

INTERIM
REPORT
2008



SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 650

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Corporate Information

Board of Directors

EXECUTIVE DIRECTORS

CAO Jing (*Executive Chairman*)
ZHANG Shaohua (*Managing Director*)

NON-EXECUTIVE DIRECTOR

MO Tianquan

INDEPENDENT NON-EXECUTIVE DIRECTORS

YE Jianping
PALASCHUK Derek Myles
YAO Xusheng

Audit Committee

PALASCHUK Derek Myles (*Chairman*)
YE Jianping
YAO Xusheng

Remuneration Committee

YAO Xusheng (*Chairman*)
YE Jianping
CAO Jing

Nomination Committee

YE Jianping (*Chairman*)
PALASCHUK Derek Myles
CAO Jing

Company Secretary and Qualified Accountant

POON Yan Wai

Principal Bankers

DBS Bank (Hong Kong) Limited
The Bank of East Asia Limited

Principal Share Registrars and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Share Registrars and Transfer Office

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Place of Business

Suite 2302, Wing On Centre
111 Connaught Road Central
Hong Kong

Auditors

Ernst & Young
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Stock Code

SEHK 650

Website

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

Chairman's Statement

Review of Operations

The Group's revenue for the six months ended 30 September 2008 was HK\$37.5 million (2007: HK\$74.3 million) and loss for the period was HK\$6.7 million (2007: net loss of HK\$5.3 million).

Consolidated revenue of HK\$37.5 million for the six months ended 30 September 2008, showing a 49.6% decrease from HK\$74.3 million for the previous period. The decrease in business volume was primarily due to the decrease in work orders received from the Hong Kong Government and the Hong Kong Housing Authority.

The loss for the period was mainly attributable to the decrease in gross profit where higher subcontracting charges and material costs were incurred.

Business Prospect

The Group is principally engaged in the provision of building related maintenance services. The Board has been seeking suitable investment opportunities from time to time to broaden the Group's source of income.

Currently, the Group is in the process of the acquisition of a hotel in Nanning (the "Hotel"). Further announcement(s) and information may be released by the Group in respect of the material development in respect of the acquisition of the Hotel to comply with the disclosure and/or approval requirement under the Listing Rules.

For the establishment of a new joint venture company in Guangxi Nanning, the Group is in the process of obtaining trading license from the relevant PRC government authorities.

Recognising the efforts of the PRC government in promoting the economies of the less developed regions and the rapid development of local tourism industry in the second tier cities in the PRC, the Board considers that increasing number of investors as well as overseas and local travellers and tourists would be attracted to these cities in the PRC, thereby creating demand for hotel services and enhancing the value of Hotel. The Board is confident that the acquisition of the hotel will enable the Group to capture the results of economic boom in Guangxi Zhuang Autonomous Region.

Interim Dividend

The Board does not propose the payment of an interim dividend for the six months ended 30 September 2008 (2007: Nil).

Chairman's Statement

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances are mostly in Hong Kong dollar. As at 30 September 2008, the Group had unpledged cash and bank deposits balances of approximately HK\$268.4 million (31 March 2008: HK\$165.4 million). As at 30 September 2008, the Group had no outstanding bank borrowing (31 March 2008: Nil). The gearing ratio of the Group, which represented the total bank borrowings to the equity attributable to equity holders of the parent, was nil (31 March 2008: Nil). As the Group's transactions are mostly settled in Hong Kong dollars, the use of financial instruments for hedging purposes is not considered necessary.

FUNDING AND TREASURY POLICY

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars. Accordingly, the Group has minimal exposure to foreign exchange fluctuation. However, the Group will closely monitor the overall currency and interest rate exposures. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

PLEDGE OF ASSETS

The Group did not have any pledged assets as at 30 September 2008 (31 March 2008: Nil) to secure general banking facilities.

INVESTMENTS

As at 30 September 2008, the Group had no investments in listed and unlisted equity securities. (31 March 2008: Nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 65 staff in Hong Kong as at 30 September 2008. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually depending on individual merits. The Group also provides other benefits including retirement benefits scheme, medical insurance and educational subsidies to all eligible staff.

