



建美集團有限公司
MAE HOLDINGS LIMITED

Stock Code : 851

Interim Report
2008/09

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ko Chun Shun, Johnson (Chairman)
Wong Siu Kang

Independent Non-Executive Directors

Liu Tsun Kie
Tang Ho Sum
Yuen Kin

Company Secretary

Chan Kam Kwan, Jason

Qualified Accountant

Jim Pak Keung, Patrick

Auditors

CCIF CPA Limited

Bankers

Hang Seng Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Unit 3902
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Hong Kong Branch Share Registrars and Transfer Office

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Website

www.irasia.com/listco/hk/mae

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2008

	Notes	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
CONTINUING OPERATIONS:			
Turnover	2	9,251	6,874
Cost of sales		(9,006)	(6,722)
Gross profit		245	152
Other revenue	2	14	7,988
Administrative and operating expenses		(1,826)	(2,635)
(Loss)/profit from operations		(1,567)	5,505
Finance costs		(2,189)	(2,583)
Gain on disposal of subsidiaries	15	41,326	—
Profit before taxation	3	37,570	2,922
Income tax	4	—	—
Profit from continuing operations		37,570	2,922
DISCONTINUED OPERATIONS:			
Loss for the period from discontinued operations		(1,967)	(20,359)
Profit/(loss) for the period		35,603	(17,437)
Earnings/(loss) per share			
From continuing and discontinued operations	5		
Basic		HK\$0.16	(HK\$0.16)
Diluted		HK\$0.04	(HK\$0.02)
From continuing operations			
Basic		HK\$0.17	HK\$0.03
Diluted		HK\$0.04	HK\$0.01

The notes on pages 6 to 15 form part of these financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 October 2008

	Notes	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	253	1,080
		253	1,080
CURRENT ASSETS			
Trade and other receivables	8	3,228	15,781
Cash and cash equivalents		7,450	15,728
		10,678	31,509
CURRENT LIABILITIES			
Trade and other payables	9	(6,721)	(37,837)
Other borrowings, unsecured	10	—	(20,966)
Current taxation		—	(5,287)
Convertible notes	11	(981)	(1,279)
		(7,702)	(65,369)
NET CURRENT ASSETS/ (LIABILITIES)		2,976	(33,860)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,229	(32,780)
NON-CURRENT LIABILITIES			
Convertible notes	11	(43,911)	(43,118)
NET LIABILITIES		(40,682)	(75,898)
CAPITAL AND RESERVES			
Share capital	12	25,167	14,367
Reserves		(65,849)	(90,265)
TOTAL DEFICIT		(40,682)	(75,898)

The notes on pages 6 to 15 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 31 October	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total net liabilities at 1 May	(75,898)	(52,461)
Net income for the period recognized directly in equity:		
Exchange gain arising on translation of financial statements of foreign subsidiaries	—	1,927
Net income recognised directly in equity	—	1,927
Net profit/(loss) for the period (Note)	35,603	(17,437)
Total recognised income/(loss) for the period	35,603	(15,510)
Movement in equity from capital transactions:		
Conversions of shares	371	117
Net proceeds from issue of shares	—	7,419
Issue of convertible notes	—	9,766
Disposal of subsidiaries	(758)	(1,565)
	(387)	15,737
Total shareholders' deficit at 31 October	(40,682)	(52,234)
Note: Total recognised income/(loss) for the period		
Equity holders of the Company:		
Continuing operations	37,570	2,922
Discontinued operations	(1,967)	(20,359)
	35,603	(17,437)

The notes on pages 6 to 15 form part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2008

	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Net cash outflow from operating activities	(8,243)	(34,611)
Net cash (outflow)/inflow from investing activities	(35)	1,752
Net cash inflow from financing activities	—	40,978
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,278)	8,119
Effects of exchange rate changes on the balance of cash held in foreign currency	—	362
Cash and cash equivalents at beginning of period	15,728	(797)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,450	7,684
Analysis of balances of cash and cash equivalents at end of the period		
Cash and bank balances of continuing operations	7,450	7,309
Cash and bank balances of discontinued operations	—	375

The notes on pages 6 to 15 form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements for the six months ended 31 October 2008 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 April 2008.

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 30 April 2008.

Certain comparative figures have been reclassified to conform to the current period's presentation.

