China Gamma Group Limited
中國伽瑪集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

INTERIM RESULTS

The board of directors (the "Board") of China Gamma Group Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2014 together with the comparative figures for the corresponding period in 2013. The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**14,253**	17,789
Other revenue and gains, net	*4*	**1,440**	446
		15,693	18,235
Cost of sales		**(3,828)**	(16,793)
Net unrealised gains/(losses) on financial assets at fair value through profit or loss		**9,557**	(862)
Net realised gains/(losses) on financial assets at fair value through profit or loss		**1,998**	(1,370)
Administrative expenses		**(29,071)**	(19,192)
Impairment loss on assets classified as held for sale	*12*	**(22,699)**	–
Loss from operations	*5*	**(28,350)**	(19,982)
Finance costs		**(9,412)**	(26,598)
Loss before taxation		**(37,762)**	(46,580)
Taxation	*6*	**21**	564
Loss for the period		**(37,741)**	(46,016)

	Note	Six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Equity shareholders of the Company		**(37,805)**	(44,466)
Non-controlling interests		**64**	(1,550)
		(37,741)	(46,016)
Loss per share for loss attributable to the equity shareholders of the Company during the period	*7*		
– Basic and diluted		**(0.82) cent**	(1.17) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(37,741)**	(46,016)
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**1,473**	11,090
Total comprehensive expenses for the period	**(36,268)**	(34,926)
Attributable to:		
Equity shareholders of the Company	**(36,759)**	(36,758)
Non-controlling interests	**491**	1,832
Total comprehensive expenses for the period	**(36,268)**	(34,926)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 September 2014 (Unaudited) HK$'000	At 31 March 2014 (Audited) HK$'000
Non-current Assets			
Property, plant and equipment		**20,021**	22,146
Land use rights		**11,216**	11,436
Goodwill		**23,592**	23,592
Available-for-sales financial asset		**9,300**	–
		64,129	57,174
Current Assets			
Inventories		**2,514**	–
Trade and other receivables	*8*	**64,852**	56,862
Financial assets at fair value through profit or loss	*9*	**67,314**	19,604
Cash and cash equivalents		**105,124**	33,453
		239,804	109,919
Assets classified as held for sale	*12*	**715,363**	758,175
		955,167	868,094
Current Liabilities			
Trade and other payables	*10*	**39,985**	29,221
Bank and other borrowings	*11*	**–**	10,063
Convertible note		**104,666**	101,272
Liabilities directly associated with the assets classified as held for sale	*12*	**449,421**	513,292
Current taxation		**–**	21
		594,072	653,869
Net Current Assets		**361,095**	214,225
Total Assets less Current Liabilities		**425,224**	271,399

	Notes	At 30 September 2014 (Unaudited) HK$'000	At 31 March 2014 (Audited) HK$'000
Non-current Liabilities			
Amount due to a non-controlling shareholder of a subsidiary		**22,209**	21,839
Bank and other borrowings	*11*	**62,223**	52,044
Deferred taxation		**1,340**	1,337
		85,772	75,220
Net Assets		**339,452**	196,179
Equity			
Capital and reserves attributable to the equity shareholders of the Company:			
Share capital	*13*	**66,620**	42,987
Reserves		**94,114**	(25,035)
		160,734	17,952
Non-controlling interests		**178,718**	178,227
Total Equity		**339,452**	196,179

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities which are carried at fair value.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014 except for the adoption of new and revised standard and interpretation with effect from 1 April 2014.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial period beginning on 1 April 2014.

HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK (IFRIC) – Int 21	Levies

The adoption of the new or revised Hong Kong Financial Reporting Standards ("HKFRS") had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

The Group has not early adopted the following new or revised standards and amendments that have been issued but are not yet effective.

HKFRS 7 and HKFRS 9 (Amendments)	Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKAS 9	Financial Instruments[4]
HKFRS 11 (Amendments)	Accounting for Acquisitions of interests in Joint Operations[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 15	Revenue from Contracts with Customers[3]
HKAS 19 (Amendments)	Employee Benefits – Defined Benefit Plans: Employee Contribution[1]
HKFRS Amendments	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
HKFRS Amendments	Annual Improvements to HKFRSs 2011-2013 Cycle[1]

[1] *Effective for annual periods beginning on or after 1 July 2014*

[2] *Effective for annual periods beginning on or after 1 January 2016*

[3] *Effective for annual periods beginning on or after 1 January 2017*

[4] *No mandatory effective date yet determined but is available for early adoption*

The directors of the Company (the "Directors") are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's result of operations and financial position.

3. SEGMENT INFORMATION

For management purpose, the Group has four (2013: three) principal lines of businesses namely (1) entertainment and gaming business, (2) property business (including property development, trading of building materials and provision of renovation services); (3) gamma ray irradiation services; and (4) resources business which, together with other operation – securities trading and investment, are the basis on which the Group reports its segment information.

