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Corporate Information



HONORARY CHAIRMAN

Mr. CHEUNG Yan Lung CBE, OStJ, JP

DIRECTORS

Executive Directors

Mr. Haywood CHEUNG (*Chairman*)
Mr. CHAN Hok Ching (*Acting Managing Director*)
Mr. CHEUNG Tak Kwai, Stanley
Mr. CHOI Chiu Fai, Stanley
Dr. CHANG Si-Chung

Independent Non-executive Directors

Mr. CHAN Ka Ling, Edmond
Mr. HONG Po Kui, Martin
Mr. WONG Yu Choi

COMPANY SECRETARY

Ms. CHAN Yuen Ying, Stella

QUALIFIED ACCOUNTANT

Ms. LAU Yun Fong, Carman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

26th Floor
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Hong Kong

RESIDENT REPRESENTATIVE

Codan Services Limited
Clarendon House
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Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Hang Seng Bank Limited
Wing Lung Bank Limited
DBS Bank (Hong Kong) Limited
Chong Hing Bank Limited

SOLICITORS

Chiu & Partners

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F., Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
14 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
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Unaudited Condensed Consolidated Financial Statements



The Board of Directors (the “Board”) of Simsen International Corporation Limited (the “Company”) is pleased to present to the shareholders the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 31 October 2008 together with the comparative figures on pages 4 to 23. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s auditor, HLB Hodgson Impey Cheng, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and by the Company’s audit committee (the “Audit Committee”).

Condensed Consolidated Profit and Loss Account

For the six months ended 31 October 2008



For the six months ended
31 October

	Notes	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	4	(45,792)	87,557
Cost of sales		(14,781)	(19,424)
Gross (loss)/profit		(60,573)	68,133
Other income		6,413	27,346
Administrative expenses		(62,564)	(48,327)
Impairment loss on goodwill		(55,233)	—
Impairment loss on available-for-sale investments		(1,843)	—
Impairment loss on other long term assets		(4,468)	—
Reversal of impairment/(impairment) of an interest in a jointly controlled entity		252	(110)
Impairment of interests in associates		(33)	(44)
Reversal of impairment on accounts receivable		407	—
Impairment loss on accounts receivable		—	(576)
Loss on disposal/write-off of items of property, plant and equipment		—	(311)
Finance expenses		(954)	(492)
Share of results of:			
— Jointly-controlled entities		—	—
— Associates		30,802	3,216
(LOSS)/PROFIT BEFORE TAX	5	(147,794)	48,835
Tax	6	(482)	—
(LOSS)/PROFIT FOR THE PERIOD		(148,276)	48,835
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the Company		(152,380)	48,842
Minority interests		4,104	(7)
		(148,276)	48,835
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic			
— For (loss)/profit for the period (cents)	7	(14.07)	6.29
Diluted			
— For (loss)/profit for the period		N/A	N/A

Condensed Consolidated Balance Sheet

31 October 2008



	Notes	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		39,542	41,664
Goodwill		1,499	56,731
Other long term assets		4,743	9,993
Intangible assets		3,369	2,350
Interest in a jointly-controlled entity	8	—	—
Interests in associates	9	102,511	74,996
Available-for-sale investments	10	136	1,979
Total non-current assets		151,800	187,713
CURRENT ASSETS			
Inventories		130	130
Accounts receivable	11	136,920	147,260
Prepayments, deposits and other receivables		11,006	11,213
Equity investments at fair value through profit or loss	12	19,214	123,147
Bank trust account balances		110,282	155,592
Pledged bank deposits		3,618	13,613
Cash and cash equivalents		81,109	79,843
Total current assets		362,279	530,798
CURRENT LIABILITIES			
Accounts payable	13	180,123	221,581
Other payables and accruals		14,542	12,002
Interest-bearing bank borrowings		21,072	29,687
Finance leases payable		234	221
Tax payable		947	3,676
Due to minority shareholders		1,335	740
Total current liabilities		218,253	267,907
NET CURRENT ASSETS		144,026	262,891
TOTAL ASSETS LESS CURRENT LIABILITIES		295,826	450,604

