

Interim Report **2009**

Hycomm

HyComm

HyComm Wireless Limited
華脈無線通信有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 499)

The Board of Directors (the "Board") of HyComm Wireless Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2009 together with comparative figures for the previous corresponding period are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended	
		30 September	
	Notes	2009	2008
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing operations			
Turnover	3	5,137	5,128
Other operating income	4	7,243	2,798
Finance costs	7	(836)	(4,361)
Operating costs		(5,267)	(7,820)
Impairment losses recognised in respect of available-for-sale financial assets		–	(40,750)
Surplus/(deficit) arising from revaluation of investment properties		11,260	(7,898)
Gain on disposal of subsidiaries	6	20,702	4,943
Profit/(loss) before taxation	5	38,239	(47,960)
Taxation	8	–	(38)
Profit/(loss) for the period from continuing operations		38,239	(47,998)
Discontinued operations			
Profit for the period from discontinued operations		–	641
Profit/(loss) for the period		38,239	(47,357)
Other comprehensive income			
Changes in fair value of available-for-sale financial assets		13,003	–
Total comprehensive income/(loss) for the period		51,242	(47,357)

	Notes	Six months ended 30 September 2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company			
from continuing operations		38,233	(47,998)
from discontinued operations		–	142
		38,233	(47,856)
Minority interests			
from continuing operations		6	–
from discontinued operations		–	499
		6	499
Profit/(loss) for the period		38,239	(47,357)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company			
from continuing operations		51,236	(47,998)
from discontinued operations		–	142
		51,236	(47,856)
Minority interests			
from continuing operations		6	–
from discontinued operations		–	499
		6	499
Total comprehensive income/(loss) for the period		51,242	(47,357)
		HK cents	HK cents
Earnings/(loss) per share			
From continuing and discontinued operations	9		
Basic		7.66	(110.76)
Diluted		N/A	N/A
From continuing operations			
Basic		7.66	(111.09)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Notes	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	10	70,100	58,840
Available-for-sale financial assets	11	26,705	33,412
		96,805	92,252
Current assets			
Receivables, deposits and prepayments	12	9,436	17,322
Bank and cash balances		241,130	179,340
		250,566	196,662
Assets classified as held for sale	13	–	85,291
		250,566	281,953
Current liabilities			
Payables and accrued charges	14	38,749	38,452
Deposits received		41	12,041
Amount due to a director		–	196
Bank borrowings – due within one year	15	1,426	1,364
		40,216	52,053
Liabilities associated with assets classified as held for sale	13	–	59,592
		40,216	111,645
Net current assets		210,350	170,308
Total assets less current liabilities		307,155	262,560
Non-current liabilities			
Bank borrowing – due after one year	15	24,246	24,683
		24,246	24,683
NET ASSETS		282,909	237,877
CAPITAL AND RESERVES			
Issued capital	16	49,928	49,928
Share premium and reserves		232,957	187,931
		282,885	237,859
Equity attributable to owners of the Company		24	18
Minority interests		282,909	237,877
TOTAL EQUITY		282,909	237,877

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009 (unaudited)

	Attributable to owners of the Company					Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Fair value reserve HK\$'000	Accumulated loss HK\$'000		
At 1 April 2009	49,928	143,807	255,025	12,354	(223,255)	18	237,877
Total comprehensive income for the period	-	-	-	13,003	38,233	6	51,242
Realisation of changes in fair value of available-for-sales financial assets	-	-	-	(6,210)	-	-	(6,210)
At 30 September 2009	<u>49,928</u>	<u>143,807</u>	<u>255,025</u>	<u>19,147</u>	<u>(185,022)</u>	<u>24</u>	<u>282,909</u>

For the six months ended 30 September 2008 (unaudited)

	Attributable to owners of the Company					Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000	Capital reserve HK\$'000	Accumulated loss HK\$'000		
At 1 April 2008	416,064	498,941	255,025	9,877	(971,226)	3,157	211,838
Total comprehensive income for the period	-	-	-	-	(47,856)	499	(47,357)
Capital reduction	(411,903)	-	-	-	411,903	-	-
Issue of offer shares	2,080	38,633	-	-	-	-	40,713
At 30 September 2008	<u>6,241</u>	<u>537,574</u>	<u>255,025</u>	<u>9,877</u>	<u>(607,179)</u>	<u>3,656</u>	<u>205,194</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash inflow generated from operations	3,467	10,282
Net cash inflow from investing activities	58,698	57,940
Net cash inflow/(outflow) from financing activities	(501)	923
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,664	69,145
Cash and cash equivalents at beginning of period	179,055	190,051
CASH AND CASH EQUIVALENTS AT END OF PERIOD	240,719	259,196
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	241,130	270,999
Bank overdrafts	(411)	(11,803)
	240,719	259,196

Notes :

1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2009 are unaudited but have been reviewed by the Audit Committee.

