



Interim Report 2008/2009
中期業績報告



大凌集團有限公司
STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 211)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yeung Han Yi Yvonne
 Ms. Chan Chi Mei Miranda
 Ms. Zhang Yuyan
 Mr. Cheung Hoo Win

Independent Non-Executive Directors

Mr. Lim Man San David (*Chairman*)
 Mr. Yeung Shun Kee Edward
 Mr. Li Hancheng

AUDIT COMMITTEE

Mr. Yeung Shun Kee Edward
 Mr. Lim Man San David
 Mr. Li Hancheng

REMUNERATION COMMITTEE

Mr. Li Hancheng
 Mr. Yeung Shun Kee Edward
 Mr. Lim Man San David

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITORS

SHINewing (HK) CPA Limited

LEGAL ADVISERS

As to Hong Kong Law:
 P.C. Woo & Co.
 Michael Li & Co.
 Chiu & Partners, Solicitors
 Andrew Law & Franki Ho, Solicitors
 Huen & Partners, Solicitors
 in association with S.G Fafalen & Co.

As to Bermuda Law:
 Appleby

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
 Bank of China (Hong Kong) Limited
 Standard Chartered Bank
 DBS Bank (Hong Kong) Limited
 Chong Hing Bank Limited
 Wing Hang Bank Limited
 The Industrial & Commercial Bank of China
 Wuhan Economic and Technology Development
 Zone Branch



PRINCIPAL REGISTRAR

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH REGISTRAR

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

28th Floor, Aitken Vanson Centre
61 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong
Telephone: (852) 2959 3123
Facsimile: (852) 2310 4824

SHAREHOLDERS' SERVICE HOTLINE

Name	Telephone
Ms. Yeung	(852) 2815 3625
Mr. Yu	(852) 2850 7107
Mr. Ng	(852) 2815 3522

Facsimile: (852) 2581 0638
E-mail address: els@everlong.com.hk

WEBSITE

<http://www.styland.com>

INVESTORS' WEBSITE

<http://www.irasia.com/listco/hk/styland/>

The board (the “Board”) of directors (the “Director(s)”) of Styland Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2008 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 September	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
TURNOVER	2	62,559	122,032
Cost of sales		(59,232)	(90,694)
Gross profit		3,327	31,338
Other income		2,294	1,336
Administrative expenses		(12,449)	(12,883)
Selling and distribution costs		(842)	(711)
Written-back of impairment loss recognized in respect of loan receivables and trade receivables		375	1,010
Change in fair value of financial assets at fair value through profit and loss		(7,137)	11,498
Change in fair value of investment properties		(3,200)	–
Other operating expenses		(29)	(1,155)
Finance costs		(265)	(996)
(LOSS)/PROFIT BEFORE TAXATION	3	(17,926)	29,437
Income tax expenses	4	(71)	(525)
(LOSS)/PROFIT FOR THE PERIOD		(17,997)	28,912
ATTRIBUTABLE TO:			
Equity holders of the Company		(17,729)	29,556
Minority interests		(268)	(644)
		(17,997)	28,912
(LOSS)/EARNINGS PER SHARE	6		
Basic		(HK0.95 cent)	HK1.58 cent
Diluted		N/A	HK1.57 cent



CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 September 2008 (Unaudited) HK\$'000	At 31 March 2008 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,444	2,138
Investment properties	7	70,800	74,000
Available-for-sale investments		379	183
		<u>73,623</u>	<u>76,321</u>
CURRENT ASSETS			
Inventories		260	498
Loan receivables	8	20,774	28,581
Trade and bills receivables	9	16,975	9,321
Other receivables, deposits and prepayments		4,550	4,773
Tax recoverable		53	–
Financial assets at fair value through profit and loss	7	7,855	14,960
Client trust funds		7,951	11,746
Pledged bank deposit		5,000	5,000
Cash and bank balances		25,047	32,927
		<u>88,465</u>	<u>107,806</u>
Interest in a joint venture held-for-sale	10	174,776	174,776
		<u>263,241</u>	<u>282,582</u>
CURRENT LIABILITIES			
Trade and bills payables	11	13,440	16,566
Other payables and accruals		119,253	121,198
Tax liabilities		1,334	1,307
Derivative financial instruments – options	12	1,989	1,989
Bank borrowings – due within one year		6,141	4,688
		<u>142,157</u>	<u>145,748</u>
NET CURRENT ASSETS		<u>121,084</u>	<u>136,834</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>194,707</u>	<u>213,155</u>



CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
<i>Notes</i>		
NON-CURRENT LIABILITY		
Bank borrowings – due after one year	13,185	13,832
NET ASSETS	181,522	199,323
CAPITAL AND RESERVES		
Share capital	18,712	18,712
Reserves	124,471	142,004
Equity attributable to equity holders of the Company	143,183	160,716
Minority interests	38,339	38,607
TOTAL EQUITY	181,522	199,323



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Investment revaluation reserve	Accumulated losses	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	18,712	35,831	6,040	571,147	599,433	(44)	(1,070,403)	160,716	38,607	199,323
Change in fair value of available-for-sale investment	-	-	-	-	-	196	-	196	-	196
Loss for the period	-	-	-	-	-	-	(17,729)	(17,729)	(268)	(17,997)
At 30 September 2008	<u>18,712</u>	<u>35,831</u>	<u>6,040</u>	<u>571,147</u>	<u>599,433</u>	<u>152</u>	<u>(1,088,132)</u>	<u>143,183</u>	<u>38,339</u>	<u>181,522</u>
At 1 April 2007	18,712	35,831	6,040	571,147	599,433	(58)	(1,088,952)	142,153	42,857	185,010
Profit for the period	-	-	-	-	-	-	29,556	29,556	(644)	28,912
At 30 September 2007	<u>18,712</u>	<u>35,831</u>	<u>6,040</u>	<u>571,147</u>	<u>599,433</u>	<u>(58)</u>	<u>(1,059,396)</u>	<u>171,709</u>	<u>42,213</u>	<u>213,922</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash used in operating activities	(6,183)	(8,653)
Net cash (used in)/generated from investing activities	(1,825)	77,745
Net cash used in financing activities	(1,242)	(68,144)
(Decrease)/increase in cash and cash equivalents	(9,250)	948
Cash and cash equivalents at 1 April	30,135	14,810
Cash and cash equivalents at 30 September	20,885	15,758
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	25,047	20,702
Bank overdrafts	(4,162)	(4,944)
	20,885	15,758



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies.

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2008.

The Group has applied, for the first time, a number of new or revised standards, amendments and interpretations (“HKFRSs”) issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 April 2008. The adoption of the new HKFRSs had no material effect on the results or the financial position of the Group for the current or prior accounting period. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results or the financial position of the Group.



2. Segmental information

(a) Business segments

The following tables present revenues and results of the Group's business segments for the six months ended 30 September 2008 and 2007 respectively:

	General import and export trading HK\$'000	Securities dealing and broking HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2008										
Segment revenue:										
External sales	27,385	5,837	386	28,951	-	-	-	-	-	62,559
Inter-segment sales	-	176	-	-	600	-	4,061	-	(4,837)	-
Total turnover	<u>27,385</u>	<u>6,013</u>	<u>386</u>	<u>28,951</u>	<u>600</u>	<u>-</u>	<u>4,061</u>	<u>-</u>	<u>(4,837)</u>	<u>62,559</u>
Segment results	(1,255)	318	214	(9,031)	(3,178)	(1,557)	(2,895)	(378)	(181)	(17,943)
Unallocated income										282
Finance costs										(265)
Loss before taxation										(17,926)
Taxation										(71)
Loss for the period										<u>(17,997)</u>



2. Segmental information (continued)

(a) Business segments (continued)

