% with respect to the Group's fundamental business. An analysis of profit for the period is as follows:

| | **Six months ended** | |
|---|---|---|
| | **30.6.2010** | **30.6.2009** |
| | *HK$'000* | *HK$'000* |
| Profit per financial statements | 161,535 | 118,013 |
| Adjusted for: | | |
| Fair value gains on investment properties net of deferred tax effect | (13,602) | (3,820) |
| Profit after tax from Meizhou property development project | (13,473) | (13,435) |
| Profit of the Group from fundamental business | 134,460 | 100,758 |

## CHAIRMAN'S STATEMENT *(Continued)*

***BUSINESS REVIEW***

***Apparel Business***

China Mainland and Hong Kong SAR Markets

In China Mainland during the period under review, satisfactory economic performance and continual rapid growth in GDP have combined with the Government's encouragement of domestic demand to result in a revitalized market. With consumer sentiment strengthening, the Group's apparel business in the market registered an increase of approximately 4% in turnover, or approximately 3% in Renminbi over the same period last year.

After substantially curtailing the price reduction measures implemented last year for countering the implications of the worsening economies in the region, the Group's gross profit from the China Mainland market has returned to its normal level for an average year, pushing up overall profit along with it.

Enhancing production management and quality control continued to be the Group's priority during the period to ensure both product quality and prompt delivery. Parallel with this, frontline sales personnel were given refresher training especially in marketing skills and etiquette in the first half of the year.

Following the successive expiry of leases for the local outlets, apparel retail in Hong Kong terminated in March this year. Distribution of corporate uniforms is now the main activity of the Group's apparel business in the local market.

Licensing income for the period amounted to HK$26,232,000, representing a rise of about 5% over the same period last year. The growth was mainly attributable to the incremental increase in license fees stipulated in the current agreements. Licenses granted during the period mainly cover shoes, leather goods, undergarments, woolen sweaters and sportswear and accessories for the China Mainland market.

Singapore and Malaysia Markets

Although the Singaporean economy bottomed out during the period, the focus of the market was confined to the newly opened casinos and theme park. The Group's local operations did not benefit fully from the upturn in the local economy. Overall sales increased by about 6% over the corresponding period last year, or about 1% in local currency with the exchange rate higher than that quoted for the same period last year.

In response to the improvement in the economy, the Group retracted much of its price reduction strategy and gross profit returned to its previous level before the financial crisis set in. This accounts for the increase in overall profit despite the absence of a significant rise in sales during the period.

## CHAIRMAN'S STATEMENT *(Continued)*

***BUSINESS REVIEW*** *(Continued)*

***Apparel Business*** *(Continued)*

Singapore and Malaysia Markets *(Continued)*

With the lease of individual premises expiring in the period, outlets numbered slightly fewer than last year. At the end of the period, there were a total of 8 Goldlion shops and 19 counters in Singapore.

Over in Malaysia, the Group reorganized its retailing network by cutting outlets with a less promising profiting prospect during the period. As a result, sales fell by approximately 8% in local currency when compared with the same period last year. The number of outlets in Malaysia stood at 24 at the end of the period.

***Property Investments and Development***

Property investment remained stable during the period. Fair value gains on investment properties recognized by the Group after an independent professional valuation amounted to HK$15,406,000 compared with HK$4,600,000 for last year. The bulk of the gains was derived from the Group's holdings in Hong Kong, the fair value gains on which stood at HK$11,950,000, benefitting from the thriving local property market in the first half of the year.

As far as leasing is concerned, income from rentals reached HK$57,558,000, which was largely comparable with that of the corresponding period last year. Performance of all the major investment properties held by the Group was stable, registering little change in rentals generated for the same period last year.

The Goldlion Digital Network Centre in Tianhe, Guangzhou, experienced stable leasing during the period. Owing to the increased supply of office spaces in and around the Zhujiang New Town, there was not any significant growth in rentals for leases newly entered into during the period and occupancy remained to be around 90%.

Similar stability was registered for the Goldlion Commercial Building held by the Group in Shenyang, with overall occupancy maintaining at 100%. Performance as a whole was in line with that of the corresponding period last year.

As for the Group's properties in Hong Kong, overall income from rentals was comparable with that of last year. With the exception of some of the spaces on the sixth floor of the Goldlion Holdings Centre in Shatin, which were transferred to investment properties towards the end of last year, all the Group's properties in Hong Kong have been leased out.