Condensed Consolidated Balance Sheet

31 October 2008



Notes	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
	8,386	9,072
Interest-bearing bank borrowings		
	522	613
Finance leases payable		
	900	900
Loan from a minority shareholder		
	862	862
Deferred tax liabilities		
	3,066	2,997
Provision for long service payments		
	13,736	14,444
Total non-current liabilities		
	282,090	436,160
NET ASSETS		
EQUITY		
Equity attributable to equity holders of the Company		
	10,830	10,830
Issued capital	14	
	258,161	415,520
Reserves		
	268,991	426,350
Total equity attributable to equity holders of the Company		
	13,099	9,810
Minority interests		
	282,090	436,160
Total equity		

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2008



	Attributable to equity holders of the Company								
	Issued capital HK\$'000	Contributed surplus HK\$'000	General reserve HK\$'000	Currency translation reserve HK\$'000	Retained earnings HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 May 2007	6,076	—	5,232	(7)	281,024	4,977	297,302	10	297,312
Exchange realignment	—	—	—	24	—	—	24	1	25
Total income and expense recognised directly in equity	—	—	—	24	—	—	24	1	25
Profit for the period	—	—	—	—	48,842	—	48,842	(7)	48,835
Total income and expense for the period	—	—	—	24	48,842	—	48,866	(6)	48,860
Placement of shares	1,200	48,441	—	—	—	—	49,641	—	49,641
Acquisition of an associate	1,019	62,192	—	—	—	—	63,211	—	63,211
Interest in a subsidiary	—	—	—	—	—	—	—	3	3
Dividend paid	—	—	—	—	—	(4,977)	(4,977)	—	(4,977)
Proposed interim dividend	—	—	—	—	(4,148)	4,148	—	—	—
At 31 October 2007	8,295	110,633	5,232	17	325,718	4,148	454,043	7	454,050

	Attributable to equity holders of the Company								
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Currency translation reserve HK\$'000	Retained earnings HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 May 2008	10,830	186,689	5,232	(402)	224,001	—	426,350	9,810	436,160
Exchange realignment	—	—	—	(4,944)	—	—	(4,944)	(813)	(5,757)
Total income and expense recognised directly in equity	—	—	—	(4,944)	—	—	(4,944)	(813)	(5,757)
Loss for the period	—	—	—	—	(152,380)	—	(152,380)	4,104	(148,276)
Total income and expense for the period	—	—	—	(4,944)	(152,380)	—	(157,324)	3,291	(154,033)
Interest in a subsidiary	—	—	—	(35)	—	—	(35)	(2)	(37)
At 31 October 2008	10,830	186,689	5,232	(5,381)	71,621	—	268,991	13,099	282,090

Condensed Consolidated Cash Flow Statement

For the six months ended 31 October 2008



For the six months ended
31 October

	2008 HK\$'000	2007 HK\$'000
Net cash inflow from operating activities	5,016	7,588
Net cash outflow from investing activities	(3,374)	(11,524)
Net cash (outflow)/inflow from financing activities	(18,048)	43,880
(Decrease)/increase in cash and cash equivalents	(16,406)	39,944
Cash and cash equivalents at beginning of year	92,706	71,483
Cash and cash equivalents at end of period	76,300	111,427
Analysis of balances of cash and cash equivalents		
Cash and bank balances	81,109	107,823
Bank overdraft	(8,427)	—
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	3,618	3,604
	76,300	111,427

Notes to Condensed Consolidated Financial Statements



1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2008 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 (the “HKICPA”) and the 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”).

2. ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies adopted in the preparation of condensed financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 30 April 2008.

In the current period, the Group has applied, for the first time, the following new and revised standards and interpretation issued by the HKICPA, which is effective for the Group’s financial year beginning on or after 1 May 2008 and is relevant to the operations of the Group.

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 the interpretation had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

Notes to Condensed Consolidated Financial Statements



2. ACCOUNTING POLICIES (continued)

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ³

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

The Directors anticipate that the application of these new and revised standards, amendments and interpretation will have no material impact on the results and the financial position of the Group.