	General import and export trading HK\$'000	Securities dealing and broking HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2007										
Segment revenue:										
External sales	14,804	11,336	968	94,924	-	-	-	-	-	122,032
Inter-segment sales	-	46	-	-	600	43	8,386	-	(9,075)	-
Total turnover	<u>14,804</u>	<u>11,382</u>	<u>968</u>	<u>94,924</u>	<u>600</u>	<u>43</u>	<u>8,386</u>	<u>-</u>	<u>(9,075)</u>	<u>122,032</u>
Segment results	(1,031)	1,053	1,724	32,262	184	(3,253)	(567)	(58)	(69)	30,245
Unallocated income										188
Finance costs										(996)
Profit before taxation										29,437
Taxation										(525)
Profit for the period										<u>28,912</u>

(b) Geographical segments

The following table presents turnover of the Group's geographical segments for the six months ended 30 September 2008 and 2007 respectively:

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Hong Kong	55,097	109,683
Europe	3,622	7,234
North America	3,725	4,088
Others	115	1,027
	<u>62,559</u>	<u>122,032</u>



3. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	290	275
Staff costs	5,422	5,064
	<u> </u>	<u> </u>

4. Income tax expenses

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the current period.

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision for the period	71	525
	<u> </u>	<u> </u>

5. Dividends and distributions

As stated in the announcement of the Company dated 21 July 2008, certain conditions for the proposed final dividend for the year ended 31 March 2008 (the "Previous Proposed Dividend"), including resumption of trading in shares of the Company, have not been fulfilled within 3 months from the date of the annual general meeting of the Company for the year 2008, namely on or before 19 December 2008, the Company is not in a position to proceed with the Previous Proposed Dividend.

Notwithstanding the fact that the shares of the Company are still suspended for trading, the Board has resolved to declare an interim scrip dividend of HK\$18 for every 10,000 shares of the Company or HK0.18 cent per share to the shareholders whose names appear on the register of members of the Company on 23 January 2009. The scrip shares are expected to be dispatched to the shareholders within 21 days after the resumption of trading in the shares of the Company which have been suspended since 21 April 2004, subject to the granting by the Listing Committee of the Stock Exchange of the listing and permission to deal in the new shares of the Company to be issued. A circular containing details of the scrip dividend scheme and the calculation basis of the number of new shares to be allotted to a shareholder will be sent to the shareholders of the Company as soon as practicable.



5. Dividends and distributions (continued)

In addition, further to the gift distributions on 20 August 2007 and 27 February 2008, the Company will arrange another gift distribution to its shareholders, the option holder (as announced on 21 June 2007), subscribers for convertible bonds (as announced on 16 August 2007) and subscribers for the new shares (as announced on 19 November 2007) of the Company to thank for their continuing support to the Company. Details of the gift distribution will be announced in due course.

The Board did not recommend the payment of any interim dividend for the six months ended 30 September 2007.

6. (Loss)/earnings per share

The calculation of the basis (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK\$17,729,000 for the six months ended 30 September 2008 (2007: profit of HK\$29,556,000) on 1,871,188,679 (2007: 1,871,188,679) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 September 2008 has not been disclosed as the options outstanding had an anti-dilutive effect on the basic loss per share for the period.

The calculation of diluted earnings per share for the six months ended 30 September 2007 is based on the profit attributable to equity holders of the Company of HK\$29,556,000 and the weighted average of 1,880,570,100 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares assumed to have been issued for the outstanding share options during the period.

7. The decreases in "Investment properties" and "Financial assets at fair value through profit and loss" were mainly attributable to the adjustment of fair value at the balance date.



8. Loan receivables

	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
Securities dealing and broking business:		
– Secured margin loans	28,228	35,841
Less: Impairment	(9,673)	(9,673)
	<u>18,555</u>	<u>26,168</u>
Financing business:		
– Secured loans	503	–
– Unsecured loans (Note)	19,431	20,351
	<u>19,934</u>	<u>20,351</u>
Less: Impairment (Note)	(17,715)	(17,938)
	<u>2,219</u>	<u>2,413</u>
Total	<u><u>20,774</u></u>	<u><u>28,581</u></u>

Note: No significant movement in the impairment of loan receivables during the period under review and the impairment mainly arose from the unsecured loans.

