



**JIA SHENG**

Holdings Limited

嘉盛控股有限公司

Incorporated in Bermuda with limited liability

Stock Code : 729

**2009** INTERIM REPORT



The board of directors (the "Board") of Jia Sheng Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

		Six months ended	
	Note	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000 (restated)
<b>Continuing operations</b>			
Turnover	2	6,716	26,975
Proceeds from general trading		1,670	—
Merchandise products sold		(1,591)	—
Net gain / (loss) from trading securities		83	(980)
Securities brokerage income		586	379
Dividend income		—	86
Interest income from treasury investment		48	343
Other income		2	12
Staff costs		(5,175)	(29,177)
Depreciation		(571)	(532)
Other expenses		(2,864)	(8,808)
Net fair value loss on listed financial assets at fair value through profit or loss		—	(406)
Gain on dilution of interest in a jointly controlled entity	3	3,804	—
Share of results of a jointly controlled entity		(2,536)	(1,479)
<b>Loss before taxation</b>	4	(6,544)	(40,562)
Taxation	5	—	—
<b>Loss for the period from continuing operations</b>		(6,544)	(40,562)
<b>Discontinued operation</b>	6		
Loss for the period from discontinued operation		—	(13,808)
<b>Loss for the period</b>		(6,544)	(54,370)
<b>Attributable to:</b>			
Equity holders of the Company		(6,544)	(53,849)
Minority interests		—	(521)
		(6,544)	(54,370)
		<i>HK\$</i>	<i>HK\$</i>
<b>Loss per share attributable to equity holders of the Company for the period</b>	7		
<b>From continuing and discontinued operations</b>			
– Basic and diluted		(0.004)	(0.029)
<b>From continuing operations</b>			
– Basic and diluted		(0.004)	(0.022)
<b>Interim dividend</b>	8	—	—

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Six months ended	
	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
<b>Loss for the period</b>	(6,544)	(54,370)
<b>Other comprehensive loss for the period:</b>		
Release of exchange reserve of a jointly controlled entity	(130)	—
Exchange differences on translation of foreign subsidiaries	—	(7)
Other comprehensive loss for the period (net of tax)	(130)	(7)
<b>Total comprehensive loss for the period</b>	<b>(6,674)</b>	<b>(54,377)</b>
<b>Attributable to:</b>		
Equity holders of the Company	(6,674)	(53,851)
Minority interests	—	(526)
	<b>(6,674)</b>	<b>(54,377)</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**

		<b>30.9.2009</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2009 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Fixed assets	9	<b>1,919</b>	2,472
Available-for-sale financial asset		<b>18,479</b>	—
Interest in a jointly controlled entity		—	17,341
Other operating assets		<b>205</b>	205
		<b>20,603</b>	20,018
<b>Current assets</b>			
Trade and other receivables	10	<b>3,325</b>	6,597
Cash and bank balances	11	<b>43,430</b>	48,650
		<b>46,755</b>	55,247
<b>Current liabilities</b>			
Trade and other payables	12	<b>1,869</b>	4,967
<b>Net current assets</b>		<b>44,886</b>	50,280
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>65,489</b>	70,298
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	<b>18,304</b>	18,304
Reserves		<b>47,185</b>	51,994
<b>TOTAL EQUITY</b>		<b>65,489</b>	70,298

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Unaudited

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2009	18,304	196,161	130	15,506	1,868	35,122	(196,793)	70,298	—	70,298
Total comprehensive loss	—	—	(130)	—	—	—	(6,544)	(6,674)	—	(6,674)
Issue of share options	—	—	—	—	—	1,865	—	1,865	—	1,865
At 30 September 2009	18,304	196,161	—	15,506	1,868	36,987	(203,337)	65,489	—	65,489
At 1 April 2008	18,304	196,161	82	15,506	1,868	6,147	(124,754)	113,314	526	113,840
Total comprehensive loss	—	—	(2)	—	—	—	(53,849)	(53,851)	(526)	(54,377)
Share options lapsed	—	—	—	—	—	(335)	335	—	—	—
Issue of share options	—	—	—	—	—	25,050	—	25,050	—	25,050
At 30 September 2008	18,304	196,161	80	15,506	1,868	30,862	(178,268)	84,513	—	84,513