During the period, a total of about 6,235 square meters of residential units, 135 square meters of commercial spaces and 20 carparks from the property development project in Meizhou were sold, which contributed sale proceeds of approximately HK$35,294,000 to the Group. Profit after property costs, related expenses and taxes amounted to HK$13,473,000 for the period.

# CHAIRMAN'S STATEMENT *(Continued)*

### *PROSPECTS*

Judging from the current global economy and the economic development in China Mainland, the Group is prudentially optimistic about its operations in the second half of the year. Business is expected to grow at a steady pace provided there are no unpredictable negative factors affecting the general business environment.

Regarding the China Mainland market, the Group will continue to divide it into segments in order to meet the demand of different tiers of clienteles through targeted product planning and design. Efforts will also be made to increase awareness of retail management among our distributors with the aim of boosting the performance of our outlets. Furthermore, work flow will be further streamlined for better production management while management and quality control in relation to our distributors will be reinforced.

Regarding the Singapore market, operation on the whole in the second half of the year is expected to continue along the same path as that for the first half of the year. The Group will maintain its present business strategy with possible adjustments as and when necessary to boost the profitability of the local business.

As for investment properties, the Group will continue to build up the leasing potential of its holdings to ensure a steady inflow of rental revenue. Turning to the Meizhou development project, both the residential units and the carparks were almost sold out at the end of the reporting period, leaving about 40% in terms of floor area of the shop spaces yet to be sold. The Group plans to offer the remaining premises for sale depending on market conditions.

### *FINANCIAL POSITION*

As at 30 June 2010, the Group had cash and bank balances of approximately HK$784,709,000, which was HK$9,483,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$125,401,000 and paid dividends of HK$117,633,000. As at 30 June 2010, the Group did not have any bank loans or overdrafts.

As at 30 June 2010, the Group's current assets and liabilities were HK$1,009,938,000 and HK$320,402,000 respectively, with current ratio at approximately 3.2. Total current liabilities were 13% of the average equity attributable to the Company's equity holders of HK$2,417,661,000.

As at 30 June 2010, the Group did not have any significant contingent liabilities or capital commitments and there were no charges on any of the Group's assets.

### *ACKNOWLEDGEMENT*

On behalf on the Board, I would like to extend my gratitude to our staff for their dedication and continuous support.

**Dr. Tsang Hin Chi**
*Chairman*

Hong Kong, 30 August 2010

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

**PricewaterhouseCoopers**
22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
www.pwchk.com

**TO THE BOARD OF DIRECTORS OF**
**GOLDLION HOLDINGS LIMITED**
*(incorporated in Hong Kong with limited liability)*

***INTRODUCTION***

We have reviewed the interim financial information set out on pages 6 to 25, which comprises the condensed consolidated balance sheet of Goldlion Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated income statement, the condensed consolidated statements of comprehensive income and changes in equity, and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

***SCOPE OF REVIEW***

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***CONCLUSION***

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 30 August 2010

# CONDENSED CONSOLIDATED BALANCE SHEET

*As at 30 June 2010 and 31 December 2009*

| | Note | Unaudited 30 June 2010 | Audited 31 December 2009 (Restated) |
|---|---|---|---|
| | | *HK$'000* | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | 5 | 12,985 | 13,701 |
| Property, plant and equipment | 5 | 187,046 | 192,917 |
| Investment properties | 5 | 1,769,491 | 1,742,660 |
| Deferred income tax assets | | 50,374 | 45,805 |
| | | 2,019,896 | 1,995,083 |
| **Current assets** | | | |
| Completed property held for sale | | 19,056 | 33,175 |
| Inventories | | 120,221 | 160,930 |
| Trade receivables | 6 | 36,555 | 44,565 |
| Prepayments, deposits and other receivables | | 49,397 | 25,656 |
| Cash and cash equivalents | | 784,709 | 775,226 |
| | | 1,009,938 | 1,039,552 |
| **Total assets** | | 3,029,834 | 3,034,635 |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | 7 | 98,211 | 98,211 |
| Reserves | | 2,280,783 | 2,171,736 |
| Proposed dividend | | 68,748 | 117,633 |
| | | 2,447,742 | 2,387,580 |
| **Non-controlling interests** | | 1,711 | 1,311 |
| **Total equity** | | 2,449,453 | 2,388,891 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | 259,979 | 249,403 |
| **Current liabilities** | | | |
| Trade payables | 8 | 35,465 | 68,657 |
| Other payables and accruals | | 273,105 | 285,519 |
| Current income tax liabilities | | 11,832 | 42,165 |
| | | 320,402 | 396,341 |
| **Total liabilities** | | 580,381 | 645,744 |
| **Total equity and liabilities** | | 3,029,834 | 3,034,635 |
| **Net current assets** | | 689,536 | 643,211 |
| **Total assets less current liabilities** | | 2,709,432 | 2,638,294 |

# CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2010*

| | | Unaudited Six months ended | |
|---|---|---|---|
| | | **30 June 2010** | **30 June 2009** |
| | | | (Restated) |
| | *Note* | *HK$'000* | *HK$'000* |
| Turnover | *4* | 667,089 | 649,394 |
| Cost of sales | *9* | (267,275) | (279,192) |
| **Gross profit** | | 399,814 | 370,202 |
| Other gain – fair value gains on investment properties | | 15,406 | 4,600 |
| Selling and marketing costs | *9* | (110,439) | (116,378) |
| Administrative expenses | *9* | (89,858) | (91,789) |
| **Operating profit** | | 214,923 | 166,635 |
| Interest income | | 4,025 | 3,260 |
| **Profit before income tax** | | 218,948 | 169,895 |
| Income tax expense | *10* | (57,013) | (51,485) |
| **Profit for the period** | | 161,935 | 118,410 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | 161,535 | 118,013 |
| Non-controlling interests | | 400 | 397 |
| | | 161,935 | 118,410 |
| Earnings per share for profit attributable to the equity holders of the Company during the period | | *HK cents* | *HK cents* |
| – basic | *12* | 16.48 | 12.06 |
| – diluted | *12* | 16.45 | 12.02 |

| | | **30 June 2010** | **30 June 2009** |
|---|---|---|---|
| | | *HK$'000* | *HK$'000* |
| Dividend | *11* | 68,748 | 58,706 |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2010*

| | Unaudited Six months ended 30 June 2010 | 30 June 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Profit for the period** | 161,935 | 118,410 |
| **Other comprehensive income** | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | 15,858 | 11,136 |
| **Total comprehensive income for the period** | 177,793 | 129,546 |
| **Attributable to:** | | |
| Equity holders of the Company | 177,393 | 129,149 |
| Non-controlling interests | 400 | 397 |
| **Total comprehensive income for the period** | 177,793 | 129,546 |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2010*

| | Unaudited | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | | |
| | Share capital | Share premium | Other reserves | Retained earnings | Total | Non-controlling interests | Treasury shares | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Balance at 1 January 2009 | 98,211 | 1,002,662 | 180,527 | 973,096 | 2,254,496 | 1,311 | (6,017) | 2,249,790 |
| Appropriation to reserves | – | – | 10,211 | (10,211) | – | – | – | – |
| Employee share-based compensation benefits | – | – | 880 | – | 880 | – | – | 880 |
| Dividend relating to 2008 | – | – | – | (117,412) | (117,412) | – | – | (117,412) |
| Total comprehensive income for the period | – | – | 11,136 | 118,013 | 129,149 | 397 | – | 129,546 |
| | – | – | 22,227 | (9,610) | 12,617 | 397 | – | 13,014 |
| Balance at 30 June 2009 | 98,211 | 1,002,662 | 202,754 | 963,486 | 2,267,113 | 1,708 | (6,017) | 2,262,804 |
| Balance at 1 January 2010 | 98,211 | 1,002,662 | 205,015 | 1,084,839 | 2,390,727 | 1,311 | (3,147) | 2,388,891 |
| Employee share-based compensation benefits | – | – | 402 | – | 402 | – | – | 402 |
| Dividend relating to 2009 | – | – | – | (117,633) | (117,633) | – | – | (117,633) |
| Vesting of shares of Share Award Scheme | – | – | (1,722) | – | (1,722) | – | 1,722 | – |
| Total comprehensive income for the period | – | – | 15,858 | 161,535 | 177,393 | 400 | – | 177,793 |
| | – | – | 14,538 | 43,902 | 58,440 | 400 | 1,722 | 60,562 |
| Balance at 30 June 2010 | 98,211 | 1,002,662 | 219,553 | 1,128,741 | 2,449,167 | 1,711 | (1,425) | 2,449,453 |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

*For the six months ended 30 June 2010*

| | Unaudited Six months ended 30 June 2010 | 30 June 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Cash flows from operating activities – net | 125,401 | 162,592 |
| Cash flows from investing activities – net | (3,411) | (4,401) |
| Cash flows from financing activities – net | (117,633) | (117,412) |
| Net increase in cash and cash equivalents | 4,357 | 40,779 |
| Cash and cash equivalents at the beginning of the period | 775,226 | 523,159 |
| Effect of foreign exchange rate changes | 5,126 | 1,706 |
| Cash and cash equivalents at the end of the period | 784,709 | 565,644 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

**1 *General information***

Goldlion Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') distribute and manufacture garments, leather goods and accessories, license brand name, and hold and develop properties for investment and development purposes.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 30 August 2010.