No aged analysis on margin loans is disclosed as, in the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing. The aged analysis of the Group's loan receivables for the financing business, net of impairment for the financing business, is as follows:

	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
Within 6 months	1,265	1,943
Between 7 to 12 months	604	405
Over 1 year	350	65
	<u>2,219</u>	<u>2,413</u>



9. Trade and bills receivables

	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
Trade receivables	16,316	9,385
Bill receivables	1,786	1,189
	<u>18,102</u>	<u>10,574</u>
Less: Impairment	(1,127)	(1,253)
	<u>16,975</u>	<u>9,321</u>
Balance in relation to:		
– Securities dealing and broking	3,467	2,734
– General trading	13,508	6,587
	<u>16,975</u>	<u>9,321</u>

An aged analysis of the Group's trade and bills receivables net of impairment is as follows:

Within 6 months	16,250	8,148
Between 7 to 12 months	191	471
Over 1 year	534	702
	<u>16,975</u>	<u>9,321</u>

No significant movement in the impairment of trade and bills receivables during the period under review.

10. Interest in a joint venture held-for-sale

Reference is made to the sub-section "Investment in infrastructure" under the section headed "Investments" in the results announcement of the Company for the year ended 31 March 2008. According to the arbitration report of Wuhan Arbitration Commission ((2005)武仲裁字第1041號), the Group could transfer its interests in the JV at the consideration of RMB157,298,300 and could recover the arbitration fee of RMB1,000,968 from the JV Partner.

In April 2007, the Group received RMB75,000,000, stated as re-purchase fund, from Wuhan Communications Commission (武漢市交通委員會). The Group is continued to negotiate with the JV Partner regarding the transfer of its interests in JV and the payment of the remaining balance of the judgement amount in accordance with the arbitration report.

The Group was informed by the JV that the existing PRC JV partner, Wuhan Transport Development Company (武漢交通發展公司) will be replaced by another company which is also under the control of Wuhan Communications Commission (武漢市交通委員會).



11. Trade and bills payables

	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
Balance in relation to:		
Securities dealing and broking	8,117	13,673
General trading	5,323	2,893
	<u>13,440</u>	<u>16,566</u>

An aged analysis of the Group's trade and bills payables is as follows:

Within 6 months	9,924	13,344
Between 7 to 12 months	1,225	1,117
Over 1 year	2,291	2,105
	<u>13,440</u>	<u>16,566</u>

12. The Group did not involve in any derivative hedging investment. For details of the "Derivative financial instruments – options", please refer to the section of "Capital structure" below.

13. Operating lease arrangements

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

	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
Within one year	1,133	811
In the second to fifth years, inclusive	818	63
	<u>1,951</u>	<u>874</u>

14. Contingent liabilities

As at 30 September 2008, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK\$14.8 million (31 March 2008: HK\$15.7 million) had been utilized at 30 September 2008.

15. Litigations

(1) Reference is made to the sub-section "Investment in infrastructure" under the section headed "Investments" in the results announcement of the Company for the year ended 31 March 2008 relating to the litigations (i) outstanding legal fee of RMB100,000 claimed by a PRC law firm who acted as legal advisor in the arbitration of Wuhan Arbitration Commission; and (ii) the judgment of Haikou Intermediate People's Court of Hainan in Haikou Hainan. The Directors are of the opinion that (i) the outstanding legal fee claimed by the PRC Law firm is immaterial; and (ii) the Group should not be liable for any debt arising from the litigation in Haikou Hainan and the claim from Hainan Wanzhong (海南萬眾) has no ground. The Directors consider that the litigations did not have material impact on the Group and no provisions have been made at 30 September 2008.

(2) Reference is also made to the Company's announcement dated 11 September 2008 in which it disclosed that the Company, as one of the defendants, and certain of its current and former directors have been served a petition by the Securities and Futures Commission (the "SFC") in relation to certain past transactions of the Group. The petition was heard on 17 December 2008.



MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the period under review, the Group recorded a loss of HK\$18.0 million for the six months ended 30 September 2008 (2007: profit HK\$28.9 million) while the turnover was HK\$62.6 million (2007: HK\$122.0 million).

Review of operations

During the period under review, due to the sub-prime credit crisis in the United States and the then financial tsunami which had resulted in weak investors' sentiment in the financial market, the overall trading volume of Hong Kong stock market fell significantly as investors were uncertain about the direction of the market. When compared to the corresponding period in the previous year, the closing Hang Seng Index as at 30 September 2008 decreased by 34%. Because of global credit crunch, it was in danger of plunging into recession in the territory. As a result, most of the initial public offers and other fund raising activities were postponed or withdrawn.

To reduce the risk to over-reliance on individual product, the Group's general trading business comprises of consumer goods and food products. Benefit from this multi-product strategy, the turnover of the general trading marked a rise as compared to the corresponding period in 2007. However, in light of the keen competition, the Group continues to prudently manage the operating costs. More resources will be allocated to profit-oriented products, or measures may be taken, for example, to implement performance reward scheme, so that sale teams will be more target-oriented.

In order to minimize its exposure to the market risk, the Group had therefore tightened its credit control during the period under review and this was the main reason for the decrease of revenue from brokerage and financial services; however, thanks to our lean operating structure, the Group continued to record net profits from the segments of brokerage and financial services. Also, to boast effective internal control system, the Board has strictly followed the Securities and Futures Ordinance, the corporate governance as required by the Stock Exchange and other regulations. The Group received zero complaint from its customers in managing the fund flows of approximately HK\$2.2 billion for the half year which involved more than 19,000 transactions.

Capital structure

Though the long suspension of trading in shares of the Company, we are grateful that we can still obtain the continuing support from public investors. To this end the Company has concluded with certain independent and public investors for the subscription of share options, convertible bonds and new shares of the Company.

On 7 June 2007, the Company issued 370,000,000 options ("Options") to an independent third party at the exercise price of HK\$0.024 per share. The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement, which were not fulfilled at 30 September 2008. Exercise in full of the Options would result in issue of 370,000,000 additional shares with an aggregate subscription value of HK\$8,880,000. The new shares were rank pari passu with the existing shares of the Company.



On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK\$9,880,000 due 2012. The convertible bonds shall not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK\$0.026. Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the conditions as set out in the subscription agreements, which were not fulfilled at 30 September 2008.

On 15 November 2007, the Company entered into eight several subscription agreements to issue 600,000,000 shares of the Company at the price of HK\$0.08 per share which involves the total subscription price of HK\$48,000,000. On 15 January 2008, four of the subscribers mutually agreed with the Company to release each other from the respective subscription agreements to subscribe for an aggregate of 200 million subscription shares. Conditions precedent for the completion of the remaining 400,000,000 shares were not fulfilled at 30 September 2008.

Social responsibility

The Group is dedicated to be a responsible corporate citizen in the territory. To allow employees to share the fruitful results of the Group and to fulfil its promise to raise the salaries, the Board resolved to adjust upward the overall payroll of the Group in early 2008. Though the deterioration of economic condition in Hong Kong, a number of local businesses, including leading enterprises, have started to lay off staff. Being a caring organisation, the Group has no present intention to lay off its staff and salaries are paid on time as usual as it did over the last thirty years. To enhance employees' sense of belonging, we continue to organize monthly gathering to create a caring environment to staff.

Apart from employees' welfare, the Company is also dedicated to create value to its shareholders. In addition to the Previous Proposed Dividend, the Company had two times distributed free gifts to its shareholders in 2007 and 2008. The gift arrangements were well accepted and received by the shareholders. For more details of the gift distributions, please refer to the announcements of the Company dated 20 August 2007 and 27 February 2008.