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Six months ended</b>	
	<b>30.9.2009 (unaudited) HK\$'000</b>	30.9.2008 (unaudited) HK\$'000
Net cash used in operating activities	<b>(5,202)</b>	(10,283)
Net cash used in investing activities	<b>(18)</b>	(23,496)
Net decrease in cash and cash equivalents	<b>(5,220)</b>	(33,779)
Cash and cash equivalents at the beginning of the period	<b>48,650</b>	79,078
Cash and cash equivalents at the end of the period	<b>43,430</b>	45,299
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<b>43,430</b>	44,511
Cash and bank balances included in assets held for sale	<b>—</b>	788
	<b>43,430</b>	45,299

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim financial statements are unaudited, condensed and 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 accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2009, except in relation to the following new / revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new / revised HKFRSs”), which have become effective for accounting periods beginning on or after 1 April 2009, that are adopted for the first time for the current period’s financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs*
HKFRS 1 and HKAS 27 (Amendments)	Amendments to HKFRS 1 First-time adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Amendments to HKFRS 2 Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) - Int 9 and HKAS 39 (Amendments)	Amendments to HK(IFRIC) - Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognitions and Measurement - Embedded Derivatives

\* Except for the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009.

**1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

*(Continued)*

The adoption of the above new / revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements, except for the followings:

**HKFRS 8 Operating Segments**

HKFRS 8, which replaces HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group adopted HKFRS 8 from 1 April 2009. The adoption of the standard has no effect on the financial position or results of operations of the Group. It only results in certain presentational changes in the presentation and disclosures of financial statements.

**HKAS 1 (Revised) Presentation of Financial Statements**

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group adopted HKAS 1 (Revised) from 1 April 2009. The adoption of the revised standard has no effect on the financial position or results of operations of the Group. It only results in certain presentational changes in the presentation and disclosures of financial statements.



**1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**  
(Continued)

The Group has not early applied the following new / revised HKFRSs which are issued but not yet effective in the current interim period. The Group is in the process of assessing the potential impact and anticipates that the application of these new / revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>1</sup>
HKFRS 1 (Revised)	First-time adoption of HKFRSs <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 39 (Amendments)	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items <sup>2</sup>
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

**2. TURNOVER AND SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services, and has reportable segments as follows:

- (a) the securities investment segment includes dealings and trading of securities;
- (b) the securities brokerage segment provides securities brokerage services;
- (c) the treasury investment segment represents investments in cash market;
- (d) the general trading segment represents trading of general products; and
- (e) the manufacturing and trading of automotive components business, which was classified as discontinued operation with details stated in note 6.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Inter-segment transactions are on arm's length basis in a manner similar and with terms comparable to transactions with third parties.

2. **TURNOVER AND SEGMENT INFORMATION** (Continued)

The Group's reportable segments for the six months ended 30 September 2009 and 2008, are as follows:

For the six months ended 30.9.2009

	Continuing operations					Discontinued operation		
	Securities investment	Securities brokerage	Treasury investment	General trading	Inter-segment elimination	Sub-total	Manufacturing and trading of automotive components	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover								
External	4,412	586	48	1,670	—	6,716	—	6,716
Inter-segment	—	7	—	—	(7)	—	—	—
	4,412	593	48	1,670	(7)	6,716	—	6,716
Proceeds from general trading	—	—	—	1,670	—	1,670	—	1,670
Net gain from trading securities	76	—	—	—	7	83	—	83
Securities brokerage income	—	593	—	—	(7)	586	—	586
Interest income	—	—	48	—	—	48	—	48
	76	593	48	1,670	—	2,387	—	2,387
Other income	—	2	—	—	—	2	—	2
	76	595	48	1,670	—	2,389	—	2,389
Segment results	(185)	(1,220)	48	(8)	—	(1,365)	—	(1,365)
Unallocated group expenses						(6,447)	—	(6,447)
Gain on dilution of interest in a jointly controlled entity						3,804	—	3,804
Share of results of a jointly controlled entity						(2,536)	—	(2,536)
Loss before taxation						(6,544)	—	(6,544)
Taxation						—	—	—
Loss for the period						(6,544)	—	(6,544)

2. TURNOVER AND SEGMENT INFORMATION (Continued)

For the six months ended 30.9.2008 (restated)