An analysis of the Group's turnover, contribution to operating results and segment assets and liabilities by business segments is presented as follows:

Segment results

For the six months ended 30 September 2014

	Entertainment and gaming business (Unaudited) *HK$'000*	Property business (Unaudited) *HK$'000*	Gamma ray irradiation services (Unaudited) *HK$'000*	Resources business (Unaudited) *HK$'000*	Other operation – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
INCOME STATEMENT						
REVENUE						
Turnover	**11,075**	**14**	**3,164**	**–**	**–**	**14,253**
Segment results	**(3,623)**	**(666)**	**(967)**	**(22,567)**	**12,460**	**(15,363)**
Unallocated other operating income						**1**
Unallocated corporate expenses						**(12,988)**
Loss from operations						**(28,350)**
Finance costs						**(9,412)**
Loss before taxation						**(37,762)**
Taxation						**21**
Loss before non-controlling interests						**(37,741)**

Segment assets and liabilities

As at 30 September 2014

	Entertainment and gaming business (Unaudited) *HK$'000*	Property business (Unaudited) *HK$'000*	Gamma ray irradiation services (Unaudited) *HK$'000*	Resources business (Unaudited) *HK$'000*	Other operation – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
BALANCE SHEET						
ASSETS						
Segment assets	**26,751**	**12,791**	**57,696**	**–**	**67,314**	**164,552**
Assets classified as held for sale *(note 12)*	**–**	**–**	**–**	**715,363**	**–**	**715,363**
Unallocated corporate assets						**139,381**
Consolidated total assets						**1,019,296**
LIABILITIES						
Segment liabilities	**8,588**	**24,480**	**10,217**	**138,281**	**551**	**182,117**
Liabilities classified as held for sale *(note 12)*	**–**	**–**	**–**	**449,421**	**–**	**449,421**
Unallocated corporate liabilities						**48,306**
Consolidated total liabilities						**679,844**

Segment results

For the six months ended 30 September 2013

	Property business (Unaudited) *HK$'000*	Gamma ray irradiation services (Unaudited) *HK$'000*	Resources business (Unaudited) *HK$'000*	Other operation – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
INCOME STATEMENT					
REVENUE					
Turnover	998	2,838	13,953	–	17,789
Segment results	(1,404)	(1,363)	(2,448)	(1,806)	(7,021)
Unallocated other operating income					1
Unallocated corporate expenses					(12,962)
Loss from operations					(19,982)
Finance costs					(26,598)
Loss before taxation					(46,580)
Taxation					564
Loss before non-controlling interests					(46,016)

Segment assets and liabilities

As at 31 March 2014

	Property business (Audited) *HK$'000*	Gamma ray irradiation services (Audited) *HK$'000*	Resources business (Audited) *HK$'000*	Other operation – securities trading and investment (Audited) *HK$'000*	Total (Audited) *HK$'000*
BALANCE SHEET					
ASSETS					
Segment assets	9,765	59,179	–	19,605	88,549
Assets classified as held for sale *(note 12)*	–	–	758,175	–	758,175
Unallocated corporate assets					78,544
Consolidated total assets					925,268
LIABILITIES					
Segment liabilities	25,184	10,335	134,929	1,269	171,717
Liabilities classified as held for sale *(note 12)*	–	–	513,292	–	513,292
Unallocated corporate liabilities					44,080
Consolidated total liabilities					729,089

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2013: HK$Nil).

Segment results represents the profit/(loss) earned or incurred by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. TURNOVER, OTHER REVENUE AND GAINS, NET

Turnover represents the aggregate of the net amounts received and receivable from third parties during the period. An analysis of the Group's turnover, other revenue and gains, net is as follows:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover		
Entertainment and gaming business	**11,075**	–
Property business	**14**	998
Gamma ray irradiation services	**3,164**	2,838
Resources business	**–**	13,953
	14,253	17,789
Other revenue and gains, net		
Other income	**1,440**	446
	15,693	18,235

5. LOSS FROM OPERATIONS

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of land use rights	**248**	246
Cost of sales#	**3,828**	16,793
Depreciation of property, plant and equipment#	**2,206**	2,911
Loss on disposal of property, plant and equipment	**–**	50
Interest income	**(7)**	(3)

Cost of sales includes HK$2,025,000 (2013: HK$2,105,000) relating to depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for the six months ended 30 September 2014 and 2013 respectively. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rate of taxation prevailing in the countries in which the Group operates.

The amount of income tax expense in the condensed consolidated income statement represents:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current taxation		
Overseas Tax		
– Provision for the period	**(21)**	71
Deferred taxation		
– Origination and reversal of temporary differences	**–**	(635)
Income tax credit	**(21)**	(564)

7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 September 2014 is based on the loss for the period attributable to the equity shareholders of the Company of approximately HK$37,805,000 (2013: HK$44,466,000) and on the weighted average number of 4,587,306,161 shares (2013: 3,809,610,452 shares) in issue during the period.

The calculation of diluted loss per share for the six months ended 30 September 2014 and 30 September 2013 has not included the potential effect of share options outstanding and the deemed conversion of the convertible note into ordinary shares as they have an anti-dilutive effect on the basic loss per share for the respective period.

