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CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST JULY, 2012

The board of directors (the “Board”) of Capital Estate Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st July, 2012, together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st July, 2012

	NOTES	2012 HK\$'000	2011 HK\$'000
Revenue		142,923	132,400
Direct operating costs		(83,360)	(72,597)
Gross profit		59,563	59,803
Other gains and losses		(9,019)	14,372
Other income		2,700	1,389
Marketing expenses		(2,058)	(1,448)
Administrative expenses		(59,302)	(63,050)
Other hotel operating expenses		(37,897)	(37,959)
Written off of property, plant and equipment		(65,338)	–
Increase in fair value of investment properties		6,620	7,080
Share of (losses) profits of associates		(8,163)	12,281
Finance costs	5	(10,415)	(12,729)
Gain on disposal of a subsidiary		106	–
Loss before taxation		(123,203)	(20,261)
Income tax credit	6	2,557	2,706
Loss for the year	7	(120,646)	(17,555)
Other comprehensive income			
Exchange differences arising on translation		1,583	26,387
Total comprehensive (expense) income for the year		(119,063)	8,832

	<i>NOTE</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(120,325)	(17,248)
Non-controlling interests		<u>(321)</u>	<u>(307)</u>
		<u>(120,646)</u>	<u>(17,555)</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(118,742)	9,139
Non-controlling interests		<u>(321)</u>	<u>(307)</u>
		<u>(119,063)</u>	<u>8,832</u>
Loss per share	<i>8</i>		
Basic and diluted - HK cents		<u>(4.88)</u>	<u>(0.75)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st July, 2012

	<i>NOTES</i>	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Investment properties		43,700	43,480
Property, plant and equipment		403,047	470,465
Prepaid lease payments		2,854	13,165
Premium on prepaid lease payments		43,444	191,393
Interests in associates		213,074	221,247
Available-for-sale investments		63,738	59,850
Convertible bond		6,523	–
Derivative component in convertible bond		3,562	–
		<u>779,942</u>	<u>999,600</u>
Current assets			
Amount due from an associate		3,272	3,456
Properties for development		383,810	227,200
Inventories		3,471	2,881
Trade and other receivables	<i>9</i>	11,179	7,602
Prepaid lease payments		97	432
Investments held for trading		–	41,551
Pledged bank deposit		641	641
Bank balances and cash		26,041	49,790
		<u>428,511</u>	<u>333,553</u>
Current liabilities			
Trade and other payables	<i>10</i>	36,024	30,949
Amounts due to related companies		9,120	150
Taxation payable		25,548	25,548
Bank borrowings - due within one year		25,537	19,391
		<u>96,229</u>	<u>76,038</u>
Net current assets		<u>332,282</u>	<u>257,515</u>
Total assets less current liabilities		<u>1,112,224</u>	<u>1,257,115</u>
Non-current liabilities			
Bank borrowings - due after one year		97,527	122,647
Convertible notes - liability portion		17,782	16,173
Deferred tax liabilities		69,064	71,381
		<u>184,373</u>	<u>210,201</u>
Net assets		<u>927,851</u>	<u>1,046,914</u>

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Capital and reserves		
Share capital	246,783	246,783
Share premium and reserves	679,408	798,150
	<hr/>	<hr/>
Equity attributable to owners of the Company	926,191	1,044,933
Non-controlling interests	1,660	1,981
	<hr/>	<hr/>
Total equity	927,851	1,046,914
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NOTES:

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). The address of the registered office and principal place of business of the Company is 17/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010 that are effective for annual periods beginning on or after 1st January, 2011
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HKAS 24 (as revised in 2009)	Related Party Disclosures

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or disclosures set out in the consolidated financial statements and the Company’s statement of financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the current financial year.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ³
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ⁵
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ *Effective for annual periods beginning on or after 1st January, 2013*

² *Effective for annual periods beginning on or after 1st January, 2015*

³ *Effective for annual periods beginning on or after 1st July, 2012*

⁴ *Effective for annual periods beginning on or after 1st January, 2014*

⁵ *Effective for annual periods beginning on or after 1st January, 2012*

HKFRS 9 “Financial Instruments” (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial Instruments” (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st August, 2015 will affect the classification and measurement of the Group’s available-for-sale investments based on the Group’s financial assets and financial liabilities as at 31st July, 2012.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and consolidated financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised. The Group's reportable and operating segments under HKFRS 8 are as follows:

Hotel operations	–	hotel business and its related services
Financial investment	–	trading of listed securities and other financial instruments
Property	–	leasing of properties and sale of properties held for sale and property under development

Information regarding these segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31st July, 2012

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
GROSS PROCEEDS	<u>142,355</u>	<u>62,571</u>	<u>568</u>	<u>205,494</u>
SEGMENT REVENUE	<u>142,355</u>	<u>–</u>	<u>568</u>	<u>142,923</u>
SEGMENT (LOSS) PROFIT	<u>(20,257)</u>	<u>(7,724)</u>	<u>5,605</u>	<u>(22,376)</u>
Unallocated income				975
Unallocated expenses				(17,992)
Written off of property, plant and equipment				(65,338)
Share of losses of associates				(8,163)
Finance costs				(10,415)
Gain on disposal of subsidiary				<u>106</u>
Loss before taxation				<u>(123,203)</u>

For the year ended 31st July, 2011

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
GROSS PROCEEDS	<u>131,832</u>	<u>125,078</u>	<u>568</u>	<u>257,478</u>
SEGMENT REVENUE	<u>131,832</u>	<u>–</u>	<u>568</u>	<u>132,400</u>
SEGMENT (LOSS) PROFIT	<u>(16,470)</u>	<u>13,698</u>	<u>6,068</u>	3,296
Unallocated income				1,031
Unallocated expenses				(24,140)
Share of profits of associates				12,281
Finance costs				<u>(12,729)</u>
Loss before taxation				<u>(20,261)</u>

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of central administration costs, directors' salaries, written off of property, plant and equipment, share of results of associates, certain investment income, interest income, finance costs and gain on disposal of a subsidiary. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on:		
Borrowings wholly repayable within five years:		
Bank borrowings	8,006	8,249
Consideration payable for acquisition of subsidiaries	–	444
Convertible notes	<u>2,409</u>	<u>4,036</u>
	<u>10,415</u>	<u>12,729</u>

6. INCOME TAX CREDIT

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Tax credit comprises:		
Deferred taxation	<u>(2,557)</u>	<u>(2,706)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the People's Republic of China ("PRC") subsidiary is 25% from 1st January, 2008 onwards. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax and Enterprise Income Tax in PRC subsidiaries has been made for both years as the Company and its subsidiaries either did not generate any assessable profits for the years. For the year ended 31st July, 2011, there were available tax losses brought forward from prior years to offset against the assessable profits generated.

7. LOSS FOR THE YEAR

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' remuneration	3,713	3,712
Other staff costs, excluding directors		
– Salaries and other benefits	41,446	36,701
– Retirement benefit scheme contributions	<u>2,449</u>	<u>2,093</u>
Total employee benefit expenses	<u>47,608</u>	<u>42,506</u>
Auditor's remuneration	1,800	1,750
Depreciation included in:		
– other hotel operating expenses	31,234	31,318
– administrative expenses	1,574	2,006
Release of prepaid lease payments and premium on prepaid lease payments (included in other hotel operating expenses)	6,664	6,641
Net exchange (gain) loss	(284)	766
Loss on disposal of property, plant and equipment	60	–
Cost of inventories recognised as an expense	30,598	26,511
Gross rental income from investment properties	568	568
Less:		
direct operating expenses from investment properties that generated rental income during the year	(340)	(313)
direct operating expenses from investment properties that did not generate rental income during the year	<u>(1,156)</u>	<u>(1,185)</u>
	<u>(928)</u>	<u>(930)</u>
Bank and other interest income	(56)	(308)
Interest income on convertible bond	(1,365)	–
Investment income earned from available-for-sale investments (included in the other income)	<u>(975)</u>	<u>(1,030)</u>

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(120,325)</u>	<u>(17,248)</u>
	2012	2011
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,467,834,129</u>	<u>2,316,159,854</u>