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Securities investment HK\$'000	Securities brokerage HK\$'000	Treasury investment HK\$'000	General trading HK\$'000	Inter-segment elimination HK\$'000	Sub-total HK\$'000	Manufacturing and trading of automotive components HK\$'000	
Turnover								
External	26,253	379	343	—	—	26,975	—	26,975
Inter-segment	—	—	—	—	—	—	—	—
	26,253	379	343	—	—	26,975	—	26,975
Net loss from trading securities	(980)	—	—	—	—	(980)	—	(980)
Securities brokerage income	—	379	—	—	—	379	—	379
Dividend income	86	—	—	—	—	86	—	86
Interest income	—	—	343	—	—	343	—	343
Sale of automotive components	—	—	—	—	—	—	7,723	7,723
	(894)	379	343	—	—	(172)	7,723	7,551
Other income	2	7	3	—	—	12	232	244
	(892)	386	346	—	—	(160)	7,955	7,795
Segment results	(1,689)	(1,915)	346	—	—	(3,258)	(13,805)	(17,063)
Unallocated group expenses						(36,825)	—	(36,825)
Share of results of a jointly controlled entity						(1,479)	—	(1,479)
Loss before taxation						(40,562)	(13,805)	(54,367)
Taxation						—	(3)	(3)
Loss for the period						(40,562)	(13,808)	(54,370)

**3. GAIN ON DILUTION OF INTEREST IN A JOINTLY CONTROLLED ENTITY**

On 2 August 2009, the Group and the PRC partners entered into an agreement, pursuant to which the registered capital of 密之雲(北京)呼叫產業基地有限公司 (Mizhiyun (Beijing) Communication Company Limited) (“Mizhiyun”) has been increased from RMB50,000,000 to RMB100,000,000. The additional RMB50,000,000 was contributed solely by a PRC partner. The Group’s equity interest in Mizhiyun was diluted from 39.0% to 19.5%. Hence, the Group’s interest in Mizhiyun has been reclassified to available-for-sale financial asset and a gain on dilution of interest in a jointly controlled entity of approximately HK\$3,804,000 has been recognised during the period.

**4. LOSS BEFORE TAXATION**

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

	Six months ended	
	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
<b>Continuing operations</b>		
Interest income	(50)	(352)
Dividend income from listed investments	—	(86)
Depreciation	571	532
Loss on disposal of fixed assets	—	124
<b>Discontinued operation</b>		
Interest income	—	(4)
Cost of inventories sold	—	6,469
Depreciation	—	981
Write-down of inventories	—	10,007
Impairment on fixed assets	—	2,100
Loss on disposal of fixed assets	—	16

**5. TAXATION**

	<b>Six months ended</b>	
	<b>30.9.2009 (unaudited) HK\$'000</b>	<b>30.9.2008 (unaudited) HK\$'000</b>
<b>Current taxation</b>		
<b>Continuing operations</b>		
Hong Kong	—	—
<b>Discontinued operation</b>		
Overseas	—	3
Total charge of the period	—	3

No tax provision for Hong Kong profits tax has been made as the Group sustained losses for taxation purposes during the periods ended 30 September 2009 and 2008. The taxation for other jurisdictions is calculated at the tax rates prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

**6. DISCONTINUED OPERATION**

On 25 September 2008, the Group entered into a sale and purchase agreement to dispose of its entire 70.16% interest in Unicla International Limited (“Unicla”) together with a shareholder’s loan of HK\$19,616,369 for a consideration of HK\$7,000,000. Unicla ceased to be a subsidiary of the Company in December 2008. The manufacturing and trading of automotive components business which was solely carried out by Unicla has become discontinued operation for the period ended 30 September 2008.

An analysis of the results of the discontinued operation is as follows:

	<b>Six months ended</b>	
	<b>30.9.2009 (unaudited) HK\$'000</b>	30.9.2008 (unaudited) HK\$'000
Turnover	—	7,723
Cost of sales	—	(6,469)
Gross profit	—	1,254
Other income	—	232
Administrative expenses	—	(3,184)
Write-down of inventories	—	(10,007)
Impairment on fixed assets	—	(2,100)
Loss before taxation	—	(13,805)
Taxation	—	(3)
Loss for the period from discontinued operation	—	(13,808)

The cash flow attributable to the discontinued operation was as follows:

	<b>Six months ended</b>	
	<b>30.9.2009 (unaudited) HK\$'000</b>	30.9.2008 (unaudited) HK\$'000
Net cash inflow from operating activities	—	3,326
Net cash inflow from investing activities	—	50
Net cash outflow from financing activities	—	(3,700)
Total cash and cash equivalents outflow	—	(324)

7. LOSS PER SHARE

(a) Basic loss per share

*From continuing and discontinued operations*

The basic loss per share is calculated based on (i) the consolidated loss attributable to equity holders of the Company of HK\$6,544,000 (2008: HK\$53,849,000) and on (ii) the weighted average number of 1,830,421,212 ordinary shares in issue for the six months period ended 30 September 2009 and 2008 respectively.