This condensed consolidated interim financial information has not been audited.

**2 *Basis of preparation***

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standards ('HKAS') 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS').

Certain comparative figures have been reclassified upon adoption of the amendment to HKAS 17 as detailed in note 3(a).

The Group previously disclosed impairment on certain property, plant and equipment within 'administrative expenses'. Management considers that the inclusion of such amount in 'costs of sales' is a more appropriate presentation to reflect the Group's activities. Such reclassifications have resulted in an increase in cost of sales and decrease in administrative expenses for the six months ended 30 June 2009 by HK$7,853,000 but with no impact on the Group's net profit and/or financial position.

**3 *Accounting policies***

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

**3 *Accounting policies*** *(Continued)*

(a) New and amended standards adopted by the Group

The following new standards and amendment to standard are mandatory for the first time for the financial year beginning on or after 1 January 2010.

- HKFRS 3 (Revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognizing a gain/loss in the income statement. All acquisition-related costs should be expensed.

  As the Group has adopted HKFRS 3 (Revised), it is required to adopt HKAS 27 (Revised), 'Consolidated and separate financial statements', at the same time. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss.

  These standards do not have any impact on the Group's condensed consolidated interim financial information for the six months ended 30 June 2010, as the Group has not entered into any business combination during the period.

- HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under 'Leasehold land and land use rights', and amortized over the lease term.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

**3 *Accounting policies*** *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning on or after 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognized the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease is as below:

– If the property interest is held for own use, that land interest is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful live of the asset and the lease term.

– If the property interest is held for sale in the ordinary course of business or is in the process of being developed for such sale, that land interest is accounted for as inventory under 'Properties under development and held for sale', and stated at the lower of cost and net realizable value. Prior to the amendment, the amortization of the land interest during the construction period is capitalized.

– If the property interest is held to earn rentals and/or for capital appreciation, that land interest is accounted for as investment property and carried at fair value.

The effect of the adoption of this amendment is as below:

| | **30 June 2010** | **31 December 2009** | **1 January 2009** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Decrease in leasehold land and land use rights | 50,418 | 51,101 | 96,325 |
| Increase in property, plant and equipment | 50,418 | 51,101 | 96,325 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

**3 *Accounting policies*** *(Continued)*

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

| | |
|---|---|
| HKFRS 1 (Revised) | First-time adoption of HKFRSs |
| HKFRS 1 (Amendment) | Additional exemptions for first-time adopters |
| HKFRS 2 (Amendment) | Group cash-settled share-based payment transaction |
| HKAS 38 (Amendment) | Intangible assets |
| HKAS 39 (Amendment) | Eligible hedged items |
| HK(IFRIC) – Int 14 (Amendment) | Prepayments of a minimum funding requirement |
| HK(IFRIC) – Int 17 | Distribution of non-cash assets to owners |
| HK(IFRIC) – Int 18 | Transfers of assets from customers |
| HK – Int 4 (Amendment) | Determination of length of lease term in respect of Hong Kong land leases |

In addition, there are also various improvements to the existing standards for the Group's accounting period beginning on or after 1 January 2010:

- First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the Hong Kong Institute of Certified Public Accountants (the 'HKICPA'). The improvement related to HKFRS 5 'Non-current assets held for sale and discontinued operations' is effective for annual periods beginning on or after 1 July 2009.

- Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA.