8. TRADE AND OTHER RECEIVABLES

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Trade receivables	**11,131**	255
Other receivables and prepayments	**53,721**	56,607
	64,852	56,862

In the opinion of the Directors, all of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

The Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

The Group allows an average credit period of 60 days to 90 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below includes those classified as part of the assets classified as held for sale, net of allowance for doubtful debts:

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Up to 30 days	**11,078**	22,545
31 to 90 days	**47**	36
91 to 365 days	**5**	177
Over 365 days	**177**	–
	11,307	22,758

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Listed securities held for trading:		
– Equity securities – Hong Kong, at market value	**67,314**	19,604

10. TRADE AND OTHER PAYABLES

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Trade payables	**4,286**	3
Other payables and accruals	**35,699**	29,218
	39,985	29,221

In the opinion of the Directors, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

The following is an analysis of trade payables by age based on the invoice date. The analysis below includes those classified as part of the liabilities classified as held for sale:

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Up to 30 days	**4,286**	20,987
31 to 90 days	**–**	3
Over 90 days	**41,021**	38,654
	45,307	59,644

11. BANK AND OTHER BORROWINGS

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Current		
Bank borrowing – secured *(Note a)*	**–**	10,063
Non-current		
Bank borrowing – secured *(Note a)*	**10,088**	–
Other borrowing – unsecured		
– Loan from a company controlled by a substantial shareholder *(Note b)*	**33,500**	33,500
Placing notes *(Note c)*	**18,635**	18,544
	62,223	52,044
Total bank and other borrowings	**62,223**	62,107
Bank borrowing repayable		
Within one year	**–**	10,063
In the second year	**10,088**	–
	10,088	10,063
Other borrowings repayable		
In the second year	**33,500**	33,500
After 5 years	**18,635**	18,544
Total bank and other borrowings	**62,223**	62,107

Notes:

(a) At 30 September 2014 and 31 March 2014, the bank borrowing is secured by certain leasehold buildings and land use rights of the Group.

(b) The loan is interest free, unsecured and has no fixed terms of repayment. The Directors are of the opinion that this loan is not repayable in the next twelve months from the balance sheet date and is therefore shown as non-current.

(c) On 20 August 2013, the Company entered into a placing agreement (the "Original Placing Agreement") with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate amount of HK$300,000,000 to be issued by the Company in the denomination of HK$2,000,000 each (the "Placing Notes") to independent third parties (the "Placing"). Pursuant to the Original Placing Agreement, the Placing Notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. The Company may early redeem in whole the Placing Notes at a redemption price equal to the principal amount together with accrued interest after the third anniversary from the respective issue dates of the Placing Notes. Details of the Placing were set out in the Company's announcement dated 20 August 2013.

The Original Placing Agreement expired on 19 August 2014. On 15 August 2014, the Company and the Placing Agent entered into a new placing agreement to renew the placing period for placing of the Placing Notes (the "2014 Placing Agreement").

The principal terms and conditions of the completion notes to be issued under the 2014 Placing Agreement will be substantially the same as those of the completion notes issued under the Original Placing Agreement. Details of the 2014 Placing Agreement were set out in the Company's announcement dated 15 August 2014.

12. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

At 31 March 2014, the Group had considered the possibilities of restructuring the rare earth refinery and processing business if the assets value would be better reflected by such a sale transaction rather than through continuing use. The Group made a plan to sell a group of subsidiaries that engaged in the rare earth refinery and processing business which is mainly conducted through 冕寧縣茂源稀土科技有限公司 (Mianning Mao Yuan Rare Earth Technology Company Limited*) ("Mianning Mao Yuan"), a 54% owned subsidiary of the Group.

On 25 June 2014, a letter of intent has been entered into between a subsidiary of the Group and the potential buyer. Currently a due diligence review is being conducted by the potential buyer and the possible sales are still subject to further negotiation and satisfaction of certain conditions. Therefore, the assets and liabilities of the subsidiaries continued to be classified as assets and liabilities held for sale.

The results of the assets/liabilities classified as held for sale (i.e. rare earth refinery and processing business) that are included in the consolidated income statement and the consolidated statement of cash flows are shown as below:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period from rare earth refinery and processing business:		
Turnover	**–**	13,953
Other income	**524**	–
Cost of sales	**–**	(13,146)
Impairment loss on goodwill *(Note a)*	**(22,699)**	–
Administrative expenses	**(392)**	(2,874)
Loss before taxation	**(22,567)**	(2,067)
Taxation	**–**	635
Loss for the period	**(22,567)**	(1,432)

In accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, when a non-current asset is classified as held for sale or included within a disposal group that is classified as held for sale, it is not depreciated or amortised.

Cash flows from rare earth refinery and processing business:

Net cash inflows/(outflows) from operating activities	**89**	(54)
Net cash inflows/(outflows)	**89**	(54)

The major classes of assets and liabilities classified as held for sale as at period end are as follows:

	At 30 September 2014 (Unaudited) *HK$'000*	At 31 March 2014 (Audited) *HK$'000*
Property, plant and equipment	**114,361**	114,073
Intangible asset	**410,347**	409,314
Land use rights	**5,455**	5,441
Goodwill *(Note a)*	**152,731**	174,989
Inventories	**22,642**	22,585
Trade and other receivables	**9,665**	31,700
Cash and cash equivalents	**162**	73
Assets classified as held for sale	**715,363**	758,175
Trade and other payables	**(168,690)**	(186,907)
Other borrowings *(Note b)*	**(279,345)**	(325,002)
Deferred taxation	**(1,386)**	(1,383)
Liabilities directly associated with the assets classified as held for sale	**(449,421)**	(513,292)
Net assets directly associated with the assets classified as held for sale	**265,942**	244,883
Cumulative income recognised in other comprehensive income relating to the assets/liabilities classified as held for sale:		
Foreign exchange translation adjustments	**12,346**	10,947