*From continuing operations*

The basic loss per share from continuing operations attributable to the equity holders of the Company is calculated as follows:

	Six months ended	
	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
Loss for the period attributable to equity holders of the Company		
Loss for the period	6,544	53,849
Less: Loss for the period from discontinued operation	—	(13,287)
Loss for the purpose of basic loss per share from continuing operations	<b>6,544</b>	40,562

*From discontinued operation*

Basic loss per share from discontinued operation for the period ended 30 September 2008 was HK\$0.007 which was calculated based on the loss for the period attributable to equity holders of the Company from discontinued operation of HK\$13,287,000.

The denominators used for basic loss per share from continuing and discontinued operations are the same as those detailed above.

(b) Diluted loss per share

The share options outstanding had no dilutive effect on the basic loss per share for the six months ended 30 September 2009 and 2008. Therefore, the diluted loss per share is the same as the basic loss per share for both periods.

**8. INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the period (2008: nil).

**9. FIXED ASSETS**

During the period, the Group purchased HK\$18,000 (31.3.2009: HK\$1,546,000) of fixed assets and also disposed of fixed assets with aggregate net book value of HK\$nil (31.3.2009: HK\$210,000).

**10. TRADE AND OTHER RECEIVABLES**

	<b>30.9.2009 (unaudited) HK\$'000</b>	31.3.2009 (audited) HK\$'000
Trade receivables	2,472	4,306
Deposits and prepayments	834	1,083
Other receivables	19	1,208
	<b>3,325</b>	6,597

An aged analysis of trade receivables is as follows:

	<b>30.9.2009 (unaudited) HK\$'000</b>	31.3.2009 (audited) HK\$'000
Within 1 month ( <i>Note</i> )	<b>2,472</b>	4,306

*Note:* It included an amount of HK\$2,047,000 (31.3.2009: HK\$4,306,000) attributable to securities brokerage business with settlement terms at two trading days after the trade date.

Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

Except for receivables from securities brokerage business which bear interest at the prevailing Hong Kong Best Lending Rate plus 5% per annum, the remaining balances of trade receivables are non-interest bearing. The carrying amounts of the receivables approximate their fair values.



**11. CASH AND BANK BALANCES**

One of the subsidiaries maintains trust bank accounts with an authorised financial institution in the normal course of securities brokerage business. As at 30 September 2009, trust bank balances not dealt with in these interim financial statements amounted to HK\$2,926,000 (31.3.2009: HK\$3,453,000).

**12. TRADE AND OTHER PAYABLES**

	<b>30.9.2009 (unaudited) HK\$'000</b>	31.3.2009 (audited) HK\$'000
Trade payables	752	3,711
Other payables and accruals	1,117	1,256
	<b>1,869</b>	4,967

An aged analysis of trade payables is as follows:

	<b>30.9.2009 (unaudited) HK\$'000</b>	31.3.2009 (audited) HK\$'000
Within 1 months ( <i>Note</i> )	<b>752</b>	3,711

*Note:* The amount was attributable to securities brokerage business with settlement terms at two trading days after the trade date.

Client payables in respect of the securities brokerage business bear interest at rates approximate to prevailing market savings rates.

**13. SHARE CAPITAL**

	30.9.2009		31.3.2009	
	(unaudited)	(unaudited)	(audited)	(audited)
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
<b>Authorised:</b>				
At beginning and at end of the period/ year				
Ordinary shares of HK\$0.01 each	50,000,000	500,000	50,000,000	500,000
<b>Issued and fully paid:</b>				
At beginning and at end of the period/ year				
Ordinary shares of HK\$0.01 each	1,830,421	18,304	1,830,421	18,304

**14. COMPARATIVE FIGURES**

Certain items in the financial statements of last financial period have been restated and reclassified to comply with the application of HKAS 1 (Revised) "Presentation of financial statements" and HKFRS 8 "Operating Segments". The reclassification and restatements had no impact on the Group's results for the period ended 30 September 2008.

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE BOARD OF DIRECTORS OF JIA SHENG HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial report set out on pages 1 to 17, which comprises the condensed consolidated balance sheet of Jia Sheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to form a conclusion based on our review on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with 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. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2009 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong, 20 November 2009

**Leung Chun Wa**

Practising Certificate Number P04963

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the period under review, the Group recorded a turnover of approximately HK\$6.7 million, which represented a decrease of approximately 75.1% when compared to the corresponding figure of the same period last year. The Group narrowed its loss for the period from approximately HK\$54.4 million in the corresponding period last year to approximately HK\$6.5 million for the same period this year. The reduction in loss was primarily attributable to (i) the decrease in staff costs (including directors' emoluments and equity settled share-based payments) (decreased to approximately HK\$5.2 million from approximately HK\$29.2 million in the corresponding period last year); (ii) the reduction in other expenses (decreased to approximately HK\$2.9 million from approximately HK\$8.8 million in the corresponding period last year); and (iii) a gain of approximately HK\$3.8 million (nil for the same period last year) on dilution of interest in a jointly controlled entity.