During the current period, to express our sympathy to Sichuan earthquake victims, the Group has donated the whole amount of the brokerage commissions for a certain period to HSBC China Earthquake Relief, which was used to help survivors to rebuild their livelihood in Sichuan.

We also express our appreciation to Mr. Cheung Chi Shing Kenneth, a substantial shareholder of the Company, and his family for their generosity. They donated HK\$1.2 million to help the victims of nationwide snow storm and earthquake in Sichuan. In October 2007, Mr. Cheung also donated HK\$1.0 million to help students of the closed English Language College to complete their courses.



Staff

As at 30 September 2008, the Group had 50 employees, excluding employees of part-time job. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefit plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Investments

The Group made no material investment during the six months ended 30 September 2008.

Credit policies

Trading terms with general trading customers are on credit, except for new customers, where payment in advance, cash on delivery is normally required or by letter of credit. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

For the securities dealings & broking and financing businesses, the Group is strictly in compliance with the Securities and Futures Ordinance (the "SFO"). Loans will be granted to customers based on individual assessment to financial status, repayment records and the liquidity of collaterals placed by customers and the applicable interest rate will be determined thereon. Loans will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

When there is any doubt on recoverability of receivables, the debt collection division consists of responsible officers and experienced debt collectors will take action immediately to recover the doubtful debts. To follow the prudent credit control measures, bad debts provision was therefore kept at a low level.

Foreign exchange exposure

During the period under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and United States dollars and the immaterial liabilities which were denominated in Renminbi, the Group considered its foreign exchange risk was minimal. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

Operational risk

The Group has put in place an effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of the SFC licensed responsible officers and senior management, who have been acting in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard client's interests and comply with the requirements of the SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.



Liquidity and financial resources

At 30 September 2008, the Group had cash at bank and on hand of approximately HK\$25.0 million (31 March 2008: HK\$32.9 million) and net assets value of approximately HK\$181.5 million (31 March 2008: HK\$199.3 million).

Bank borrowings at 30 September 2008 amounted to approximately HK\$19.3 million (31 March 2008: HK\$18.5 million), of which approximately HK\$6.1 million (31 March 2008: HK\$4.7 million) were repayable within one year. Included in the bank borrowings were mortgage loans of HK\$14.8 million for properties with an aggregate valuation of HK\$70.8 million.

The gearing ratio, being the ratio of total bank borrowings approximately HK\$19.3 million to shareholders' fund of approximately HK\$143.2 million, was about 0.13 (31 March 2008: 0.12).

As at 30 September 2008, a time deposit of approximately HK\$5.0 million and properties held for redevelopment of approximately HK\$70.8 million were pledged to banks for their banking facilities granted to the Group.

Prospects

The Group is cautious about Hong Kong's economy in 2009 as the financial tsunami's effects have gradually manifested themselves. However, as the Group has not involved in any derivative hedging products, and given its healthy financial position and cash level, the Group believes that it can adapt itself to the change of economic conditions.

On the other hand, to cope with the economic recession, the central government has formulated a ten-point stimulus package to boost the economy development, pursuant to which the mainland will spend 4 trillion Renminbi in the next two years. Taking the advantage of its proximity to the mainland, Hong Kong will certainly be benefited from that package. Locally, the SAR government has announced policies to enhance the employment market and the domestic demand. The Group hopes what the central government and the SAR government will do will stimulate the economic growth of the territory as well as the Group's business.

Nevertheless, the Group will continue to take steps to control the operating costs, to expand customer base and look for better development opportunities or introduce new businesses to strengthen its revenue and profit foundation. As always, the ultimate goal of the Group is to deliver substantial value to the shareholders.



DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2008, the interests and short positions of the Directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Interests in ordinary shares of HK\$0.01 each in the Company:

Name of Directors	Number and nature of interest			Shareholding percentage
	Family interests	Personal interests	Total	
Ms. Yeung Han Yi Yvonne ("Ms. Yeung")	369,995,967 (Note)	30,000,000	399,995,967	21.38%
Ms. Chan Chi Mei Miranda	–	39,288	39,288	0.00%

Note:

Mr. Cheung Chi Shing Kenneth ("Mr. Cheung") personally held 299,995,967 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 60,000,000 shares of the Company held by KY and Mr. Cheung is further deemed to be interested in 10,000,000 shares of the Company held by K.C. (Investment) Limited, a wholly owned subsidiary of KY.

Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares of the Company that Mr. Cheung is beneficially interested.

All the interests stated above represented long positions. As at 30 September 2008, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 30 September 2008, none of the directors of the Company had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).



SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 30 September 2008, the Company had been notified of the following interests in the Company:

	Number of shares	Percentage
Mr. Cheung (Note 1)	399,995,967	21.38%
Ms. Yeung (Note 2)	399,995,967	21.38%
Mr. Rajkumar M Daswani (Note 3)	112,411,667	6.01%

Notes:

- Please refer to the note under the heading "Directors' Interest in Securities" for details of Mr. Cheung's beneficial interests in the shares of the Company. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 30,000,000 shares of the Company beneficially interested by Ms. Yeung.
- Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares beneficially interested by Mr. Cheung.
- The interests of Mr. Rajkumar M Daswani are set out based on his notification given to the Company on 1 April 2004 pursuant to the SFO. On 7 December 2004, the Company wrote to Mr. Rajkumar M Daswani for his shareholding in the Company and received a letter dated 13 December 2004 from Mr. Rajkumar M Daswani that he and Shalini R Daswani in the joint account held 114,731,667 Shares of the Company as at 30 September 2004. The Company didn't receive valid notification pursuant to the SFO from Shalini R Daswani.
- On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held shares of 165,050,000 and 150,800,000 in the Company. To ensure the accuracy of its Register, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lin Wen's (林文先生) interests available from the website of the Stock Exchange and the Company. The Company has repeatedly tried to seek valid notification under the SFO from Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生). However, the Company has not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生). Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) took unfriendly legal action against the Company in 2003, so the Company regarded them as "unfriendly parties". Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) were ordered to pay the legal cost of HK\$862,000 to the Company in 2004. The amount remains outstanding.



SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of attracting and retaining quality personnel and other persons and providing them with incentive to contribute to the business and operation of the Group. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 23 August 2002, the directors may, within a period of 10 years, grant options to any director, employee or consultant of the Group to subscribe for shares in the Company.

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The exercise price of the share options is determined by directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings. As at 30 September 2008, the Company had no share options outstanding under the Scheme.



RELATED PARTY TRANSACTIONS

(a) Compensation to Directors and key management personnel of the Group

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Short-term benefits	1,029	1,043
Post-employment benefits	37	38
	<u>1,066</u>	<u>1,081</u>

(b) During the period, the Group has entered into the following transactions with its related party:

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Consultancy fee paid to Mr. Cheung Chi Shing Kenneth	<u>444</u>	<u>464</u>

Mr. Cheung Chi Shing, Kenneth is a substantial shareholder of the Company, spouse of the Company's director, Ms. Yeung Han Yi Yvonne, and father of the Company's director, Mr. Cheung Hoo Win.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 January to 23 January 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim scrip dividend, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20 January 2009.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period under review.



CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2008 with the following major deviations:

Code provision A.2.1

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" ("CEO"). As there exists a clear division of each Director's duties in the Group, no designation of CEO does not have any impact on operations of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

Code provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. Chairman of the Company didn't attend the annual general meeting of 2008 due to his personal reason.

Model code for securities transactions by directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the period.

Audit committee

The Company has an audit committee comprising three independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2008 and discussed the financial related matters with the management.

BOARD OF DIRECTORS

As at the date of this report, the Board consists of four executive Directors, Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda, Mr. Cheung Hoo Win, Ms. Zhang Yuyan and three independent non-executive directors, Mr. Lim Man San David, Mr. Yeung Shun Kee Edward and Mr. Li Hancheng.

On behalf of the Board

Zhang Yuyan

Director

Hong Kong, 19 December 2008