Notes:

(a) The business valuations of Mianning Mao Yuan as at 30 September 2014 and 31 March 2014 respectively were performed by Roma Appraisals Limited, who is an independent valuer with appropriate qualifications and recent experiences in valuing similar businesses. The Group's management has discussed with the valuer on the valuation assumptions and valuation results when the valuations were performed. The market value of Mianning Mao Yuan as at 30 September 2014 has been determined under discounted cash flow method based on a projection of the future cash flows provided by the management covering a 5-year (31 March 2014: 5-year) period. The discount rate applied to the valuation is 23.02% (31 March 2014: 22.01%) and cash flows beyond the 5-year (31 March 2014: 5-year) period are extrapolated using a steady growth rate of 3.12% (31 March 2014: 3.12%) per annum. Other key assumptions for the discounted cash flow method related to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on past performance and management's expectations for the market development.

Global economic growth remained slow and persistent weak downstream demand continued to adversely impact the rare earth industry and prices of most rare earth products. Due to drop of the prices of the rare earth products and postponement of the rare earth oxides production plan, the Group recognised an impairment loss of HK$22,699,000 after taking into the account of the business valuation as at 30 September 2014.

(b) Other borrowings include two loans ("Loan A" and "Loan B") obtained by a wholly-owned subsidiary of the Company from Hondex Investments Limited and an independent third party respectively. Both Loan A and Loan B are guaranteed by the Company. Lender of Loan A has the right to demand the Company to transfer a maximum of 25% equity interest in Mianning Mao Yuan to the lender in the event of a default to repay the loan by the subsidiary or the Company on due date.

During the period ended 30 September 2014, the Group had repaid the outstanding interest amount of HK$50,327,000.

The Directors consider that the Loan A and Loan B together with interest accrued thereon would be included in the negotiations for the sale of the rare earth refinery and processing business as such these borrowings and interest payable were reclassified to liabilities directly associated with assets classified as held for sale accordingly.

13. SHARE CAPITAL

	Number of Shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each of the Company (the "Shares"):		
Authorised:		
At 31 March 2014 and 30 September 2014	15,000,000,000	150,000
Issued and fully paid:		
At 31 March 2014	4,298,681,490	42,987
Exercise of share options *(Note a)*	164,500,000	1,645
Issue of Shares under rights issue *(Note b)*	2,198,840,745	21,988
At 30 September 2014	**6,662,022,235**	**66,620**

Notes:

(a) During the period ended 30 September 2014, options were exercised to subscribe for 164,500,000 Shares at the aggregate consideration of HK$26,617,000 of which HK$1,645,000 was credited to share capital and the balance of HK$24,972,000 was credited to the share premium account together with a transfer of HK$3,401,000 from the share options reserve to the share premium account.

(b) On 11 September 2014, the Company has completed to issue 2,198,840,745 Shares at the subscription price HK$0.068 per Share on the basis of one rights share for every two existing Shares held on the record date by the qualifying shareholders of the Company as defined in the Company's rights issue prospectus dated 19 August 2014 (the "Rights Issue Prospectus"). Details of which are set out in the Rights Issue Prospectus and announcements of the Company dated 13 July 2014 and 10 September 2014 respectively.

14. CONTINGENT LIABILITIES

(a) At 30 September 2014, the Company had given guarantees to two lenders in relation to other borrowings utilised by a subsidiary to the extent of HK$279,345,000 (31 March 2014: HK$325,002,000). The Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 30 September 2014 under the guarantees by the Company is the aggregate amount of the borrowings drawn down by the subsidiary and the outstanding interests payable. In the opinion of the Directors, the fair value of these guarantees is not significant.

(b) The Company had contingent liabilities in respect of financial support given to certain subsidiaries which have capital deficiencies to allow them to continue as a going concern and to meet their liabilities as and when they fall due.

(c) Other than those mentioned as above, the Group had no other significant contingent liabilities as at both balance sheet dates.

15. CAPITAL COMMITMENTS

At 30 September 2014, the Group had capital commitments contracted for but not provided for in the consolidated financial statements in respect of the purchase of plant and machinery amounting to approximately HK$353,000 (31 March 2014: approximately HK$352,000).

The Company had no significant capital commitments at both balance sheet dates.

16. OPERATING LEASE COMMITMENTS

The Group made minimum lease payments of approximately HK$1,556,000 (2013: approximately HK$2,037,000) under operating leases during the period.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2014 (Unaudited) ***HK$'000***	At 31 March 2014 (Audited) *HK$'000*
Within one year	**493**	452

Operating lease payments represent rentals payable by the Group for certain of its office premises, staff quarter, warehouses and motor vehicle. Leases are negotiated and fixed for an average term of one to two years.