Post Balance Sheet Events

On 3 December 2008, the Group entered into supplemental agreements to amend certain terms and conditions of the agreements for the Hotel acquisition. Details of the transaction were disclosed in a circular dated 19 December 2008 to all shareholders of the Company. The Special General Meeting for the Hotel acquisition will be held on 5 January 2009.

By Order of the Board

Cao Jing

Executive Chairman

Hong Kong, 29 December 2008

General Information

Corporate Governance

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules during the interim period, except that:

1. Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.
2. CG Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Board will ensure the retirement of each director, other than those hold office as Executive Chairman or Managing Director, by rotation at least once every three years in order to comply with the CG Code. The Board presently considered that the continuity of office of the Executive Chairman or Managing Director provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.
3. CG Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference for the Company’s Remuneration Committee on 21 December, 2005, which was subsequently amended. Pursuant to the terms of reference for the Remuneration Committee, it is stipulated that the Remuneration Committee has the duty to “review” as opposed to “determine” the specific remuneration packages of executive directors and senior management.

The remuneration of the executive directors and senior management of the Company is reviewed by the Remuneration Committee and recommended to the Board and the Chairman of the Board respectively for determination, taking into account of market pay and individual performance. In the opinion of the directors, the current practice serves the same purpose as laid down by the CG Code.

General Information

AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”) comprises three directors, all of which are independent non-executive directors, namely Mr. Derek Palaschuk (Chairman), Professor Ye Jianping and Mr. Yao Xusheng. Regular meetings have been held by the Audit Committee of the Company since establishment and it meets at least twice each year to review and supervise the Group’s financial reporting process and internal control. The Company’s interim results for the six months ended 30 September 2008 has not been audited, but has been reviewed by the Audit Committee.

Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2008, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code, were as follows:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

Name of director	Nature of interests	Number of ordinary shares directly beneficially owned	Percentage of the Company’s issued share capital
Mo Tianquan	Corporate	206,213,409 (Note 1)	59.37%
Cao Jing	Family	206,213,409 (Note 2)	59.37%

Note 1: These shares are held by Upsky Enterprises Limited, a company in which Mr. Mo Tianquan is a director and has a sole shareholder.

Note 2: Ms Cao Jing is interested in the shares held by Upsky Enterprises Limited by virtue of her marital relationship with Mr. Mo Tianquan.

Save as disclosed above, as at 30 September 2008, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

General Information

Directors' Rights to Acquire Shares or Debentures

At no time during the six months ended 30 September 2008 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests in Shares and Short Positions and Underlying Shares of the Company

As at 30 September 2008, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

Name	Capacity and Nature of interests	Number of ordinary shares owned	Percentage of the Company's issued share capital
Upsky Enterprises Limited	Directly beneficially owned	206,213,409	59.37%

Save as disclosed above, as at 30 September 2008, no person, other than the director of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Condensed Consolidated Income Statement

	Notes	Six months ended 30 September	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	2	37,480	74,302
Cost of maintenance		(38,844)	(71,452)
Gross profit/(loss)		(1,364)	2,850
Other revenue and gains	3	1,519	926
Administrative expenses		(5,691)	(7,963)
Other operating expenses		(486)	(932)
Finance costs	4	(645)	(129)
LOSS BEFORE TAX	5	(6,667)	(5,248)
Tax	6	(2)	(29)
LOSS FOR THE PERIOD		<u>(6,669)</u>	<u>(5,277)</u>
ATTRIBUTABLE TO:			
Equity holders of the parent		(6,662)	(4,996)
Minority interests		(7)	(281)
		<u>(6,669)</u>	<u>(5,277)</u>
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic	7	<u>(3.29 cents)</u>	<u>(4.24 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Condensed Consolidated Balance Sheet

	Notes	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,391	2,488
CURRENT ASSETS			
Gross amount due from contract customers	8	13,340	28,147
Trade receivables	9	25,696	26,428
Retention money receivables		171	171
Prepayments, deposits and other receivables		16,175	16,846
Cash and cash equivalents		268,410	165,391
Total current assets		323,792	236,983
CURRENT LIABILITIES			
Gross amount due to contract customers	8	15,974	15,014
Trade payables	10	13,918	20,929
Retention money payables		696	696
Other payables and accruals		16,141	19,877
Tax payable		2	–
Total current liabilities		46,731	56,516
NET CURRENT ASSETS		277,061	180,467
TOTAL ASSETS LESS CURRENT LIABILITIES		279,452	182,955
NON-CURRENT LIABILITIES			
Convertible bonds		76,359	76,359
Net assets		203,093	106,596
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	11	3,473	1,389
Equity component of convertible bonds		43,272	43,272
Reserves		155,690	61,270
Minority interests		658	665
Total equity		203,093	106,596