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- the securities segment represents broking and dealing of the securities, futures and options contracts, provision of margin financing, advisory on asset management and insurance consultancy services, and results of investment holding and proprietary trading of marketable securities;
- the bullion segment represents the broking and dealing of bullion contracts;
- the forex segment represents the broking and dealing of forex contracts;
- the trading segment represents shipment sales of motor vehicles, spare parts, accessories and related products; and
- the corporate and others segment comprises loan financing, the provision of management and consultancy services, mining operations and other services together with corporate income and expense items;

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue and results for the Group's business segments for the six months ended 31 October 2008 and 2007.

For the six months ended 31 October 2008

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Trading HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:						
Sales to external customers	(68,486)	2,258	868	16,890	2,678	(45,792)
Other revenue	565	—	1	3,406	516	4,488
Total	(67,921)	2,258	869	20,296	3,194	(41,304)
Segment results	(100,562)	(1,859)	(3,924)	4,750	(5,557)	(107,152)
Unallocated interest income						1,925
Unallocated expenses						(11,090)
Impairment loss on goodwill	(55,233)	—	—	—	—	(55,233)
Impairment loss on available-for-sale investments	—	—	—	—	(1,843)	(1,843)
Impairment loss on other long term assets	—	—	—	—	(4,468)	(4,468)
Reversal of impairment/ (impairment) of interests in						
— a jointly controlled entity	—	—	—	—	252	252
— associates	—	—	—	—	(33)	(33)
Share of results of:						
— associates	—	—	—	—	30,802	30,802
Finance expenses						(954)
Loss before tax						(147,794)
Tax						(482)
Loss for the period						(148,276)

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

For the six months ended 31 October 2007

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Trading HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:						
Sales to external customers	25,076	19,435	18,823	21,845	2,378	87,557
Other revenue	25,545	2	—	(181)	115	25,481
Total	50,621	19,437	18,823	21,664	2,493	113,038
Segment results	28,069	17,740	11,907	1,743	(7,914)	51,545
Unallocated interest income						1,865
Unallocated expenses						(7,145)
Share of results of:						
— a jointly-controlled entity	—	—	—	—	—	—
— associates	3,216	—	—	—	—	3,216
Impairment of interests in						
— a jointly controlled entity	—	—	—	—	(110)	(110)
— associates	—	—	—	—	(44)	(44)
Finance expenses						(492)
Profit before tax						48,835
Tax						—
Profit for the period						48,835

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue for the Group's geographical segments for the six months ended 31 October 2008 and 2007.

For the six months ended 31 October 2008

	Hong Kong HK\$'000	Philippines HK\$'000	Canada HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	31,005	16,890	(93,687)	(45,792)

For the six months ended 31 October 2007

	Hong Kong HK\$'000	Philippines HK\$'000	Canada HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	66,933	21,845	(1,221)	87,557

Notes to Condensed Consolidated Financial Statements



4. REVENUE

Revenue, which is also the Group's turnover, represents shipment sales, commission and brokerage income from securities, bullion, forex and futures contracts; profit or loss on trading of securities and bullion; interest income from loan and margin financing activities; and gross rental income. An analysis of the Group's revenue and other income is as follows:

	For the six months ended	
	31 October 2008	31 October 2007
	HK\$'000	HK\$'000
Revenue		
Shipment sales of motor vehicles	16,890	21,845
Fees and commission income from bullion, forex, securities and futures contract broking	37,412	42,491
Trading (loss)/gain on bullion, forex, securities and futures contracts, net	(102,972)	19,829
Interest income from loan and margin financing activities	126	1,284
Gross rental income	—	12
Others	2,752	2,096
	(45,792)	87,557