During the period under review, the trading volatility of the Hong Kong stock market remained high in the aftermath of the global financial tsunami. As such, the Group had reduced exposure to the stock trading for prudence sake and hence turnover derived from securities investment had a substantial drop of approximately 83.2% when compared to the corresponding figure of approximately HK\$26.3 million in the same period last year. Turnover derived from securities brokerage during the period under review amounted to approximately HK\$0.6 million, which is close to that of the same period last year (i.e. approximately HK\$0.4 million). With a view to improving the overall financial performance, the Group had some general trading activities during the period under review which recorded a turnover of approximately HK\$1.7 million.

In respect of the Group's investment in 密之雲 (北京) 呼叫產業基地有限公司 (Mizhiyun (Beijing) Communication Company Limited) ("Mizhiyun"), being a sino-foreign joint venture formed by the Group with two PRC partners, namely (1) 北京密雲經濟開發區總公司 (General Corporation of Beijing Miyun Industrial Development Area) ("Miyun Corporation") and (2) 北京華嘉企劃有限公司 (Beijing Huajia Enterprise Image Promotion Co., Ltd.) ("Beijing Huajia"), the three partners have been considering and reviewing a number of development plans and businesses such as "development, operation and/or management of a call centre park in Miyun, Beijing whose scale may be up to approximately 3,000,000 square metres (i.e. approximately 4,500 mu)". On 2 August 2009, the Group, Miyun Corporation and Beijing Huajia entered into an agreement pursuant to which Miyun Corporation would make additional capital contribution of RMB50 million in cash to Mizhiyun with a view to facilitating its business development and operation. Upon completion of such capital injection, the registered capital of Mizhiyun increased from RMB50 million to RMB100 million and the equity interests in Mizhiyun among the Group, Miyun Corporation and Beijing Huajia changed from 39.0%:40.0%:21.0% to 19.5%:70.0%:10.5% respectively. The Board is of the view that the formation of Mizhiyun represents an excellent opportunity for the Group to partner with the PRC partners and, by leveraging on the governmental background of Miyun Corporation and the extensive business network of Beijing Huajia, to gain a foothold in various business sectors in Beijing as well as in the China market.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Prospects and Future Plan of the Group**

Looking forward, the management will continue to review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. The objective of the Group is to establish a solid platform to invest in business sectors providing high and healthy growth through acquisition and development of projects with promising future. The Group will on one hand review, improve and develop its existing businesses, and on the other hand will continue to proactively seek potential investment opportunities that could enhance the value to the shareholders.

### **Liquidity and Financial Resources**

As of 30 September 2009, the Group had (i) non-current assets of approximately HK\$20.6 million, which mainly comprised available-for-sale financial asset and fixed assets, and (ii) current assets of approximately HK\$46.8 million, which comprised trade and other receivables, and cash and bank balances. As of 30 September 2009, the Group had no borrowings and hence recorded net cash of approximately HK\$43.4 million.

### **Foreign Exchange Exposure**

The Group's transactions were mainly denominated in Hong Kong dollars. The Group had no significant exposure to fluctuations in exchange rates and no financial instrument for hedging purposes was employed during the period under review.

### **Material Acquisitions and Disposals**

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2009.

### **Pledge of Assets and Contingent Liabilities**

As at 30 September 2009, the Group did not pledge any kind of assets and had no significant contingent liabilities.

### **Employees and Remuneration Policies**

As of 30 September 2009, the Group had 23 employees (2008: 26) in Hong Kong. Staff costs (including directors' emoluments and equity settled share-based payments) during the period amounted to approximately HK\$5.2 million. The remuneration policies are determined with reference to the market conditions and individual performance of staff. The Group has a share option scheme for the benefit of its directors and eligible employees.