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the period, the Group had significant transactions with the following related parties, together with balances with them as at the balance sheet date, details of which are as follows:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Key management compensation of the Group:		
Fees, salaries and other short-term employee benefits	**584**	570
Pension scheme contributions	**9**	8
	593	578
Substantial shareholders:		
Interest on convertible note	**522**	522
Interest on other borrowing	**4,422**	14,942

	At 30 September	At 31 March
	2014	2014
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Substantial shareholders:		
Convertible note	**105,000**	105,000
Other borrowing	**180,838**	226,742
A company controlled by a substantial shareholder:		
Other borrowing	**33,500**	33,500

Save as disclosed above, there were no other significant transactions with related parties during the period or significant balances with them at the end of the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Corporate Development

Amid optimistic outlook for the tourism, leisure, entertainment and gaming industries in the region, the Group has achieved another major milestone and is pleased to have a brand new business division – Entertainment and Gaming Division being established during the period under review. The Group has also established an experienced and dedicated team of specialists to oversee the operation of this new division and we are pleased that Mr. Lee Kuang Yeu, who has extensive experience in the entertainment and gaming industry, recently joined the Company as an executive Director.

Our first initiative in this division is cruise ship business. Through the Group's investment in Star Sail Investments Limited (the "JV Company"), we have completed the acquisition of a 10% interest of a cruise ship and have been appointed as the manager for certain management functions and core operation of the cruise ship. After the completion of the acquisition, the cruise ship was renamed as "REX Fortune" and the Group has taken over the management of REX Fortune shortly afterwards. REX Fortune is a nine-deck cruise ship, and features with over 200 passenger rooms which can accommodate over 600 passengers. It provides various entertainment and gaming facilities and on-board activities, services and amenities such as restaurants, lounge, beauty salons and retail shopping.

In order to better reflect the future business development of the Group, the Board proposed to change the Company name from "China Gamma Group Limited" to "REX Global Entertainment Holdings Limited" and to adopt the Chinese name "御濠娛樂控股有限公司" as the secondary name of the Company, which are subject to the passing of a special resolution by the shareholders at a special general meeting to be held on 29 October 2014 and the approval of the proposed new English name and the proposed new secondary name by the Registrar of Companies in Bermuda.

During the period under review, the Group's operating results have shown marked improvement. Loss from operation before impairment loss on assets classified as held for sale was reduced to HK$5,651,000 from HK$19,982,000 in the corresponding period last year. A positive gain from the securities trading and investment business, and a reduction of losses from property and gamma ray irradiation services contributed to the improvement. Although the cruise ship business only commenced its operation in late August, the operation has been ramping up smoothly and has started to make meaningful contribution to the Group's revenue during the period under review. While the cruise ship business sustained a loss of

HK$3,623,000 for the period under review mainly due to the start-up costs, we are confident that its operation results will gradually improve as it reaches full operation scale and will make significant contribution to the Group in the future.

In order to further strengthen the Group's financial position in preparing for new business development and future growth, the Group has launched and completed a rights issue program during the period under review. The program has received overwhelming support from shareholders and has successfully raised net proceeds of approximately HK$146,503,000 (after deduction of related expenses). As a result, the Group's gearing ratio has been substantially reduced to 49% as at 30 September 2014 from 83% as at 31 March 2014.

Looking forward, the Group will continue to eye on new opportunities and to diversify into businesses which provide steady income stream with high growth potential on the one hand, and on the other hand to rationalise its resources through continuous evaluation and review of its business operations. All these initiatives show our determination to further improve the company's long term profitability.

Business Review

During the period under review, the Group is mainly engaged in entertainment and gaming business, property business, gamma ray irradiation services and resources business.

Entertainment and Gaming Business

As underpinned in the Company's 2014 annual report, the Group has been pursuing opportunities to diversify into businesses providing steady income stream in order to enhance shareholders' return in the long run. The Group has set up the Entertainment and Gaming Division to explore opportunities in leisure, hospitality, tourism, entertainment and gaming related areas. Our first initiative in this division is the cruise ship business. As disclosed in the Company's announcement dated 2 July 2014, the Group formed the JV Company with Norvest Global Limited to acquire a cruise ship at a consideration of HK$93 million, and the JV Company was held as to 90% by Norvest Global Limited and as to 10% by the Group. After completion of the acquisition, the cruise ship was renamed as "REX Fortune". The Group has been appointed as the manager of REX Fortune for certain management functions and core operation of the cruise ship and the Group has taken over the management of REX Fortune shortly after completion of the acquisition.

Since the commencement of the cruise ship business in late August, turnover generated from the division was HK$11,075,000 (2013: HK$Nil). The segment sustained a loss of approximately HK$3,623,000 (2013: HK$Nil) for the period under review mainly due to the start-up costs. The operation of the cruise ship is ramping up and its profitability is expected to improve when it reaches full scale of operation.

Property Business

The Group's property business includes property development, trading of building materials and provision of renovation services. During the period under review, the Group has not launched new property projects for sale and turnover of property business was HK$14,000 (2013: HK$998,000). Segment loss narrowed down to HK$666,000 (2013: HK$1,404,000) as a result of implementation of cost reduction initiatives during the period. Looking forward, the Group will continue to focus on exploring mixed use property development and investment opportunities in China and in other regions.

Gamma Ray Irradiation Services

The Group's gamma ray irradiation business is conducted through 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited*), a 80% owned subsidiary of the Group which is licensed by Ministry of Environmental Protection of the PRC for the provision of irradiation services by utilising gamma ray technologies. Although global economic recovery remained slow during the period under review, demand for food irradiation and sterilisation of medical devices using gamma ray technologies had shown signs of stabilisation. The Group's marketing effort in strengthening business relation with existing and new customers had borne some fruits. Turnover generated from the gamma ray irradiation services for the period under review grew 11% to HK$3,164,000 (2013: HK$2,838,000). Segment loss was reduced to HK$967,000 (2013: HK$1,363,000).