2. Segment information

As mentioned in Note 15 to the condensed consolidated financial statements, on 28 October 2008, the Group entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Mei Ah Electrical & Industry (HK) Limited, Mei Ah Management Services Limited and Mei Ah Industrial Limited (collectively, the "Disposal Group"), all being direct and wholly owned subsidiary of the Company, for an aggregate consideration of US\$1. The disposal has been completed on the same date. The disposal of the entire equity interest in the Disposal Group represents a discontinued operation.

The following table presents the revenue and profit for the Group's continuing business segments for the six months period ended 31 October 2008 and 31 October 2007.

2. Segment information (continued)**Business segments**

For the six months ended 31 October

	Electrical products		Adaptors and transformers		Trading of copper concentrate and others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	3,083	6,874	—	—	6,168	—	9,251	6,874
Segment results	(165)	149	—	—	(331)	—	(496)	149
Unallocated corporate income							14	7,988
Unallocated corporate expenses							(1,085)	(2,632)
(Loss)/profit from operations							(1,567)	5,505
Finance costs							(2,189)	(2,583)
Gain on disposal of subsidiaries							41,326	—
Profit for the period							37,570	2,922

3. Profit before tax

The Group's profit before tax has been arrived at after charging:

	Continuing For the six months ended 31 October		Discontinued For the six months ended 31 October		Total For the six months ended 31 October	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortization of deferred costs	—	—	—	57	—	57
Depreciation of property, plant and equipment	66	9	—	1,080	66	1,089
Loss on write off of fixed assets	—	—	796	—	796	—
And after (crediting):						
Waiver of loan and interest from former shareholder	—	(7,828)	—	—	—	(7,828)
Gain on disposal of subsidiaries	(41,326)	—	—	(202)	(41,326)	(202)

4. Income tax

No provision for Hong Kong profits tax has been made in the financial statements as the Group does not have any assessable profits for the period (2007: Nil).

No provision for People's Republic of China (the "PRC") enterprise income tax has been made in the financial statements as the PRC subsidiary incurred a tax loss for the period (2007: Nil).

5. Earnings/(loss) per share

(a) Basic

From continuing and discontinued operations

The calculation of the basic earnings/(loss) per share attributable to equity holders of the Company is based on the following data:

	For the six months ended 31 October	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the purpose of basic earnings/(loss) per share	35,603	(17,437)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	220,754,113	109,218,876

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to equity holders of the Company is based on the following data:

	For the six months ended 31 October	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company	35,603	(17,437)
Loss from discontinued operations	1,967	20,359
Profit for the purpose of basic earnings per share from continuing operations	37,570	2,922

5. Earnings/(loss) per share (continued)**(b) Diluted**

The diluted earnings per share, is calculated based on the profit attributable to the equity holders of the Company and profit for the period from continuing operations, adjusted to eliminate the interest expense less the tax effect, to arrive at the adjusted earnings of HK\$37,431,000 and HK\$39,397,158, respectively (2007: loss of HK\$(15,280,000) and profit of HK\$5,079,000, respectively) and the weighted average number of 946,715,156 shares (2007: 916,723,767) after adjusting for the effects of all potential dilutive ordinary shares.

(c) Weighted average number of ordinary shares (diluted)

	For the six months ended 31 October	
	2008 Number of shares	2007 Number of shares
Weighted average number of ordinary shares for calculating basic earnings per share	220,754,113	109,218,876
Adjustment for assumed conversion of convertible notes	725,961,043	807,504,891
Weighted average number of ordinary shares for calculating diluted earnings per share	946,715,156	916,723,767

From discontinued operations

For the six months ended 31 October 2008, basic loss per share from discontinued operations was HK\$0.01 per share (six months ended 31 October 2007: HK\$0.19 per share). The calculation of the basic loss per share was based on the loss for the period from the discontinued operations of HK\$1,967,000 (six months ended 31 October 2007: HK\$20,359,000) attributable to the ordinary equity holders of the Company. The denominators used are the same as those detailed above for both basic and diluted loss per share.

6. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 31 October 2008 (2007: Nil).