These amendments, interpretations and improvements to the existing standards do not have significant impact to the Group for the period ended 30 June 2010.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

## 4 *Operating Segments*

| | Six months ended 30 June 2010 | 30 June 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Analysis of turnover** | | |
| Sales of goods | 532,127 | 511,170 |
| Gross rental income from investment properties | 57,558 | 57,818 |
| Building management income | 15,878 | 15,018 |
| Licensing income | 26,232 | 25,010 |
| Sales of properties | 35,294 | 40,378 |
| | 667,089 | 649,394 |

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

1) Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories in China Mainland and Hong Kong SAR, and licensing of brand name in China Mainland;

2) Apparel in Singapore and Malaysia – Distribution and manufacturing of garments, leather goods and accessories in Singapore and Malaysia;

3) Apparel in other countries – Distribution and manufacturing of garments, leather goods and accessories in other countries; and

4) Property investment and development – Investment in and development of properties in China Mainland and Hong Kong SAR.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

**4 *Operating Segments*** *(Continued)*

An analysis of the Group's reportable segment profit before taxation and other selected financial information for the period by operating segment is as follows:

| | Six months ended 30 June 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Apparel in China Mainland and Hong Kong SAR | Apparel in Singapore and Malaysia | Apparel in other countries | Property investment and development | Eliminations | Group |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Turnover | 491,486 | 66,873 | – | 108,730 | – | 667,089 |
| Inter-segment sales | – | – | – | 2,528 | (2,528) | – |
| | 491,486 | 66,873 | – | 111,258 | (2,528) | 667,089 |
| Segment results | 150,023 | 9,743 | – | 78,176 | | 237,942 |
| Unallocated costs | | | | | | (18,994) |
| Profit before income tax | | | | | | 218,948 |
| Income tax expense | | | | | | (57,013) |
| Profit for the period | | | | | | 161,935 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## 4 *Operating Segments* *(Continued)*

| | Six months ended 30 June 2009 | | | | | |
|---|---|---|---|---|---|---|
| | **Apparel in China Mainland and Hong Kong SAR** | **Apparel in Singapore and Malaysia** | **Apparel in other countries** | **Property investment and development** | **Eliminations** | **Group** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Turnover | 472,717 | 63,389 | 74 | 113,214 | – | 649,394 |
| Inter-segment sales | – | – | – | 3,822 | (3,822) | – |
| | 472,717 | 63,389 | 74 | 117,036 | (3,822) | 649,394 |
| Segment results | 116,594 | 4,208 | (1,725) | 73,133 | | 192,210 |
| Unallocated costs | | | | | | (22,315) |
| Profit before income tax | | | | | | 169,895 |
| Income tax expense | | | | | | (51,485) |
| Profit for the period | | | | | | 118,410 |

Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs that are used by the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance. Performance is measured based on segment results. Taxation charge is not allocated to reportable segments.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## 5 *Capital expenditure*

| | Land use rights HK$'000 | Property, plant and equipment HK$'000 | Investment properties HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| Opening net book amount as at 1 January 2009, as previously reported | 111,459 | 178,494 | 1,635,675 | 1,925,628 |
| Adjustment for adoption of amendment to HKAS 17 | (96,325) | 96,325 | – | – |
| Opening net book amount as at 1 January 2009, as restated | 15,134 | 274,819 | 1,635,675 | 1,925,628 |
| Additions | – | 6,976 | 25 | 7,001 |
| Disposals | – | (60) | (318) | (378) |
| Disposal of a subsidiary | – | (34) | – | (34) |
| Transfer | 55 | 306 | 810 | 1,171 |
| Amortization and depreciation *(Note 9)* | (780) | (13,347) | – | (14,127) |
| Fair value gains | – | – | 4,600 | 4,600 |
| Impairment charges *(Note 9)* | – | (7,853) | – | (7,853) |
| Exchange differences | 71 | 663 | 9,395 | 10,129 |
| Closing net book amount as at 30 June 2009 | 14,480 | 261,470 | 1,650,187 | 1,926,137 |
| Additions | – | 4,006 | 3,697 | 7,703 |
| Disposals | – | (7,722) | (982) | (8,704) |
| Transfer | – | (48,147) | 54,052 | 5,905 |
| Amortization and depreciation | (779) | (13,094) | – | (13,873) |
| Fair value gains | – | – | 35,707 | 35,707 |
| Impairment charges | – | (4,315) | – | (4,315) |
| Exchange differences | – | 719 | (1) | 718 |
| Closing net book amount as at 31 December 2009 | 13,701 | 192,917 | 1,742,660 | 1,949,278 |
| Opening net book amount as at 1 January 2010 | 13,701 | 192,917 | 1,742,660 | 1,949,278 |
| Additions | – | 5,981 | 610 | 6,591 |
| Disposals | – | (79) | – | (79) |
| Amortization and depreciation *(Note 9)* | (785) | (11,869) | – | (12,654) |
| Fair value gains | – | – | 15,406 | 15,406 |
| Impairment charges *(Note 9)* | – | (1,050) | – | (1,050) |
| Exchange differences | 69 | 1,146 | 10,815 | 12,030 |
| Closing net book amount as at 30 June 2010 | 12,985 | 187,046 | 1,769,491 | 1,969,522 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