Resources Business

The resources division's first project of rare earth refinery and processing business in China is conducted through 冕寧縣茂源稀土科技有限公司 (Mianning Mao Yuan Rare Earth Technology Company Limited*), a 54% owned subsidiary of the Group. It operates a major rare earth refinery and processing plant situated in Mianning, Sichuan province.

The Group started to rationalise the resources business in 2013 by considering the possibilities of restructuring the rare earth refinery and processing business, and made a plan to sell a group of subsidiaries that engaged in the rare earth refinery and processing business if the assets value would be better reflected by such a sale transaction rather than through continuing use. As discussed in the Company's 2014 annual report, a potential buyer, who is an independent third party, had been identified and negotiation for the sale was in progress. On 25 June 2014, a letter of intent was entered into between the potential buyer and a subsidiary of the Company. The potential buyer is currently conducting due diligence review of the said business and the possible sale will be subject to further negotiation, satisfaction of certain conditions and relevant approvals. Currently no binding agreements have been reached between the parties.

During the period under review, global economic growth remained slow and persistent weak downstream demand continued to adversely impact the rare earth industry and prices of most rare earth products. For example, prices of products such as lanthanum oxide and samarium-europium-gadolinium concentrate have slid by more than 20% since April 2014 while cost of rare earth concentrates, the major raw material, have been relatively stable during the period. In view of the challenging business environment, the Group has decided to halt its rare earth oxides production temporarily in order to reduce losses incurred by the business. The Group also reviewed the net asset value of the rare earth refinery and processing business and recognised an impairment loss on assets classified as held for sale which amounted to HK$22,699,000 (2013: HK$Nil).

Meanwhile, the Chinese government continued to promote consolidation of domestic large rare earth enterprises and the rare earth industry. It has also recently launched the program of hoarding up rare earth resources. The Group believes that these measures should restore the order of the industry in longer term.

During the period under review, turnover from the segment was HK$Nil (2013: HK$13,953,000). The segment reported a loss of approximately HK$22,567,000 (2013: HK$2,448,000) after the recognition of an impairment loss as mentioned above.

Other Operation

During the period under review, Hong Kong stock markets improved along with other markets in Asia. Both unrealised and realised gains on equity investments held for trading contributed to a reported gain of HK$12,460,000 to the securities trading and investment business division (2013: a loss of HK$1,806,000).

Prospect

With the commencement of the cruise ship business under Entertainment and Gaming Division, the Group is highly confident of the prospect and the long term development of this new business. As the number of government mooring buoys is fixed in Hong Kong, this poses entry barriers to new industry players. In addition, as cruises become a popular type of leisure activity and offer alternative hospitality, our cruise ship business should benefit from continued growth of tourist arrivals in Hong Kong.

The Group believes that this new business will enable the Group to tap into tourism, leisure, entertainment and gaming industries which are rapidly growing in Asia on the back of an increase in consumption power in the region. Robust economic growth in Asia continues to create a large and growing middle class with rising disposable income. China in particular has seen its outbound tourism accelerating with rising consumption power of the Chinese tourists on different sorts of leisure activities. The Group is optimistic on continued resilient economic growth in China and in the region in the long term despite short-term volatilities. As such, the Group will focus on exploration of opportunities in investment in and operation of other cruise ships, hotel and gaming related businesses in the region and elsewhere. The Group believes that these developments will provide a stable recurring revenue stream to the Group, and hence will create long-term returns to its shareholders.

As for property business, the Group will continue to focus on mixed use property development and investment in China to cater for end-users' demand for high quality residential and commercial properties as urbanisation continues to drive demand for property in China. The Group will continue to devote resources to land bank acquisitions and seek to identify premium land sites at the right opportunity. The Group will also explore opportunities in property development and investment in other regions to support the development of our other businesses.

In regards to gamma ray irradiation business, as application of gamma ray technologies in food irradiation has increased in recent years with increasing awareness of domestic food safety and hygiene standard, the Group will endeavor in ongoing services innovation, expansion of its services to new products with high margins, and sourcing of new clients. The Group will also strive to improve the productivity and efficiency of its production facilities.

As for resources business, the Group has been continually exploring into different opportunities in the whole value chain in the industry. Current downturn in the resources industry may provide opportunities to the Group to invest in potential resources projects at attractive valuation.

Financial Review

For the six months ended 30 September 2014, the Group took several initiatives to further improve the Group's liquidity and strengthen its financial base.

In September 2014, the Company has successfully completed the rights issue of 2,198,840,745 rights shares at the subscription price of HK$0.068 per rights share on the basis of one rights share for every two existing Shares held on the record date by the qualifying shareholders of the Company as defined in the Rights Issue Prospectus (the "Rights Issue"), and raised a gross proceeds of approximately HK$149,521,000 (net proceeds of approximately HK$146,503,000 after deduction of related expenses).