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers of hotel business and property rental, an aged analysis of trade receivables based on invoice date is as follows:

	THE GROUP	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables:		
0 to 30 days	4,690	2,273
31 to 60 days	224	245
61 to 90 days	49	102
91 days or above	204	133
	<u>5,167</u>	2,753
Prepayments and deposits	1,859	1,719
Other receivables	4,153	3,130
	<u>11,179</u>	<u>7,602</u>

Before accepting any new customer of hotel business, the Group assesses the potential customer's credit quality by investigating their historical credit record and then defines the credit limit of that customer. Trade receivables are neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

The average credit period on purchases of goods is 30 to 120 days, an aged analysis of trade payables based on invoice date is as follows:

	THE GROUP	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables:		
0 to 30 days	3,680	3,865
31 to 60 days	3,533	1,856
61 to 90 days	1,760	1,795
91 days or above	1,887	929
	<hr/>	<hr/>
	10,860	8,445
Accruals	14,184	13,876
Deposits received	121	121
Other payables	10,859	8,507
	<hr/>	<hr/>
	36,024	30,949
	<hr/> <hr/>	<hr/> <hr/>

REVIEW OF THE RESULTS

The Group reported gross proceeds of approximately HK\$205.5 million for the year ended 31st July, 2012 (2011: HK\$257.5 million), which comprised gross proceeds from sales of securities of HK\$62.6 million (2011: HK\$125.1 million) and income from hotel operations and other business segments totalling HK\$142.9 million (2011: HK\$132.4 million).

Loss for the year attributable to owners of the Company for the year ended 31st July, 2012 was HK\$120.3 million, as compared to HK\$17.2 million for last year. The loss was mainly attributable to the write-off of the carrying amount of certain old building and facilities at the site of Hotel Fortuna, Foshan, the PRC amounting to HK\$65.3 million. The old building was demolished for further development according to plan following the construction of the new recreational building.

DIVIDEND

The Directors do not recommend the payment of any dividends for the year ended 31st July, 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a liquid position. At 31st July, 2012, the Group had cash of HK\$26.7 million mainly in Hong Kong dollars (2011: HK\$50.4 million mainly in Hong Kong dollars and marketable securities totalling HK\$41.6 million).

Total bank borrowings (other than corporate credit card payable classified as “other payable”) were HK\$123.1 million at 31st July, 2012 (2011: HK\$142.0 million), of which HK\$25.6 million were repayable within one year and HK\$97.5 million within two to five years. The bank borrowings were denominated in Renminbi and carried interest on a floating rate basis.

Convertible notes of face value HK\$20.0 million outstanding at 31st July, 2012 were repayable on 8th November, 2013.

The Group’s gearing ratio, expressed as a percentage of the Group’s total liabilities over the shareholders’ fund, was 30.3% at 31st July, 2012 (2011: 27.4%).

EXCHANGE RATE EXPOSURE

The assets and liabilities and transactions of several major subsidiaries of the Group are principally denominated in Renminbi or Hong Kong dollars pegged currencies, which expose the Group to foreign currency risk and such risk has not been hedged. It is the Group’s policy to monitor such exposure and to use appropriate hedging measures when required.

BUSINESS REVIEW

For the year ended 31st July, 2012, the principal activities of the Group are property investment and development, hotel operation, financial investment and related activities.

Property investment and development

The Group continues to own the vacant land of approximately 10,154 square meters located in Coloane, Macau. According to the revised building plan submitted to the government in late 2011, the land is for the construction of 46 luxury residential houses and related facilities with a total residential gross floor area of approximately 15,590 square meters. The Group is awaiting the government's approval for the commencement of the development.

The Group holds an effective 5% interest in the land site at Avenida Commercial de Macau through an investee company, Sociedade de Investimento Imobiliario Pun Keng Van, S.A.. The site is for the development of a luxurious residential building on the waterfront at Nam Van Lake with a maximum permitted gross floor area of approximately 55,800 square meters. The progress of the project will be monitored closely.