## 6 *Trade receivables*

The Group grants credit terms to customers ranging from cash on delivery, letter of credit or 30 to 90 days after delivery. An ageing analysis of the trade receivables, net of provision, is as follows:

| | **As at 30 June 2010** | **As at 31 December 2009** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 1-30 days | 26,383 | 37,890 |
| 31-90 days | 8,379 | 6,363 |
| Over 90 days | 1,793 | 312 |
| | 36,555 | 44,565 |

## 7 *Share capital*

| | **As at 30 June 2010** | **As at 31 December 2009** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| *Authorized:* | | |
| 1,200,000,000 (31 December 2009: 1,200,000,000) shares of HK$0.10 each | 120,000 | 120,000 |
| *Issued and fully paid:* | | |
| 982,114,035 (31 December 2009: 982,114,035) shares of HK$0.10 each | 98,211 | 98,211 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## 8 *Trade payables*

An ageing analysis of the trade payables is as follows:

| | As at 30 June 2010 | As at 31 December 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 1-30 days | 26,180 | 65,592 |
| 31-90 days | 6,572 | 2,002 |
| Over 90 days | 2,713 | 1,063 |
| | 35,465 | 68,657 |

## 9 *Expenses by nature*

| | Six months ended 30 June 2010 | Six months ended 30 June 2009 (Restated) |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Cost of properties sold | 17,119 | 15,660 |
| Cost of inventories sold | 224,617 | 245,047 |
| Provision/(reversal) for impairment of inventories | 6,767 | (3,279) |
| Impairment loss on property, plant and equipment *(Note 5)* | 1,050 | 7,853 |
| Direct operating expenses arising from investment properties | 14,181 | 13,912 |
| Amortization of land use rights *(Note 5)* | 785 | 780 |
| Depreciation of property, plant and equipment *(Note 5)* | 11,869 | 13,347 |
| Staff costs including directors' emoluments | 87,667 | 87,689 |
| Other expenses | 103,517 | 106,350 |
| | 467,572 | 487,359 |
| Representing: | | |
| Cost of sales | 267,275 | 279,192 |
| Selling and marketing costs | 110,439 | 116,378 |
| Administrative expenses | 89,858 | 91,789 |
| | 467,572 | 487,359 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

## 10 *Income tax expense*

Hong Kong profits tax has not been provided as there is no estimated assessable profit or there are available tax losses to offset assessable profit for the period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2009: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax charged to the condensed consolidated income statement represents:

| | **Six months ended** | |
|---|---|---|
| | **30 June 2010** | **30 June 2009** |
| | *HK$'000* | *HK$'000* |
| Current tax | | |
| – Hong Kong | – | 76 |
| – PRC enterprise income tax | 51,571 | 35,308 |
| – Overseas taxation | 1,782 | 881 |
| – Land appreciation tax | (786) | 4,952 |
| Deferred income tax | 4,446 | 10,268 |
| Total income tax expense | 57,013 | 51,485 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## *11 Dividend*

| | Six months ended 30 June 2010 | Six months ended 30 June 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Interim dividend of 7.0 HK cents (2009: 6.0 HK cents) per ordinary share | 68,748 | 58,706 |

A 2009 final dividend of 12.0 HK cents (2008 final: 12.0 HK cents) per ordinary share, totalling HK$117,633,000 was paid in June 2010 (2008 final: HK$117,412,000).

At a meeting held on 30 August 2010, the Directors declared an interim dividend of 7.0 HK cents per share. This interim dividend has not been reflected as a dividend payable in the condensed interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

## *12 Earnings per share*

The calculation of basic earnings per share is based on profit attributable to the equity holders of the Company of HK$161,535,000 (six months ended 30 June 2009: HK$118,013,000) and the weighted average number of 980,280,134 (six months ended 30 June 2009: 978,434,035) shares in issue during the period excluding ordinary shares purchased by a subsidiary and held as treasury shares.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$161,535,000 (six months ended 30 June 2009: HK$118,013,000) and the weighted average number of 982,114,035 (six months ended 30 June 2009: 982,114,035) share in issue during the period after adjusting the effect of all potential dilutive ordinary shares deemed to be transferred to an employee at nil consideration under the Share Award Scheme.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## 13 *Commitments*