The interim condensed consolidated financial statements have been prepared in accordance with 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") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2009 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2009 except as stated in note 2 below.

2 Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 3 to the condensed financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3 Segment information

The Group comprises the following main reportable segments:

- (i) Leasing of properties
- (ii) Carpark management
- (iii) Loan financing
- (iv) Short message services ("SMS"); and
- (v) Sale of goods

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 March 2009.

During the year ended 31 March 2009, the Group disposed of the SMS services segment and planned to dispose of the sale of goods business. The operating results of these two segments were therefore classified as discontinued operations. The disposal of the sale of goods business was completed in April 2009.

The Group's turnover and results therefrom for the period by operating segment is analysed as follows:

	Turnover		Operating profit/(loss)	
	six months ended 30 September		six months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Leasing of properties	903	2,177	848	(178)
Carpark management	2,870	1,754	180	(267)
Loan financing	1,364	1,197	1,345	745
	<u>5,137</u>	<u>5,128</u>	<u>2,373</u>	<u>300</u>
Discontinued operations				
SMS	–	2,947	–	1,200
Sales of goods	–	24	–	(559)
	<u>–</u>	<u>2,971</u>	<u>–</u>	<u>641</u>
	<u>5,137</u>	<u>8,099</u>	<u>2,373</u>	<u>941</u>
Unallocated other revenue			1,033	2,798
Gain on disposal of available-for-sale financial assets			6,210	–
Gain on disposal of subsidiaries			20,702	–
Surplus/(deficit) arising from revaluation of investment properties			11,260	(7,898)
Impairment losses recognised in respect of available-for-sale financial assets			–	(40,750)
Finance costs			(836)	–
Taxation			–	(38)
Unallocated corporate expenses			(2,503)	(2,410)
Profit/(loss) for the period			<u>38,239</u>	<u>(47,357)</u>

During the period, the Group has been operating principally in Hong Kong.

4 Other operating income

	2009 HK\$'000 (unaudited)	Six months ended 30 September 2008		
		Continuing operations HK\$'000 (unaudited)	Discontinued operations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Bank interest income	587	2,395	–	2,395
Exchange gains, net	46	236	–	236
Gain on disposal of available-for-sale financial assets	6,210	–	–	–
Others	400	167	–	167
	<u>7,243</u>	<u>2,798</u>	<u>–</u>	<u>2,798</u>

5 Profit/(loss) before taxation

	2009 HK\$'000 (unaudited)	Six months ended 30 September 2008		
		Continuing operations HK\$'000 (unaudited)	Discontinued operations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Profit/(loss) before taxation is arrived at after charging:				
(a) Staff cost				
Salaries, bonus and awards (including directors' emoluments)	1,029	930	410	1,340
Contributions to defined contribution plan	47	21	15	36
Staff welfare	–	–	1	1
	<u>1,076</u>	<u>951</u>	<u>426</u>	<u>1,377</u>
(b) Other items				
Depreciation	–	490	34	524
Operating lease charges in respect of rented premises	2,071	1,621	507	2,128
and after crediting:				
Rental income, net of outgoings	1,526	1,214	–	1,214

6 Gain on disposal of subsidiaries

	Six months ended 30 September	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Net assets disposed of:		
Investment properties	77,743	100,900
Property, plant and equipment	2,929	1,839
Prepaid lease payments	–	13,175
Receivables, deposits and prepayments	1,073	116
Bank and cash balances	46	65
Payables and accrued charges	(7,498)	(51,286)
Amount due to a director	(15,500)	–
Bank borrowings	(35,792)	–
Tax liabilities	(106)	–
Deferred tax liabilities	(696)	–
Net assets disposed of	22,199	64,809
Gain on disposal	20,702	4,943
Total consideration	42,901	69,752

The disposed subsidiaries during the six months ended 30 September 2009 has no contribution (2008: loss HK\$191,000) to the Group's operating results.