5. (LOSS)/PROFIT BEFORE TAX

	For the six months ended	
	31 October 2008	31 October 2007
	HK\$'000	HK\$'000
(Loss)/profit before tax is arrived at after charging/(crediting) the following:		
Amortisation of intangible assets	556	—
Depreciation	3,384	2,416
Minimum lease payments under operating leases on leasehold land and buildings	7,574	3,920
Employee benefits expense	24,475	26,979
Net rental income	—	12
Exchange losses/(gains), net	5,025	(23,879)

Notes to Condensed Consolidated Financial Statements



6. TAX

	For the six months ended	
	31 October 2008	31 October 2007
	HK\$'000	HK\$'000
Current		
— Hong Kong	482	—
— Elsewhere	—	—
	482	—
Deferred	—	—
Total tax expense for the period	482	—

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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to the equity holders of the Company of HK\$152,380,000 (2007: profit of HK\$48,842,000) and 1,083,044,000 (2007: 776,218,000) weighted average number of ordinary shares in issue during the period.

Diluted (loss)/earnings per share for the six months ended 31 October 2008 and 2007 have not been disclosed as no diluting event existed during the two periods.

Notes to Condensed Consolidated Financial Statements



8. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Share of net assets	—	—
Due from a jointly-controlled entity	—	92
Loans to a jointly-controlled entity	2,090	2,250
	2,090	2,342
Provision for impairment	(2,090)	(2,342)
	—	—

The amount due from a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment. The loans to a jointly-controlled entity are unsecured, interest-free (2007: bear interest at the Hong Kong dollar prime rate plus 2% per annum) and are repayable on demand. In the opinion of the directors, balances with the jointly-controlled entity have been fully impaired because the operation of the jointly-controlled entity is declining and the likelihood of recoverability is low.

Particulars of the jointly-controlled entity at 31 October 2008 are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Effective equity interest attributable to the Group	The Group's percentage of voting power	The Group's percentage of profit sharing	Principal activity
sunArt Entertainment Limited ("sunArt")	Corporate	Hong Kong	50%	50%	50%	Entertainment

Since the year ended 30 April 2007, the Group discontinued the recognition of its share of losses of sunArt because the share of losses of it had exceeded the Group's interest therein. The Group's unrecognised share of losses of sunArt for the period ended 31 October 2008 was HK\$55,000 (2007: HK\$213,000).

Notes to Condensed Consolidated Financial Statements



9. INTERESTS IN ASSOCIATES

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Share of net assets	97,597	73,541
Goodwill on acquisition	2,447	2,447
	100,044	75,988
Loans to associates	3,370	900
Due from associates	147	117
	103,561	77,005
Provision for impairment	(1,050)	(2,009)
	102,511	74,996

Except for the loan of HK\$900,000 which is bearing interest at the Hong Kong dollar prime rate plus 2% per annum and repayable on demand, the loans to associates are unsecured, interest-free and have no fixed terms of repayment. The balances with associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the associates are as follows:

Name	Business structure	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group		Principal activities
			31 October 2008	30 April 2008	
Asia Vigour Productions Limited	Corporate	Hong Kong	48%	48%	Producing, organising and promoting live concerts
Asia Vigour (Holdings) Limited	Corporate	British Virgin Islands	48%	48%	Investment holding
Gain Hill Investments Limited	Corporate	Hong Kong	30%	—	Investment holding
德年國際股份有限公司 ("De-Nian")	Corporate	Taiwan	21.75%	21.75%	Property development

Notes to Condensed Consolidated Financial Statements



9. INTERESTS IN ASSOCIATES (continued)

During the year ended 30 April 2007, the Group discontinued the recognition of its share of losses of Asia Vigour (Holdings) Limited and its subsidiary, Asia Vigour Productions Limited, because the share of losses of the associates had exceeded the Group's interest therein. The Group's unrecognised share of losses of these associates for the period ended 31 October 2008 was HK\$62,000 (2007: HK\$5,000).

10. AVAILABLE-FOR-SALE INVESTMENTS

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Unlisted equity investments in Hong Kong, at cost	136	136
Less: Provision for impairment	—	—
	136	136
Unlisted equity investments outside Hong Kong, at cost	17,661	17,661
Less: Provision for impairment	(17,661)	(15,818)
	—	1,843
	136	1,979

The above equity investments were designated as available-for-sale equity financial assets and have no fixed maturity date or coupon rate.