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent								
	Issued	Share		Equity	Capital	Retained			
	share	premium	Contributed	component	redemption	earnings/		Minority	
	capital	account	surplus	of convertible	reserve	(accumulated	Total	interest	Total
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	1,389	17,986	46,909	43,272	132	(3,757)	105,931	665	106,596
Issue of Share (Note 11)	2,084	101,082	-	-	-	-	103,166	-	103,166
Loss for the period	-	-	-	-	-	(6,662)	(6,662)	(7)	(6,669)
At 30 September 2008	3,473	119,068	46,909	43,272	132	(10,419)	202,435	658	203,093
At 1 April 2007	1,159	-	46,909	-	132	4,604	52,804	1,008	53,812
Issue of Share	230	17,986	-	-	-	-	18,216	-	18,216
Loss for the period	-	-	-	-	-	(4,996)	(4,996)	(281)	(5,277)
At 30 September 2007	1,389	17,986	46,909	-	132	(392)	66,024	727	66,751

Condensed Consolidated Cash Flow Statement

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash outflow from operating activities	(1,667)	(2,323)
Net cash inflow from investing activities	1,519	667
Net cash inflow from financing activities	<u>103,167</u>	<u>18,216</u>
Net increase in cash and cash equivalents	103,019	16,560
Cash and cash equivalents at beginning of period	<u>165,391</u>	<u>33,319</u>
Cash and cash equivalents at end of period	<u>268,410</u>	<u>49,879</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,336	1,912
Non-pledged time deposits with original maturity of less than three months when acquired	<u>252,074</u>	<u>47,967</u>
	<u>268,410</u>	<u>49,879</u>

Notes to the Condensed Financial Statements

1. Basis of Preparation and Accounting Policies

BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2008.

ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") (which also include HKASs and interpretations) issued by the HKICPA that affect the Group and are adopted the first time for the current period's financial statements:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised accounting standards has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements.

Notes to the Condensed Financial Statements

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements. The Board expects that the adoption of the pronouncements listed below will not have any significant impact on the Group's result and financial position in the period of initial application.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising On Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combination ⁴
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2008.

³ Effective for annual periods beginning on or after 1 October 2008.

⁴ Effective for annual periods beginning on or after 1 July 2009.

2. Segment Information

(A) BUSINESS SEGMENTS

The Group's revenue is principally derived from the provision of building related maintenance services. The Group has only one business segment.

(B) GEOGRAPHICAL SEGMENTS

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

Notes to the Condensed Financial Statements

3. Other Revenue and Gains

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest income	1,519	672
Other	–	254
	<u>1,519</u>	<u>926</u>

4. Finance Costs

	Six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	30	129
Interest on convertible bonds	615	–
	<u>645</u>	<u>129</u>

No interest was capitalised by the Group in both periods.

Notes to the Condensed Financial Statements

5. Loss Before Tax

The Group's loss before tax is arrived at after charging the following:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of maintenance and installation	<u>38,844</u>	<u>71,452</u>
Depreciation	97	105
Minimum lease payments under operating leases in respect of land and buildings	241	375
Staff costs (including directors' emoluments)	3,719	4,852
Impairment of trade and other receivables	<u>486</u>	<u>932</u>

6. Tax

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	<u>2</u>	<u>29</u>
	<u>2</u>	<u>29</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007:17.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period.

Notes to the Condensed Financial Statements

7. Loss Per Share Attributable to Equity Holders of the Parent

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share amounts is based on the loss for the period attributable to equity holders of the parent, adjusted to reflect the interest on the convertible bonds of the Company and the dilution effect on loss assuming there is a full conversion of the convertible bonds of the Company, where applicable (see below). The number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation.