Hotel operation

The Group owns 100% interest in Hotel Fortuna, Foshan, a hotel with 408 rooms located at Le Cong Zhen, Shun De District, Foshan, the PRC, through a wholly owned subsidiary, Foshan Fortuna Hotel Company Limited. During the year ended 31st December, 2011, the hotel maintained a stable occupancy rate of approximately 63% and recorded a turnover of approximately HK\$145.7 million in 2011 compared to HK\$117.9 million in 2010.

The Group also holds a 32.5% interest in Hotel Fortuna, Macau which is owned and operated by Tin Fok Holding Company Limited, an associated company of the Group. Despite the keen competition in the Macau hotel industry, Hotel Fortuna, Macau continued to maintain a high occupancy rate of approximately 97% and recorded a stable turnover of approximately HK\$224.5 million in 2011 compared to HK\$181.2 million in 2010.

EMPLOYEES

The Group offers its employees competitive remuneration packages to commensurate with their experience, performance and job nature, which include basic salary, bonuses, share options, retirement and other benefits.

At 31st July, 2012, the Group had approximately 690 employees of which approximately 670 employees were stationed in Mainland China. Total staff remuneration incurred for the year ended 31st July, 2012 amounted to approximately HK\$47.6 million (2011: HK\$42.5 million).

PROSPECTS

The construction of the new recreational building of Hotel Fortuna, Foshan with swimming pool, gym, sauna, karaoke and other club house facilities was completed during the period. These new facilities are expected to enhance the operational efficiency, competitiveness and revenue of the hotel.

After the completion of the recreational building, Hotel Fortuna, Foshan still has an undeveloped permissible gross floor area for residential and commercial uses of approximately 62,000 square meters. The management intends to utilise such development potential for the construction of new residential buildings for sales.

The Group is optimistic with the long term prospects of the property and hospitality sectors in Macau and the PRC. With healthy financial position and business operation, the Group continues its prudent approach to identify and seek sound business opportunities to maximize shareholders' return.

PLEDGE OF ASSETS

At 31st July, 2012, hotel properties of HK\$328,507,000 (2011: HK\$331,140,000) of the Group were pledged to secure bank borrowings of RMB101,200,000 equivalent to approximately of HK\$123,064,000 (2011: RMB117,200,000, equivalent to approximately of HK\$142,038,000) granted to the Group. Bank deposit of HK\$641,000 (2011: HK\$641,000) of the Group was pledged to banks to secure credit facilities to the extent of HK\$600,000 (2011: HK\$600,000) granted to the Group, of which HK\$7,000 (2011: HK\$22,000) was utilised by the Group.

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

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

CORPORATE GOVERNANCE PRACTICES

In order to attain a high standard of corporate governance, the Company is committed to continuously adopting and improving effective measures and practices to achieve a high level of transparency and accountability in the interests of its shareholders.

The Company adopted the Corporate Governance Code (formerly the "Code on Corporate Governance Practice") contained in Appendix 14 (the "Code") of the Listing Rules including those revised code provisions which became effective on 1st April, 2012. During the year ended 31st July, 2012, the Company complied with all applicable provisions of the Code for their respective applicable periods except for the following deviation:

Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation at annual general meetings in accordance with Article 103(A) of the Company's Articles of Association. The Company will ensure that all directors retire at regular intervals.

MODEL CODES FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st July, 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the Code. The Audit Committee comprises Mr. Li Sze Kuen, Billy (Chairman), Mr. Wong Kwong Fat and Mr. Leung Kam Fai, all of whom are independent non-executive directors.

The principal functions of the Audit Committee include the review and supervision of the Group's reporting process and internal controls.

During the year, the Audit Committee held two meetings which were attended by all the members and performed the following duties:

1. reviewed and commented on the Company's draft annual and interim financial reports;
2. reviewed and commented on the Group's internal controls; and
3. met with the external auditors and participate in the re-appointment and assessment of the performance of the external auditors.

The Audit Committee has reviewed the audited results of the Group for the year ended 31st July, 2012.

By order of the Board
Sio Tak Hong
Chairman

Hong Kong, 26th October, 2012

As of the date of this announcement, the Board comprises Mr. Sio Tak Hong, Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael as executive directors and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai as independent non-executive directors.