Notes to Condensed Consolidated Financial Statements



11. ACCOUNTS RECEIVABLE

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Accounts receivable		
— from securities, futures, forex and bullion dealing services	74,868	90,962
— from margin financing and money lending operations	953	550
— from trading operations	63,355	58,587
— from corporate and other operations	65	12
	139,241	150,111
Impairment	(2,321)	(2,851)
	136,920	147,260

An aged analysis of the accounts receivable as at the balance sheet date, based on the settlement due date and net of provisions for impairment, is as follows:

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Current to 1 month	83,016	141,761
1 to 3 months	7,370	2,210
3 months to 1 year	46,534	3,289
	136,920	147,260

The movements in provision for impairment of accounts receivable are as follows:

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
At beginning of period/year	2,851	1,622
Impairment losses recognised	—	1,389
Amounts written off as uncollectible	(123)	—
Impairment losses reversed	(407)	(150)
Disposal of a subsidiary	—	(10)
	2,321	2,851

Notes to Condensed Consolidated Financial Statements



12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Listed equity investments, at market value:		
— Hong Kong	2,405	8,065
— Elsewhere	16,809	115,082
	19,214	123,147

13. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable at the balance sheet date, based on the settlement due date, is as follows:

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Current to 1 month	180,123	221,581

14. SHARE CAPITAL

	31 October 2008 HK\$'000	30 April 2008 HK\$'000
Authorised:		
50,000,000,000 (30 April 2008: 50,000,000,000) ordinary shares of HK\$0.01 each	500,000	500,000
Issued and fully paid:		
1,083,044,000 (30 April 2008: 1,083,044,000) ordinary shares of HK\$0.01 each	10,830	10,830

Notes to Condensed Consolidated Financial Statements



15. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 October 2008	30 April 2008
	HK\$'000	HK\$'000
Within one year	13,194	13,554
In the second to fifth years, inclusive	10,544	11,011
	23,738	24,565

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitments at the balance sheet date:

- (a) HK\$18,768,000 (30 April 2008: HK\$12,558,000) and HK\$146,763,000 (30 April 2008: HK\$162,174,000) in respect of the net open position of bullion contract and forex contracts undertaken in the ordinary course of business existing at the balance sheet date.
- (b) Pursuant to a distributorship agreement entered by the Group on 23 April 2008, the Group was committed to purchase motor vehicles from the distributor at minimum value of approximately US\$9,610,000 (30 April 2008: US\$13,471,000).
- (c) HK\$400,000 for the acquisition of a computerised operation system for forex and bullion segment, which is contracted but not provided for.
- (d) Pursuant to a shareholders' agreement entered by the Group on 28 October 2008, the Group granted a loan of HK\$3,597,000 to Gain Hill Investments Limited, an associate of the Group, of which HK\$1,127,000 was not drawn down at the balance sheet date.

Notes to Condensed Consolidated Financial Statements



17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed financial statements, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended	
		31 October 2008	31 October 2007
		HK\$'000	HK\$'000
Interest received from an associate	(i)	33	44
Interest received from a jointly-controlled entity	(i)	—	110
Rental expenses paid to related companies	(ii)	—	451
Employment compensation paid to the close family members of certain directors of the Company		676	822
Profit on disposal of certain property, plant and equipment to a close family member of a director of the Company		—	24

Notes:

- (i) Interest receivable arose from loans that are unsecured, bearing interest at prime rate plus 2% per annum.
- (ii) Rental was payable to related companies, certain shareholders and directors of which are also a director and close family member of the directors of the Company. The rental charges were based on the mutual agreements between the Group and the related companies with reference made to the prevailing market condition.
- (b) Other transactions with related parties
- (i) The banking facilities granted to a subsidiary of the Company are secured by a bank deposit of HK\$2,000,000 (30 April 2008: HK\$2,000,000) granted by the honorary chairman of the Company and personal guarantees executed by the honorary chairman, a director of the Company and certain executives of a subsidiary of the Company.