In August 2014, the Company entered into a placing agreement to renew the placing period for the placing of 7-year 5% unsecured notes up to 31 August 2015, as the original placing agreement had expired. Under the original placing agreement, the placing notes with aggregate principal amount of up to HK$300,000,000 could be issued. As the issued notes in the aggregate principal amount of HK$20,000,000 have been issued by the Company, the Company proposed to further issue the placing notes in the remaining principal amount of up to HK$280,000,000.

As at 30 September 2014, the Group has utilised the net proceeds from the Rights Issue as to approximately 14% to finance the investment and working capital requirement for the cruise ship business and approximately 14% for general working capital of the Group's operation. As the convertible note in the principal amount of HK$105,000,000 were fully converted into issued shares on 13 October 2014, none of the remaining proceeds from the Rights Issue would be applied to settle the redemption amount for the convertible note. Thus the Group plans to apply the remaining proceeds for development of and investment in entertainment and gaming business and other new business opportunities, as well as for the reduction of the Group's debt and liabilities.

In addition, the Group negotiated with the lenders of other borrowings last year and successfully lowered their respective interest rates effective from October 2013. Such arrangements have reduced the Group's financing costs substantially, thereby strengthening the financial position of the Group for its continuous development of its business.

During the period under review, the Group recorded a turnover of HK$14,253,000 (2013: HK$17,789,000), representing a decrease of 20% compared with previous corresponding period. The decline was mainly attributable to a temporary halt of the Group's rare earth oxides production and hence no contribution from the resources business during the period. Meanwhile, the entertainment and gaming business has started to make meaningful contribution to the Group's revenue since the commencement of the cruise ship operation in late August.

Loss from operations for the period amounted to HK$28,350,000 (2013: HK$19,982,000). Net loss attributable to equity shareholders of the Company for the period improved and reduced to HK$37,805,000 (2013: HK$44,466,000), which was mainly attributable to a positive gain from the securities trading and investment business and a reduction of finance costs. As at 30 September 2014, the total assets and net assets of the Group were HK$1,019,296,000 and HK$339,452,000 (31 March 2014: HK$925,268,000 and HK$196,179,000) respectively. The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014.

Liquidity and Financial Resources

As at 30 September 2014, the Group has raised net proceeds of approximately HK$146,503,000 from the Rights Issue for financing of the investment and working capital requirement for the cruise ship business and for general working capital of the Group's operation. As at 30 September 2014, the Group had cash and cash equivalents of HK$105,124,000 (31 March 2014: HK$33,453,000). Short term bank borrowing, long term bank and other borrowings and liability component of the convertible note as at 30 September 2014 were HK$Nil (31 March 2014: HK$10,063,000), HK$62,223,000 (31 March 2014: HK$52,044,000) and HK$104,666,000 (31 March 2014: HK$101,272,000) respectively. The gearing ratio, being the ratio of the sum of total borrowings and convertible note to total equity, was 49% as at 30 September 2014 (31 March 2014: 83%). The liquidity ratio, being the ratio of current assets over current liabilities, was 161% as at 30 September 2014 (31 March 2014: 133%). The improvement in the gearing ratio was mainly due to the successful completion of the Rights Issue. In order to further improve the Group's liquidity and to increase its working capital, the Company has been considering different fund raising and capital restructuring options so as to strengthen the Group's financial base.

Property, Plant and Equipment

During the period under review, there were additions of HK$26,000 (2013: HK$51,000) to property, plant and equipment to expand the Group's operations.

Capital Commitments

Details of significant capital commitments of the Group and the Company are set out in note 15 to the financial statements.

Pledge of Assets

At 30 September 2014, the Group's land use rights and certain property, plant and equipment with carrying amount of approximately HK$17,529,000 (31 March 2014: HK$17,928,000) were pledged to a bank to secure the bank borrowing granted to the Group.

Contingent Liabilities

Details of contingent liabilities of the Group and the Company are set out in note 14 to the financial statements.

Exposure to Exchange Rate Risk and Interest Rate Risk

The Group's transactions are denominated in Hong Kong dollars and Renminbi. The Group did not enter into any foreign exchange forward contracts to hedge against exchange rates fluctuations. Foreign exchange risk arising from the normal course of operations is considered to be minimal and the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as both the borrowings of the Group and the interest rates currently remain at low levels.

Share Capital

164,500,000 new Shares were issued and allotted during the period under review upon exercise of share options granted by the Company.

As a result of the Rights Issue being completed on 11 September 2014, 2,198,840,745 new Shares were allotted and issued to qualifying shareholders of the Company as defined in the Company's Rights Issue Prospectus. Details of which are set out in the Rights Issue Prospectus and announcements of the Company dated 13 July 2014 and 10 September 2014 respectively.

As at 30 September 2014, the total number of issued shares of the Company was 6,662,022,235. Save as the above, there was no change in the share capital structure of the Company during the period under review.

Convertible Note

In October 2011, the Company issued a convertible note to Mega Market Assets Limited ("Mega Market") with principal amount of HK$105,000,000 with a term of 3 years (the "Convertible Note"). The Convertible Note bear interest at the rate of 1% per annum payable semi-annually in arrears. Each Convertible Note will be convertible into fully paid ordinary Shares at the conversion price of HK$0.2158 per Share of the Company (as adjusted by completion of subscription of new shares by way of capitalisation of loan on 27 September 2013), subject to adjustment in accordance with the terms and conditions of the Convertible Note. As a result of the issuance of Shares under the Rights Issue, the conversion price of the Convertible Note has been adjusted from HK$0.2158 per Share to HK$0.1439 per Share (the "Adjusted Conversion Price").