7 Finance costs

	2009 HK\$'000 (unaudited)	Six months ended 30 September		
		Continuing operations HK\$'000 (unaudited)	2008 Discontinued operations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Interest expenses on:				
Bank borrowings wholly repayable within five years	–	295	–	295
Bank borrowings not wholly repayable within five years	136	491	–	491
Other borrowings	700	365	–	365
Convertible notes	–	3,210	–	3,210
	836	4,361	–	4,361

8 Taxation

Six months ended	
30 September	
2009	2008
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The (charge)/credit comprises :

Hong Kong profits tax	-	(38)
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Hong Kong profits tax has been provided at the rate of 16.5% of the estimated assessable profit arising in Hong Kong during the six months ended 30 September 2008.

No provision for Hong Kong profits tax for the six months ended 30 September 2009 as the Group did not generate any assessable profits arising in Hong Kong during the period.

9 Earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30 September 2009 is based on the profits attributable to owners of the Company from continuing and discontinued operations of approximately HK\$38,233,000 (2008: loss of HK\$47,856,000) and from continuing operations of approximately HK\$38,233,000 (2008: loss of HK\$47,998,000) divided by weighed average number of 499,276,680 shares (2008: 43,206,636 shares (restated)).

Basic earning per share for discontinued operations is HK0.33 cents per share for the six months ended 30 September 2008, based on profit for the period attributable to owners of the Company from discontinued operations of HK\$142,000 and the denominators detailed above for basic earnings/(loss) per share.

No diluted earnings per share is presented for the six months ended 30 September 2009 as the Company did not have any dilutive potential ordinary shares.

No diluted loss per share is presented for the six months ended 30 September 2008 as the conversion of the Company's convertible notes would result in a decrease in loss per share.

10 Investment properties

	HK\$'000
Fair value	
At 1 April 2008 (audited)	189,900
Addition	13,698
Acquisition of a subsidiary	63,106
Disposal of subsidiaries	(100,900)
Reclassified as assets held for sale	(81,243)
Deficit arising from revaluation	<u>(25,721)</u>
At 31 March 2009 and 1 April 2009 (audited)	58,840
Gain arising from revaluation	<u>11,260</u>
At 30 September 2009 (unaudited)	<u>70,100</u>

11 Available-for-sale financial assets

	As at	
	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
Listed investments:		
Equity securities listed in Hong Kong (Note (i))	26,705	33,412
Unlisted investments:		
Equity securities (Note (ii))	<u>—</u>	<u>—</u>
Total	26,705	<u>33,412</u>

Notes:

- (i) The Group held approximately 2% (31 March 2009: 6%) of ordinary share capital of Tomorrow International Holdings Limited, which is listed on the Stock Exchange.

The listed securities are measured at fair value based on quoted market prices.

- (ii) The Group holds 7.5% (31 March 2009: 7.5%) of ordinary share capital of Corning Investments Limited, which is a private limited liability company incorporated in BVI and is principally engaged in provision of outdoor media advertising and broadcasting network. In view of significant decrease in estimated future cash flows from these available-for-sale financial assets, taking the prudent approach, the Group has fully impaired the investment during the year ended 31 March 2009.

12 Receivables, deposits and prepayments

	As at	
	30 September	31 March
	2009	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables (Note)	1,166	884
Loan receivables	8,000	12,000
Deposits and prepayments	173	373
Other receivables	5	3,600
Loan interest receivables	92	465
	9,436	17,322

Note: The Group maintains defined credit policies. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The aging analysis of trade receivables is as follows:

	As at	
	30 September	31 March
	2009	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0–30 days	644	268
31–90 days	262	616
Over 90 days	260	–
	1,166	884

13 Assets classified as held for sale

Pursuant to an announcement of the Company dated 4 September 2008, the Group entered into a conditional sale and purchase agreement with an independent third party on 8 August 2008 to dispose of the Group's equity interest in Oriental Gain Properties Limited.

Pursuant to a sale and purchase agreement dated 1 April 2009, the Group disposed of the entire issued share capital of its wholly-owned subsidiary, Plotio Limited and its subsidiaries (collectively the "Plotio Group") to an independent third party.