### **Capital Commitment**

As at 30 September 2009, the Group had no capital commitment.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests and short positions of the directors and chief executives of the Company or their respective associates 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 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") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Capacity	Number of ordinary shares of the Company held	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held (Note 4)	Approximate percentage of issued ordinary share capital of the Company
Yip Chi Chiu	Beneficial owner	—	34,400,000(L)	1.88%
	Interest of controlled corporation	101,142,471(L) (Note 3)	—	5.53%
Lo Wing Yat	Beneficial owner	—	30,800,000(L)	1.68%
So George Siu Ming	Beneficial owner	—	30,800,000(L)	1.68%
Leung Chung Tak Barry	Beneficial owner	—	21,800,000(L)	1.19%
Chak Chi Man (Note 2)	Beneficial owner	—	5,400,000(L)	0.30%
Wong Kwok Kuen	Beneficial owner	—	5,400,000(L)	0.30%
Chan Yuk Tong	Beneficial owner	—	3,600,000(L)	0.20%
Fei Tai Hung	Beneficial owner	—	3,600,000(L)	0.20%
Tse Kam Fow	Beneficial owner	—	3,600,000(L)	0.20%

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

*(Continued)*

*Notes:*

1. (L) denotes a long position.
2. Mr. Chak Chi Man has ceased to be a non-executive director of the Company with effect from 25 October 2009.
3. The 101,142,471 shares of the Company were held by Bright Success Holdings Limited. Bright Success Holdings Limited was owned as to 50% by each of Mr. Yip Chi Chiu and his spouse, Ms. Lui Wai Kuen Brenda. Mr. Yip Chi Chiu was therefore deemed to be interested in the interest of Bright Success Holdings Limited in the 101,142,471 shares of the Company by virtue of the SFO.
4. The interests in underlying shares of the Company represented interests in options granted to directors named above to subscribe for shares of the Company, further details of which are set out in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 September 2009, none of the directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been 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 the Model Code.

Apart from the share option scheme adopted by the Company on 30 March 2004 (as amended by an addendum effective on 7 December 2005) (the "Share Option Scheme"), at no time during the six months ended 30 September 2009 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the directors or the chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the six months ended 30 September 2009.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2009, the persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Number of ordinary shares of the Company held	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held	Approximate percentage of issued ordinary share capital of the Company
Best Effort International Limited ("Best Effort")	Beneficial owner	322,341,020(L) (Note 2)	—	17.61%
Asset Managers (China) Fund Co., Ltd. ("AMCF")	Beneficial owner	167,897,728(L) (Note 2)	—	9.17%
MBK Co., Ltd. (formerly known as Asset Investors Co., Ltd.)	Interest of controlled corporation	167,897,728(L) (Note 2)	—	9.17%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	490,238,748(L) (Note 2)	—	26.78%
Asset Managers Holdings Co., Ltd. ("AMH")	Interest of controlled corporation	490,238,748(L) (Note 2)	—	26.78%
Ichigo Asset Management International, Pte. Ltd. ("Ichigo")	Interest of controlled corporation	490,238,748(L) (Note 2)	—	26.78%
Bright Success Holdings Limited ("Bright Success")	Beneficial owner	101,142,471(L) (Note 3)	—	5.53%
Lui Wai Kuen Brenda	Interest of controlled corporation	101,142,471(L) (Note 3)	—	5.53%
	Interest of spouse	—	34,400,000(L) (Note 4)	1.88%



**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY** (Continued)

Name of substantial shareholder	Capacity	Number of ordinary shares of the Company held	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held	Approximate percentage of issued ordinary share capital of the Company
CITIC International Assets Management Limited ("CIAM")	Beneficial owner	166,400,000(L) (Note 5)	—	9.09%
CITIC International Financial Holdings Limited ("CIFH")	Interest of controlled corporation	166,400,000(L) (Note 5)	—	9.09%
CITIC Group	Interest of controlled corporation	166,400,000(L) (Note 5)	—	9.09%

Notes:

- (L) denotes a long position.
- Best Effort was a wholly owned subsidiary of Asset Managers (Asia) Company Limited. AMCF was owned as to 50% by Asset Managers (Asia) Company Limited and as to 50% by MBK Co., Ltd.. Asset Managers (Asia) Company Limited was owned as to 70% by AMH and as to 30% indirectly by Mr. Yip Chi Chiu, a director of the Company. AMH was owned as to approximately 33.51% by Ichigo. MBK Co., Ltd. was taken to be interested in 167,897,728 shares of the Company held by AMCF under the SFO. Asset Managers (Asia) Company Limited, AMH and Ichigo were deemed by virtue of the SFO to be interested in 490,238,748 shares of the Company, of which 167,897,728 shares of the Company were held by AMCF and 322,341,020 shares of the Company were held by Best Effort.
- The 101,142,471 shares of the Company related to the same block of shares in the Company. Bright Success was owned as to 50% by each of Mr. Yip Chi Chiu, a director of the Company, and his spouse, Ms. Lui Wai Kuen Brenda.
- The interests in underlying shares of the Company represented interests in the options granted to Mr. Yip Chi Chiu, a director of the Company and the spouse of Ms. Lui Wai Kuen Brenda, to subscribe for a total of 34,400,000 shares of the Company, details of which are set out in the section headed "Share Option Scheme" below.
- The 166,400,000 shares of the Company related to the same block of shares of the Company. CIAM was owned as to 40% by CIFH and as to 25% by AMH. CIFH was owned as to 70% by CITIC Group.