Management Discussion and Analysis



BUSINESS REVIEW

During the period under review, the Group recorded an unaudited loss of approximately HK\$148,276,000 (2007: profit of HK\$48,835,000). Turnover for the period under review was approximately negative HK\$45,792,000 (2007: HK\$87,557,000), representing a decrease of approximately 152%.

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts, provision of IPO margin financing and proprietary trading of securities. Revenue from the securities segment was approximately negative HK\$68,486,000 for the period under review (2007: HK\$25,076,000), the substantial decrease in revenue was mainly due to the fair value loss in investment securities of approximately HK\$98,055,000. Apart from the above, the brokerage operations fee and commission income to the Group during the period under review recorded a decrease of approximately 25% as compared with last correspondence period.

Bullion

The bullion segment comprises broking and dealing of bullion contracts, which recorded revenue of about HK\$2,258,000 and a loss of about HK\$1,859,000 respectively for the period under review (2007: revenue of HK\$19,435,000 and profit of HK\$17,740,000).

Forex

The forex segment comprises broking and dealing of forex contracts, which recorded a revenue of about HK\$868,000 and a loss of about HK\$3,924,000 respectively for the period under review (2007: revenue of HK\$18,823,000 and profit of HK\$11,907,000).

Management Discussion and Analysis



Trading

The trading segment comprises the sales and distribution of vehicles and trading of spare parts, accessories and related products of vehicles. For the period under review, a revenue of HK\$16,890,000 and a profit of HK\$4,750,000 (2007: revenue of HK\$21,845,000 and profit of HK\$1,743,000) were recorded.

Corporate and Others

The corporate and others segment comprises loan financing, entertainment business, the provision of management and consultancy services, mining operations, and other services together with corporate income and expense items. Revenue generated from corporate and others segment was HK\$2,678,000 for the period under review as compared with HK\$2,378,000 for the corresponding period in 2007. The loss for the period amounted to HK\$5,557,000 (2007: HK\$7,914,000).

The Group will continue to review and monitor the performance of the corporate and other business so that appropriate business re-arrangement and restructuring could be planned for the benefits of the Group.

PROSPECTS

The outbreak of the recent financial tsunami had resulted in weak investors' sentiment in the financial market, the trading volume of Hong Kong stock market decreased substantially. With the increased volatility in the financial market and the negative investment sentiment, it is expected that the Group will face more challenges in the year 2009. The Group will take prudent approach to face the forthcoming economy of Hong Kong and will continue to streamline certain operations and to reduce and control its operating and administration expenses appropriately.

CAPITAL STRUCTURE

As at 31 October 2008, the Group had secured bank loans, trust receipt loans and bank overdrafts of about HK\$9,742,000, HK\$11,289,000 and HK\$8,427,000 bearing interest at Hong Kong dollar prime rate minus 2.4%, prime rate and prime rate plus 0.5% per annum and repayable within seven years, within four months and on demand respectively.

Management Discussion and Analysis



LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2008, the current ratio of the Group was at approximately 166% and the net current assets were approximately HK\$144,026,000. The Group's gearing ratio, which was derived by dividing the aggregate amount of bank borrowings and other interest-bearing loan by the amount of shareholder's equity, was approximately 11%.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the period under review, the Group made no significant investment nor had it made any material acquisition or disposal of subsidiaries and associates.

CURRENCY STRUCTURE

As at 31 October 2008, the Group has the following assets and liabilities denominated in foreign currency:

	Foreign Currency	31 October 2008 '000
Other long term assets	RMB	906
Accounts receivable	USD	8,234
Prepayments, deposits and other receivables	USD	202
	RMB	33
Equity investments at fair value through profit or loss	CAD	2,646
Cash and bank balances	RMB	261
Accounts payable	USD	134
Other payables and accrued liabilities	RMB	21
Trust receipt loans	USD	1,467

Management Discussion and Analysis



CHARGES ON GROUP ASSETS

As at 31 October 2008, the total bank loans and obligations under finance lease amounted to approximately HK\$21,031,000 and HK\$756,000 respectively, which were secured by the properties held by the Group and the leased assets acquired under the finance leases.