(a) Capital commitments

| | As at 30 June 2010 | As at 31 December 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Property, plant and equipment | | |
| Contracted but not provided for | 3,363 | 3,602 |

(b) At 30 June 2010, the Group had future aggregate minimum lease payments receivable and payable under non-cancellable operating leases as follows:

| | As at 30 June 2010 | As at 31 December 2009 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Rental receivables | | |
| – not later than one year | 100,073 | 94,930 |
| – later than one year and not later than five years | 133,136 | 130,323 |
| – later than five years | 13,392 | 19,245 |
| | 246,601 | 244,498 |
| Rental payables | | |
| – not later than one year | 7,805 | 9,112 |
| – later than one year and not later than five years | 6,212 | 4,616 |
| | 14,017 | 13,728 |

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(Continued)*

## 14 *Related party transactions*

The Company is controlled by the Tsang Family (comprising Dr. Tsang Hin Chi, Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of Dr. Tsang Hin Chi and Madam Wong Lei Kuan) which, together with 5.49% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.17% of the Company's issued shares. The remaining 31.83% are widely held.

The following transactions were carried out with related parties:

| | | Six months ended | |
|---|---|---|---|
| | | **30 June 2010** | **30 June 2009** |
| | *Note* | *HK$'000* | *HK$'000* |
| (a) Sales of services: | | | |
| Rental received from related companies | *(i)* | 1,500 | 2,085 |
| Building management fees received from a related company | *(ii)* | 603 | 598 |
| (b) Purchase of services: | | | |
| Professional fees paid to related companies | *(iii) and (iv)* | 160 | 280 |
| Rental payment to a related company | *(v)* | – | 74 |

*Notes:*

(i) Rental was received from Guangzhou World Trade Center Club Company Limited ('GWTCCL') for lease of a business center and facilities therein located at Goldlion Digital Network Centre in Guangzhou, and from China World Trade Corporation ('CWTC') for lease of a unit located at Goldlion Holdings Centre in Hong Kong. Rental was charged at rate based on the relevant lease agreement entered. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL and CWTC as he is a major shareholder of the holding company of GWTCCL and CWTC. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
*(Continued)*

## *14 Related party transactions (Continued)*

*Notes: (Continued)*

(ii) Building management fees were received under normal commercial terms from GWTCCL for the provision of building management services for a business center at Goldlion Digital Network Centre. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL as he is a major shareholder of the holding company of GWTCCL. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in these transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

(iii) Equitas Capital Limited acted as financial advisor to the Group during the period for which professional fee of HK$160,000 (2009: HK$160,000) was paid by the Company. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director of, and a principal shareholder in, Equitas Capital Limited.

(iv) Professional fee of HK$120,000 was paid to Somerley Limited during the six months ended 30 June 2009 in the ordinary course of the Company's business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is a director of Somerley Limited.

(v) Rental expenses was paid under normal commercial terms to Gold State Properties Limited ('GSPL') in respect of a shop located in Hong Kong. As Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interest in and are directors of GSPL, they are interested in this transaction.

(c) Period-end balances arising from purchases of financial advisory services

| | **As at 30 June 2010** | **As at 30 June 2009** |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Payable to a related party: | | |
| Equitas Capital Limited | 160 | 160 |

# SUPPLEMENTARY INFORMATION

### *INTERIM DIVIDEND*

The Directors have recommended the payment of an interim dividend of 7.0 HK cents per share (2009: 6.0 HK cents per share) for the year ending 31 December 2010, totalling HK$68,748,000 (2009: HK$58,706,000), which is expected to be payable on or about 5 October 2010 to shareholders whose names appear on the Register of Members as at 24 September 2010.

### *CLOSURE OF REGISTER OF MEMBER*

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed from 22 September 2010 to 24 September 2010 (both dates inclusive), during which period no transfer will be effected.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 21 September 2010 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

### *PURCHASE, SALE OR REDEMPTION OF SHARES*

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### *SHARE OPTIONS*

At the Extraordinary General Meeting of the Company held on 21 May 2002, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme"). The New Option Scheme is designed to enable the Group to reward and motivate executives and key employees in service of the Group and other persons who may make a contribution to the Group.

During the six months ended 30 June 2010, no options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company.

### *SHARE AWARD SCHEME*

On 17 July 2008, the Board adopted the Share Award Scheme in which a selected employee of the Group is entitled to participate. The purpose of the scheme is to recognize the contributions by the employee of the Group and to provide the retirement benefit for the employee of the Group.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested.