The calculation of basic loss and diluted loss per share amount are based on:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
	<u> </u>	<u> </u>
<i>Loss</i>		
Loss attributable to equity holders of the parent	<u>(6,662)</u>	<u>(4,996)</u>
<i>Shares</i>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	202,305,500	117,941,329
Effect of dilution of the convertible bonds on the weighted average number of shares	<u>162,826,478</u>	<u> </u>
	<u>365,131,978</u>	<u>117,941,329</u>

* Because the diluted loss per share amount is decreased when taking convertible bonds of the Company into account, the convertible bonds of the Company had anti-dilutive effect on the basic loss per share for the period. Therefore, no diluted loss per share amount is disclosed.

No diluted loss per share for the period ended 30 September 2007 was computed as there was no diluting event during the period.

Notes to the Condensed Financial Statements

8. Gross Amount Due from/(to) Contract Customers

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Gross amount due from contract customers	13,340	28,147
Gross amount due to contract customers	(15,974)	(15,014)
	<u>(2,634)</u>	<u>13,133</u>
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	1,078,298	1,056,585
Less: Progress billings	(1,080,932)	(1,043,452)
	<u>(2,634)</u>	<u>13,133</u>

9. Trade Receivables

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Trade receivables	29,834	30,520
Impairment	(4,138)	(4,092)
	<u>25,696</u>	<u>26,428</u>

Notes to the Condensed Financial Statements

An aged analysis for the trade receivables as at 30 September 2008, based on invoice date and net of impairment of trade receivables, is as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
0 – 30 days	5,565	7,942
31 – 60 days	4,064	4,269
61 – 90 days	1,807	2,733
Over 90 days	14,260	11,484
	<u>25,696</u>	<u>26,428</u>

The Group grants to its trade customers credit periods normally ranging from cash on delivery to 60 days. A longer credit period is granted to a few customers with long business relationships with the Group and with strong financial positions. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

10. Trade Payables

An aged analysis of trade payables as at 30 September 2008, based on invoice date, is as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
0 – 30 days	2,073	10,852
31 – 60 days	350	610
Over 60 days	11,495	9,467
	<u>13,918</u>	<u>20,929</u>

The trade payables are non-interest bearing and are normally settled on 60-day terms.

Notes to the Condensed Financial Statements

11. Share Capital

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Authorised:		
8,000,000,000 ordinary shares of HK\$0.01 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:		
347,326,000 (31 Mar 2008: 138,930,400) ordinary shares of HK\$0.01 each	<u>3,473</u>	<u>1,389</u>

During the period, the movement in share capital was as follows:

	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2008	138,930,400	1,389	17,986	19,375
Issue of shares (Note)	<u>208,395,600</u>	<u>2,084</u>	<u>101,082</u>	<u>103,166</u>
As 30 September 2008	<u>347,326,000</u>	<u>3,473</u>	<u>119,068</u>	<u>122,541</u>

Note:

On 12 June 2008, the Company allotted and issued 208,395,600 ordinary shares of HK\$0.01 each at the price of HK\$0.5 per share by the right issue. After net of the underwriter commission, the net proceeds of the right issue were HK\$103,166,517.

12. Operating Lease Arrangements

As lessee, the Group leases certain of its office properties under operating lease arrangements. Lease for properties are negotiated for terms ranging from one to two years (31 March 2008: one to two years).

Notes to the Condensed Financial Statements

As at 30 September 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within one year	522	547
In the second to fifth years, inclusive	—	203
	<u>522</u>	<u>750</u>

13. Commitments

In addition to the operating lease commitments detailed in note 12 above, the Group had the following capital commitment as at 30 September 2008:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Contracted, but not provided for, capital contribution payable to a jointly-controlled entity	<u>14,040</u>	<u>14,040</u>

14. Contingent Liabilities

The Group has no significant contingent liabilities as at 30 September 2008.

15. Post Balance Sheet Events

On 3 December 2008, the Group entered into supplemental agreements to amend certain terms and conditions of the agreements for the Hotel acquisition. Details of the transaction were disclosed in a circular dated 19 December 2008 to all shareholders of the Company. The Special General Meeting for the Hotel acquisition will be held on 5 January 2009.