7. Movements in property, plant and equipment

	Property, plant and equipment HK\$'000 (Unaudited)
Cost	
At 1 May 2008	71,025
Additions	35
Discontinued operations-Written off	(70,646)
At 31 October 2008	414
Depreciation, amortization and impairment	
At 1 May 2008	69,945
Provided for the period	66
Discontinued operations-Written off	(69,850)
At 31 October 2008	161
Net book value	
At 31 October 2008	253

8. Trade and other receivables

	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
Trade receivables	3,000	20,306
Less: allowance for doubtful debts	—	(7,008)
	3,000	13,298
Prepayments, deposits and other receivables	228	2,483
	3,228	15,781

8. Trade and other receivables (continued)

- (a) Included in trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) with the following ageing analysis:

	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
0 — 90 days	3,000	13,298
91 — 180 days	—	—
Over 180 days	—	—
	3,000	13,298

The Group allows an average credit period of 0 day to 90 days to its trade customers.

9. Trade and other payables

	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
Trade payables	2,450	32,478
Other payables and accruals	4,271	5,359
	6,721	37,837

- (a) Included in trade and other payables are trade payables with the following ageing analysis:

	31 October 2008 HK\$'000 (Unaudited)	30 April 2008 HK\$'000 (Audited)
0 — 90 days	2,450	19,540
91 — 180 days	—	—
Over 180 days	—	12,938
	2,450	32,478

10. Borrowings

	Group	
	31 October	30 April
	2008	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non interest-bearing		
Other loan — unsecured	20,966	20,966
Disposal of subsidiaries (<i>Note 15(b)</i>)	(20,966)	—
	—	20,966

11. Convertible notes

The movement of the liability component of the convertible notes for the six months ended 31 October 2008 is set out below:

	Group and Company
	HK\$'000
	(Unaudited)
Liability component as at 1 May 2008	44,397
Conversion into shares (<i>Note 13</i>)	(371)
Interest expenses	2,189
Interest paid	(1,323)
Liability component as at 31 October 2008	44,892

A total of 108,000,000 ordinary shares at par value of HK\$0.1 each of the Company were issued as a result of the conversions of HK\$10,800,000 convertible notes during the period.

12. Share capital

	31 October	
	2008	30 April
	HK\$'000	2008
	(Unaudited)	HK\$'000
		(Audited)
Authorized:		
2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
251,667,156 (30 April 2008: 143,667,156) shares of HK\$0.10 each	25,167	14,367

12. Share capital (continued)

A summary of the transactions involving the Company's issued ordinary share capital during the period is as follows:

	Number of ordinary shares of HK\$ 0.10 each	Issued share capital HK\$ '000
At 1 May 2008	143,667,156	14,367
Issues of new shares on conversion of convertible notes	108,000,000	10,800
At 31 October 2008	251,667,156	25,167

During the period, 108,000,000 ordinary shares at par value of HK\$0.1 each of the Company were issued as a result of the conversions of HK\$10,800,000 convertible notes.

13. Capital and reserves

	Attributable to equity holders of the Company						Total HK\$ '000
	Share capital HK\$ '000	Share premium HK\$ '000	Capital redemption reserve HK\$ '000	Capital reserve HK\$ '000	Merger reserve HK\$ '000	Accumulated losses HK\$ '000	
At 1 May 2008	14,367	5,129	477	43,497	758	(140,126)	(75,898)
Shares issued upon conversion of convertible notes (Note 11)	10,800	(664)	—	(9,765)	—	—	371
Realised upon disposal of subsidiaries	—	—	—	—	(758)	—	(758)
Profit for the period	—	—	—	—	—	35,603	35,603
At 31 October 2008	25,167	4,465	477	33,732	—	(104,523)	(40,682)

14. Share options

There were no share options granted or exercised during the period. No share options were outstanding as at 31 October 2008.

15. Discontinued operation and disposal of subsidiaries

On 28 October 2008, the Group entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Mei Ah Electrical & Industry (HK) Limited, Mei Ah Management Services Limited and Mei Ah Industrial Limited (collectively, the "Disposal Group"), all being direct and wholly owned subsidiary of the Company, for an aggregate consideration of US\$1, subject to the conditions precedent thereto. The disposal has been completed on the same date. Details of the transaction were disclosed in the Company's circular dated 18 November 2008.