## SUPPLEMENTARY INFORMATION *(Continued)*

***SHARE AWARD SCHEME** (Continued)*

During the six months ended 30 June 2010, the Company has not purchased or awarded any of its shares to eligible employees pursuant to the aforementioned scheme and 1,104,000 shares of the Company were transferred to the relevant employee according to the rules of the aforementioned scheme. Details of the unallocated shares at 30 June 2010 are set out below.

| | | Number of shares | | | |
|---|---|---|---|---|---|
| **Date of Grant** | **Awarded sum HK$** | **As at 1 January 2010** | **Vested during the period** | **As at 30 June 2010** | **Latest vesting date** |
| 17 July 2008 | 6,017,000 | 1,840,000 | 1,104,000 | 736,000 | 10 September 2010 |

***DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION***

At 30 June 2010, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required maintained by the Company under section 352 of Part XV of the SFO or as 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 Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Ordinary shares of HK$0.10 each in the Company at 30 June 2010

| | | Number of shares held | | | | |
|---|---|---|---|---|---|---|
| **Directors** | | **Personal interests** | **Family interests** *(Note 1)* | **Other interests** *(Note 2)* | **Total** | **Percentage to total issued share capital** |
| Tsang Hin Chi | Long positions | – | 1,210,000 | 613,034,750 | 614,244,750 | 62.54% |
| | Short positions | – | – | – | – | – |
| Tsang Chi Ming, Ricky | Long positions | 1,404,000 | – | 613,034,750 | 614,438,750 | 62.56% |
| | Short positions | – | – | – | – | – |
| Wong Lei Kuan | Long positions | 1,210,000 | – | 613,034,750 | 614,244,750 | 62.54% |
| | Short positions | – | – | – | – | – |
| Ng Ming Wah, Charles | Long positions | 1,800,000 | – | – | 1,800,000 | 0.18% |
| | Short positions | – | – | – | – | – |

## SUPPLEMENTARY INFORMATION *(Continued)*

### *DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)*

*Notes:*

1. Madam Wong Lei Kuan is the spouse of Dr. Tsang Hin Chi. Her shareholding disclosed under the heading "Personal interests" in the above table is the family interest of Dr. Tsang Hin Chi.

2. The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan under the heading "Other interests" in the above table refer to the same shares which were held by Hin Chi Family Management Limited (being trustee of the Tsang Hin Chi (2007) Family Settlement) as disclosed in the paragraph headed "Substantial shareholders" below.

Save as disclosed above, as at 30 June 2010, none of the Directors and Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the six months ended 30 June 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

## SUPPLEMENTARY INFORMATION *(Continued)*

### *SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY*

As at 30 June 2010, the register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 30 June 2010, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

| Name of holder of securities | Type of securities | | Number of shares held | Percentage to total issued share capital |
|---|---|---|---|---|
| Hin Chi Family Management Limited *(Note)* | Ordinary shares of HK$0.10 each | Long positions | 613,034,750 | 62.42% |
| | | Short positions | – | – |
| Top Grade Holdings Limited *(Note)* | Ordinary shares of HK$0.10 each | Long positions | 613,034,750 | 62.42% |
| | | Short positions | – | – |
| Silver Disk Limited *(Note)* | Ordinary shares of HK$0.10 each | Long positions | 160,616,000 | 16.35% |
| | | Short positions | – | – |
| Tsang Hin Chi Charities (Management) Limited | Ordinary shares of HK$0.10 each | Long positions | 53,880,750 | 5.49% |
| | | Short positions | – | – |

*Note:*

Hin Chi Family Management Limited as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited ("Top Grade"). Top Grade held 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly subsidiary of Top Grade.

## SUPPLEMENTARY INFORMATION *(Continued)*

### *CORPORATE GOVERNANCE*

The Company has complied with the Code Provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2010 except that all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. During the six months ended 30 June 2010, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

### *AUDIT COMMITTEE*

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. At present, the Audit Committee has four members including Mr. Li Ka Fai, David (Chairman), Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, a non-executive Director of the Company.

### *REVIEW OF FINANCIAL INFORMATION*

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2010. At the request of the Board of Directors, the Company's external auditors, PricewaterhouseCoopers, have carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

### *BOARD OF DIRECTORS*

As at the date of this report, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Dr. Wong Ying Ho, Kennedy and Mr. Li Ka Fai, David as independent non-executive Directors.