Save as disclosed above, as at 30 September 2009, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

On 30 March 2004, the Share Option Scheme was approved and adopted by the shareholders of the Company for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme will be effective for ten years until 29 March 2014.

Details of the options and movements in such holdings during the six months ended 30 September 2009 were as follows:

Category of participants	Date of grant	Number of options			Exercise period	Exercise price per option HK\$
		Outstanding as at 1.4.2009	Granted during the period (Note 2)	Outstanding as at 30.9.2009		
<b>Directors</b>						
Yip Chi Chiu	23.8.2007	16,400,000	—	16,400,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	18,000,000	18,000,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Lo Wing Yat	23.8.2007	14,600,000	—	14,600,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	16,200,000	16,200,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
So George Siu Ming	23.8.2007	14,600,000	—	14,600,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	16,200,000	16,200,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Leung Chung Tak Barry	23.8.2007	14,600,000	—	14,600,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	7,200,000	7,200,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Wong Kwok Kuen	23.8.2007	3,600,000	—	3,600,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	1,800,000	1,800,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Chak Chi Man	23.8.2007	3,600,000	—	3,600,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	1,800,000	1,800,000	8.5.2010 - 7.5.2019 (Note 3)	0.061

**SHARE OPTION SCHEME** (Continued)

Category of participants	Date of grant	Number of options			Exercise period	Exercise price per option HK\$
		Outstanding as at 1.4.2009	Granted during the period (Note 2)	Outstanding as at 30.9.2009		
<b>Directors</b>						
Chan Yuk Tong	23.8.2007	1,800,000	—	1,800,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	1,800,000	1,800,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Fei Tai Hung	23.8.2007	1,800,000	—	1,800,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	1,800,000	1,800,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Tse Kam Fow	23.8.2007	1,800,000	—	1,800,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	1,800,000	1,800,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
<b>Employees with options granted in excess of individual limit</b>						
Li Bing Ru	21.5.2008	91,521,060	—	91,521,060	18.10.2008 - 17.4.2018 (Note 4)	0.129
Liu Li Jun	21.5.2008	91,521,060	—	91,521,060	18.10.2008 - 17.4.2018 (Note 4)	0.129

**SHARE OPTION SCHEME** (Continued)

Category of participants	Date of grant	Number of options			Exercise period	Exercise price per option HK\$
		Outstanding as at 1.4.2009	Granted during the period (Note 2)	Outstanding as at 30.9.2009		
Employees	20.10.2006	100,000	—	100,000	20.10.2006 - 19.10.2016 (Note 5)	0.242
	23.8.2007	7,220,000	—	7,220,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	7.5.2008	36,600,000	—	36,600,000	7.11.2008 - 6.5.2018 (Note 6)	0.156
	7.5.2008	1,000,000	—	1,000,000	7.5.2009 - 6.5.2018 (Note 3)	0.156
	8.5.2009	—	42,820,000	42,820,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
Others	23.8.2007	29,000,000	—	29,000,000	23.8.2008 - 22.8.2017 (Note 3)	0.230
	8.5.2009	—	12,600,000	12,600,000	8.5.2010 - 7.5.2019 (Note 3)	0.061
		<u>329,762,120</u>	<u>122,020,000</u>	<u>451,782,120</u>		

**SHARE OPTION SCHEME (Continued)**

Notes:

1. Number of options refers to the number of underlying shares of the Company covered by the options under the Share Option Scheme.
2. Options to subscribe for 122,020,000 shares of the Company were granted on 8 May 2009. The Company received an aggregate consideration of HK\$27 for the grant of these options. The closing price of the shares of the Company on the trading day immediately before the date on which these options were granted was HK\$0.059.
3. Options granted were subject to a vesting period of two years with 50%, 25% and 25% of the options becoming exercisable 12 months, 18 months and 24 months after the date of grant respectively.
4. Options granted were subject to a vesting period and were exercisable six months after acceptance of the offer of the grant.
5. Options granted were not subject to any vesting period and were exercisable from the date of grant.
6. Options granted were subject to a vesting period and were exercisable six months after the date of grant.
7. The weighted average fair values of the options granted during the six months ended 30 September 2009, calculated using the Binomial Option-Pricing Model and the inputs into such model were as follows:

	<b>Options granted on 8 May 2009</b>
Weighted average fair value	HK\$0.0306
Share price on grant date	HK\$0.0610
Exercise price	HK\$0.0610
Expected volatility	56.050%
Option life	10 years
Risk-free interest rate	2.199%
Expected dividend yield	0.000%

Expected volatility was determined by using the annualised standard deviations of the continuously compounded rates of return on the share prices of the Company and three other comparable companies. The result of the Binomial Option-Pricing Model can be materially affected by changes in these variables and assumptions. Therefore, an option's actual value may differ from the estimated fair value of the options due to limitations of the Binomial Option-Pricing Model.

8. No options granted under the Share Option Scheme lapsed or were exercised or cancelled during the six months ended 30 September 2009.

## **CORPORATE GOVERNANCE**

The Company complied with all the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2009 except for the following deviations.

Subsequent to the resignation of Mr. Ryoji Furukawa as the Chairman of the Company on 16 October 2008, the Company has no Chairman. This constitutes a deviation from the code provisions A.2.1 to A.2.3 of the Code. The Company is in the process of identifying a suitable candidate to fill the vacancy for the Chairman and will issue an announcement when a new appointment is made.

Currently, Mr. Yip Chi Chiu is the Deputy Chairman and Chief Executive Officer of the Company. The Board is of the view that vesting the roles of Deputy Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. Mr. Yip is mainly responsible for the day-to-day management of the Group’s businesses.

Code provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. The Company did not comply with such code provision as it has no Chairman. However, Mr. Yip Chi Chiu, the Deputy Chairman, took chair of the Company’s annual general meeting held on 20 August 2009 pursuant to the Company’s Bye-laws.

## **CHANGES IN DIRECTORS’ INFORMATION**

Changes in the information of the directors of the Company since the date of the Company’s 2008/2009 annual report are set out below:

### **Mr. Lo Wing Yat (“Mr. Lo”)**

Mr. Lo ceased to be a non-executive director of CITIC Ka Wah Bank Limited on 23 October 2009. Wing Shan International Limited (Stock Code: 570), of which Mr. Lo is an independent non-executive director, has been renamed as Winteam Pharmaceutical Group Limited with effect from 4 September 2009.

### **Mr. Chak Chi Man (“Mr. Chak”)**

Mr. Chak ceased to be an employee and the Investment Controller of CIAM Group Limited (Stock Code: 378), a subsidiary of CITIC International Assets Management Limited (“CIAM”), with effect from 1 September 2009. CIAM is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Chak ceased to be a non-executive director of the Company upon expiration of his term of appointment on 25 October 2009. He has been appointed as a consultant to provide consultancy services to the Group for a term of six months from 25 October 2009 to 24 April 2010.

### **Mr. Chan Yuk Tong (“Mr. Chan”)**

Mr. Chan has been appointed as an independent non-executive director of Ausnutria Dairy Corporation Ltd (“Ausnutria”) (Stock Code: 1717) with effect from 19 September 2009. The shares of Ausnutria have been listed on the Stock Exchange since 8 October 2009.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Since 1 April 2009, the Company has adopted a code for securities transactions by directors (the "Securities Code"), which is largely based on the Model Code set out in Appendix 10 to the Listing Rules. The Securities Code is on terms no less exacting than the required standard set out in the Model Code. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code and the Securities Code throughout the six months ended 30 September 2009.

## **REVIEW OF INTERIM RESULTS**

The audit committee of the Company has reviewed with the management and the Company's independent auditor the unaudited consolidated results of the Group for the six months ended 30 September 2009 and this report.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company did not redeem any of its listed securities during the six months ended 30 September 2009.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 30 September 2009.

By order of the board of  
**Jia Sheng Holdings Limited**  
**Yip Chi Chiu**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 20 November 2009

*As at the date of this report, the Board comprises Mr. Yip Chi Chiu\*\* (Deputy Chairman and Chief Executive Officer), Mr. Lo Wing Yat\*\*, Mr. So George Siu Ming\*\* (Chief Operating Officer and Chief Financial Officer), Mr. Leung Chung Tak Barry#, Mr. Wong Kwok Kuen#, Mr. Chan Yuk Tong##, Mr. Fei Tai Hung## and Mr. Tse Kam Fow#.*

\*\* *executive directors*

# *non-executive directors*

## *independent non-executive directors*