- (a) The results of the discontinued operations for the period up to the date of disposal were as follows:

	Period ended 28 October 2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	—	4,406
Cost of sales	—	(17,714)
	—	(13,308)
Other revenue	—	378
Selling and distribution costs	—	(801)
Administrative expenses	(45)	(4,458)
Other operating expenses	(1,922)	(2,118)
Finance costs	—	(254)
Gain on disposal of subsidiaries	—	202
Loss before taxation	(1,967)	(20,359)
Income tax	—	—
Loss for the period	(1,967)	(20,359)

- (b) Carrying value of net assets/(liabilities) disposed of:

	As at 28 October 2008 HK\$'000 (Unaudited)
Property, plant and equipment	—
Prepayment and other receivables	548
Cash and cash equivalents	14
Trade payables	(12,938)
Other payables and accruals	(2,739)
Taxation	(5,244)
Other loan	(20,966)
Total net liabilities of the Disposal Group	(41,325)

16. Pledge of assets

At 31 October 2008, no assets of the Group were pledged for security.

17. Contingent liabilities

The Group did not have any contingent liabilities as at 31 October 2008.

18. Commitments

The Group did not have any capital commitments as at 31 October 2008.

19. Related party transactions

There were no related party transactions during the period.

20. Post balance sheet events

There were no significant post balance sheet events up to the date of approval of these unaudited condensed consolidated interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group has continued its efforts in streamlining and rationalizing its structure and operations. The manufacturing and trading of adaptors and transformers continued to suffer since October 2007, with no revenue recorded for the period. In view of its continually adverse trading environment and operating performance, the Board considered it beneficial to divest these operations. On 28 October 2008, the Group entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Mei Ah Electrical & Industry (HK) Limited, Mei Ah Management Services Limited and Mei Ah Industrial Limited (collectively, the “Disposal Group”). The disposal of the entire equity interest in the Disposal Group represents a discontinuance of the manufacturing and trading of adaptors and transformers operation, and has therefore been accounted for accordingly in the interim results.

The disposal of the entire equity interest in the Disposal Group, is part of the Group’s new business development strategy, we are of the view that the disposal is conducive to curtailing further operating and financial losses of the Group, and helps to preserve financial and cash resources which can be invested in the businesses of trading of electrical products, copper concentrate and in other more lucrative ventures.

As mentioned in the April 2008 annual report, in view of its dependence and the declining performance of the manufacturing of adaptors and transformers business, the Group pursued the business of trading of copper concentrate with the aim of broadening its revenue and profit source. Whilst the profit margins in the trading of electrical products and copper concentrate are low, they require low investment and overhead costs. The management of the Group believes that the current businesses will contribute favourably to the Group’s overall financial health in the short term. The Group will continue to seek for good business acquisitions in order to ensure the Group’s long term financial success, growth and returns.

The income statement for the period show financial results of the continuing operations of trading of electrical products and copper concentrate, with comparative figures adjusted to the same. Overall, the Group recorded total consolidated revenue of HK\$9.3 million for the period as compared to HK\$6.9 million for the corresponding period last year. The continuing operations of the Group for the period recorded a profit of HK\$37.5 million as a result of the recognition of HK\$41.3 million gain arising on the disposal of the Disposal Group subsidiaries as mentioned. The discontinued operations contributed a net loss of approximately HK\$2 million as compared to HK\$20 million recorded in the previous period, reducing the Group’s overall profit for the period to HK\$35.6 million compared to loss of HK\$17.4 million in the last period.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Prospects

While continuing the existing businesses to maintain a stable income source, the Group will continue its drive and seek for good business acquisition opportunities with growth potential to broaden its business and revenue base. In this connection, the Group may also raise more funding to strengthen the capital base of the Group and to meet its short and long term expansion needs. We remain optimistic of the Group's operating and financial success in the near future.

Liquidity and financial resources

The Group generally finances its short term funding requirements with cash generated from operation and credit facilities from suppliers.

For this interim period we saw significant improvement in the working capital structure, the current ratio measured at 1.4 times, compared to 0.48 recorded for the last reporting date, as a direct result of the disposal of the Disposal Group subsidiaries during the period.

The gearing ratio for the period (Long term debts over Equity and long term debts) remains high as the Group is currently financed by proceeds from the issues of convertible notes. All of the borrowings are denominated in Hong Kong dollars.

During the period, the Group did not engage in the use of any other financial instruments for hedging purposes, and there is no hedging instrument outstanding as at 31 October 2008.

Capital structure

During the period, the holder of the convertible notes of the Company has converted HK\$10.8 million convertible notes into 108,000,000 new ordinary shares of the Company.

Staff and remuneration

As at 31 October 2008, the Group employed 9 full time employees (31 October 2007: 16), all of which were in Hong Kong.