EMPLOYEE AND REMUNERATION POLICY

As at 31 October 2008, the Group employed a total of about 212 employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. When formulating staff remuneration and benefit policies, primary considerations are given to their performance and prevailing salary levels in the market. Benefits provided to the employees by the Group include training, Mandatory Provident Fund and medical coverage. No share options were granted since the adoption of the share options scheme on 4 March 2002.

Other Information



INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2008 (2007: HK\$0.005 per share).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 October 2008, the interests and long positions of the Directors and chief executive 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 kept by the Company under 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in ordinary shares of the Company

Name of Director	Notes	Interest as beneficial owner	Number of issued ordinary shares of HK\$0.01 each in the Company		Approximate percentage of shareholding
			Interest of controlled corporation	Total number of ordinary shares held	
Mr. Haywood Cheung	(a)	—	365,225,127	365,225,127	33.722%
Mr. Chan Hok Ching		170,000	—	170,000	0.016%
Mr. Choi Chiu Fai, Stanley	(b)	—	321,676,000	321,676,000	29.701%
Mr. Chan Ka Ling, Edmond	(c)	—	50,000	50,000	0.005%

Notes:

(a) These 365,225,127 shares comprised:

- (i) 352,425,127 shares held by Haywood Shares Holding Limited, which is 99.99% owned by Mr. Haywood Cheung; and
- (ii) 12,800,000 shares held by iWin Limited, which is 75% owned by Mr. Haywood Cheung.

(b) These 321,676,000 shares held through Lynch Oasis Inc., which is owned as to 50% by each of Mr. Choi Chiu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie. Therefore, Mr. Choi Chiu Fai, Stanley is deemed to be interested in these shares.

(c) These 50,000 shares are held through E-Source Holdings Limited which is owned by Mr. Chan Ka Ling, Edmond.

Other Information



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Save as disclosed above and in the section under the heading "Directors' rights to acquire shares or debentures" below, as at 31 October 2008, none of the Directors or the chief executive of the Company had any interest in long positions or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

As at 31 October 2008, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO:

Interest in ordinary shares of the Company

Name of shareholder	Notes	Interest as beneficial owner	Number of issued shares of HK\$0.01 each in the Company		Approximate percentage of shareholding
			Interest of controlled corporation	Total number of ordinary shares held	
Haywood Shares Holding Limited	(a)	352,425,127	—	352,425,127	32.540%
Lynch Oasis Inc.	(b)	321,676,000	—	321,676,000	29.701%
Ms. Cheung Fung Kuen, Maggie	(b)	—	321,676,000	321,676,000	29.701%

Notes:

- These interests are also included as interest of controlled corporation of Mr. Haywood Cheung, as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.
- These 321,676,000 shares are held though Lynch Oasis Inc., which is owned as to 50% by each of Ms. Cheung Fung Kuen, Maggie and Mr. Choi Chiu Fai, Stanley, an executive Director of the Company. Therefore, Ms. Cheung Fung Kuen, Maggie is deemed to be interested in these shares.

Other Information



DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO (continued)

Save as disclosed above, as at 31 October 2008, no other person (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANYS' LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 31 October 2008. The Board's annual review of the effectiveness of the system of internal control of the Group pursuant to C.2.1 of the CG Code will be reported upon in the forthcoming corporate governance report to be contained in the Company's annual report for the financial year ending 30 April 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that they had fully complied with the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company was established in accordance with the requirements of the CG Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The Audit Committee comprises three independent non-executive Directors of the Company. The unaudited financial statements for the six months ended 31 October 2008 have been reviewed by the Audit Committee.

APPRECIATION

I would like to take this opportunity to thank the shareholders of the Company for their continuing support and all the staff for their dedication and hard work.

By Order of the Board
Haywood Cheung
Chairman

Hong Kong, 12 January 2009