As at 30 September 2014, the principal amount of the Convertible Note outstanding was HK$105,000,000 (31 March 2014: HK$105,000,000). Each Convertible Note will be convertible into fully paid Shares at the Adjusted Conversion Price of HK$0.1439 per Share upon conversion.

Subsequent to the end of the reporting period, Mega Market has transferred the Convertible Note in the principal amount of HK$105,000,000 to certain independent third parties. Thereafter, the Convertible Note in the principal amount of HK$105,000,000 has been fully exercised by the relevant noteholders, and an aggregate of 729,673,382 Shares have been issued and allotted accordingly.

Material Acquisitions and Disposals of Subsidiaries

As disclosed in the Company's announcement dated 2 July 2014, the Group formed the JV Company with Norvest Global Limited to acquire a cruise ship at a consideration of HK$93 million, and the JV Company was held as to 90% by Norvest Global Limited and as to 10% by the Group.

Save as disclosed herein, the Group had no material acquisition and disposal of subsidiaries during the six months ended 30 September 2014.

Litigations

On 24 October 2007, Silver Wind International Limited ("Silver Wind"), a wholly-owned subsidiary of the Company, entered into a conditional agreement (the "Acquisition Agreement") with Stronway Development Limited ("Stronway Development"), pursuant to which Silver Wind agreed to acquire from Stronway Development the entire equity interest in Winmax Asia Investment Limited ("Winmax Asia"). Under the arrangement, Winmax Asia would in turn acquire the entire equity interest in Beijing Jianxing Real Estate Development Co. ("Jianxing") along with Jianxing's standalone villas development project in Beijing known as "新星花園". The aggregate consideration payable for the acquisition was RMB433,000,000 which was to be settled in cash, and two villas. In December 2007, RMB20,000,000 was paid under the Acquisition Agreement to Stronway Development by Silver Wind as deposit (the "Deposit"). Details of the acquisition are set out in the Company's circular dated 14 December 2007.

In April 2008, on the grounds, amongst other things, that the subject matter under the Acquisition Agreement was frustrated, Silver Wind decided to terminate the Acquisition Agreement and, through its legal representative has served a notice of termination to Stronway Development. In order to protect the position of Silver Wind and to recover, amongst other things, the Deposit from Stronway Development, the legal proceedings were instigated against Stronway Development on this matter in the High Court of Hong Kong on 15 April 2008.

As at the date hereof, the legal proceedings against Stronway Development are still pending and there is no significant development.

Employee and Emolument Policy

As at 30 September 2014, the Group employed 382 employees (2013: 153).

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalisation scheme, mandatory provident fund and share option scheme. Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: HK$Nil).

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the period, in compliance with the code provisions (the "Code Provision(s)") under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except the following deviations:

Under the Code Provision A.2.1, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not at present have a Chairman nor a Chief Executive. Nevertheless, the main duties and responsibilities of a Chairman and a Chief Executive are currently held by separate individuals with written guidelines for the division of responsibilities with a view to maintain an effective segregation of duties between the management of the Board and the day-to-day management of the Group's business and operations. The Company will continue to review the effectiveness of the Group's corporate governance structure and consider the appointment of a Chairman of the Board and a Chief Executive if candidates with suitable leadership, knowledge, skills and experience can be identified within or outside the Group.

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the Company's bye-laws.

CHANGE OF AUDITOR

By a resolution passed at the annual general meeting of the Company held on 12 September 2014, Ting Ho Kwan & Chan CPA Limited has been appointed as the auditor of the Company to fill the vacancy arising from the retirement of Messrs. Ting Ho Kwan & Chan as a result of their internal corporate structure reorganisation. Details of the change of auditor are, among other things, set out in the Company's circular dated 7 July 2014 and Company's announcements dated 27 June 2014 and 12 September 2014 respectively.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2014.

PROPOSED CHANGE OF COMPANY NAME

The Board proposed that the name of the Company be changed from "China Gamma Group Limited" to "REX Global Entertainment Holdings Limited" and the adoption of the Chinese name "御濠娛樂控股有限公司" as the secondary name of the Company in place of the existing secondary name of the Company "中國伽瑪集團有限公司", which are subject to the passing of a special resolution by the shareholders at a special general meeting to be held on 29 October 2014 and the approval of the proposed new English name and the proposed new secondary name by the Registrar of Companies in Bermuda.

Details of the proposed change of Company name are, among other things, set out in the Company's circular dated 3 October 2014 and the Company's announcement dated 11 September 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2014.

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

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the six months ended 30 September 2014 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.aplushk.com/clients/00164chinagamma/index.html) respectively. The 2014 interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
China Gamma Group Limited
Wong King Shiu, Daniel
Executive Director

Hong Kong, 21 October 2014

As at the date of this announcement, the executive directors of the Company are Mr. Wong King Shiu, Daniel and Mr. Lee Kuang Yeu; the non-executive directors of the Company are Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor; and the independent non-executive directors of the Company are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Hung Hing Man.

* *The English translation of Chinese names or words are for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*