The remuneration policy and package, of the Group's employees are maintained at market level and reviewed annually by the management. In addition to the basic salary, discretionary bonuses, mandatory pension fund and medical insurance scheme, share options may also be granted to eligible employees at the discretion of the Board and are subject to the performance of the individual employees as well as the Group.

Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated financial statements were approved and authorized for issue by the Directors on 19 January 2009.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 October 2008, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or any of 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 Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules, were as follows:

Interests and short positions in the shares and the underlying shares of the convertible bonds of the Company as at 31 October 2008

(i) Long position in the shares of the Company:

Name of director	Capacity	Number of shares of the Company held	Approximate percentage of the total issued share capital
Mr. Ko Chun Shun, Johnson	Held by controlled corporation <i>(Note)</i>	151,099,512	60.04%

Note: The 93,099,512 shares and 58,000,000 shares are held by Prime Sun Group Limited and Grand Promise Enterprises Limited respectively. Both companies are wholly owned by Mr. Ko Chun Shun, Johnson who is also the director of the two companies.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(continued)*

(ii) Long position in the underlying shares of the convertible bonds of the Company:

Name of director	Description of equity derivatives	Note	Number of the total underlying shares
Mr. Ko Chun Shun, Johnson	3 Years 4.5% convertible bonds	(2)	214,004,960
	5 Years 5.0% convertible bonds	(3)	430,000,000
			<hr/> 644,004,960 <hr/>

Note: (1) The convertible bonds are held by Grand Promise Enterprises Limited, a company wholly owned by Mr. Ko Chun Shun, Johnson.

(2) The 3 Years 4.5% convertible bonds with an outstanding principal amount of HK\$21,400,496 as at 31 October 2008 issued by the Company on 3 March 2006 and due on 2 March 2009 are convertible into the shares at a conversion price of HK\$0.1 per share.

(3) The 5 Years 5.0% convertible bonds with an outstanding principal amount of HK\$51,600,000 as at 31 October 2008 issued by the Company on 17 July 2007 and due on 16 July 2012 are convertible into the shares at a conversion price of HK\$0.12 per share.

Saved as disclosed above, as at 31 October 2008, none of the directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

SHARE OPTIONS

There were no share options granted during the period. No share options were outstanding at the end of the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Saved as disclosed under the heading "Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the six months ended 31 October 2008 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors of the Company (including their respective spouse and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 31 October 2008, saved as disclosed under the section "Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO:

(i) Long position in the shares of the Company:

Name of shareholders	Capacity	Note	Number of shares of the Company held	Approximate percentage of the total issued share capital
Perfect View Overseas Limited	Beneficial owner	(1)	20,000,000	7.95%
Ko Hin Ting James	Beneficial owner		30,000,000	11.92%

Note:

- (1) Perfect View Overseas Limited is a corporation controlled by Mr. Hui Chuen Kin Daniel.

SUBSTANTIAL SHAREHOLDERS *(continued)***(ii) Long position in the underlying shares of the convertible bonds of the Company:**

Name of the holders of the convertible bonds	Principal amount of the convertible bonds	Number of the total underlying shares of the Company
Wong Wing Hong	HK\$2,000,000	20,000,000

Save as disclosed above, as at 31 October 2008, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

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

During the six months ended 31 October 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board has complied with the code provisions in the Codes on Corporate Governance Practices (the "CGP Code") set out in Appendix 14 to the Listing Rules during the six months ended 31 October 2008 except for the deviations from Code Provisions A.2.1 which will be elaborated below:—

There is no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO") as set out in the code provision A.2.1. Mr. Ko Chun Shun, Johnson currently assumes the role of both the Chairman and the CEO of the Company. This is a temporary arrangement and, depending on the development of the Group's business, the Board will seek for a suitable candidate to assume the role of the CEO of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 31 October 2008.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Tang Ho Sum, Mr. Yuen Kin and Mr. Liu Tsun Kie. Mr. Yuen Kin is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Group's unaudited condensed interim financial information for the six months ended 31 October 2008 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standard and legal requirements, and that adequate disclosures have been made.

APPRECIATION

On behalf of the Board, I want to express my gratitude and appreciation to the management team and all staff for their hard work, and also to shareholders, our business partners, various institutions and communities for their support to the Group.

By order of the Board
Ko Chun Shun, Johnson
Chairman

Hong Kong, 19 January 2009