The above disposal transactions were completed in April 2009. The assets and liabilities attributable to these subsidiaries have been classified as assets held for sale and liabilities associated with assets classified as held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2009.

In addition, on 19 March 2009, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of one of its investment properties at consideration of HK\$3.5 million. This investment property is also classified as an asset held for sales as at 31 March 2009.

14 Payables and accrued charges

	As at	
	30 September	31 March
	2009	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Accrued charges	1,740	2,460
Other payables (Note)	37,009	35,992
	38,749	38,452

Note: Include in other payables as at 30 September 2009 is an amount of HK\$35,000,000 (31 March 2009: HK\$35,000,000) being the outstanding consideration payable for acquisition of a subsidiary.

15 Bank borrowings

	As at	
	30 September	31 March
	2009	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank loans, secured	25,261	25,762
Bank overdrafts, secured	411	285
	25,672	26,047
The borrowings are repayable as follows:		
Within one year or on demand	1,426	1,364
More than one year, but not exceeding two years	2,030	1,091
More than two years, but not exceeding five years	5,075	3,194
More than five years	17,141	20,398
	25,672	26,047
Less : Amount due within one year or on demand included in current liabilities	(1,426)	(1,364)
Amount due after one year	24,246	24,683

16 Share capital

	30 September 2009 HK\$'000 (unaudited)	As at 31 March 2009 HK\$'000 (audited)
Authorised:		
20,000,000,000 ordinary shares of HK\$0.1 each (31 March 2009: 20,000,000,000 ordinary shares of HK\$0.1 each)	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
499,276,680 ordinary shares of HK\$0.1 each (31 March 2009: 499,276,680 ordinary shares of HK\$0.1 each)	<u>49,928</u>	<u>49,928</u>

17 Related party transactions

The Group entered into the following transactions with related parties during the six months ended 30 September 2008:

	Six months ended 30 September 2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Rental paid to:		
Plotio Investment (HK) Limited	–	231
Service fee paid to:		
Keung Kee Cleaning Services Company Limited	–	4
Lee Wai Engineering Company Limited	–	34
Plotio Property and Management Company Limited	–	5
Plotio Property Consultants Limited	<u>–</u>	<u>143</u>

Keung Kee Cleaning Services Company Limited, Lee Wai Engineering Company Limited, Plotio Investment (HK) Limited, Plotio Property and Management Company Limited and Plotio Property Consultants Limited are companies beneficially held by Mr. Lai Yiu Keung, one of the directors of the Company and was resigned on 4 June 2009.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2009, the Group was principally engaged in the business of property investment, provision of loan financing and leasing of car parking spaces.

Business prospect and review

For the six months ended 30 September 2009, the Group recorded a turnover of HK\$5,137,000 (2008: HK\$8,099,000), which was represented by the rental income of HK\$903,000, leasing of car parking spaces of HK\$2,870,000 and provision of loan financing of HK\$1,364,000. The Group recorded a profit attributable to owners of the Company of HK\$38,233,000 as compared with a loss attributable to owners of the Company of HK\$47,856,000 recorded for the last corresponding periods period in 2008.

During the period under review, the global economic condition, particularly in property and financial markets, has been turnaround recently and new opportunity has emerged. The Group experienced a sharp recovery, which was mainly derived from revaluation of investment properties and financial assets. To streamline the corporate structure of the Group, various net liabilities subsidiaries were disposed of.

The Group then will focus on its core businesses in properties investment, provision of loan financing and car park management, both continue to provide stable income stream for the Group. The management will continue monitoring and reviewing on the portfolio and make the best effort to maximize return for our shareholders. Under the optimistic business environment, the management will also explore more investment opportunities so as to enhance the value of the Company for the benefit of shareholders and the Group as a whole.

Liquidity and financial review

The Group has bank and cash balance of approximately HK\$241,130,000 as at 30 September 2009 (31 March 2009: HK\$179,340,000). The Group's major liabilities are the bank borrowings. The outstanding balance of bank borrowings at 30 September 2009, amounted to approximately HK\$25,672,000.

The Group's gearing level (total liabilities over equity attributable to the shareholders of the Company) has decreased from 0.57 as at 31 March 2009 to 0.23 as at 30 September 2009. The borrowings outstanding as at 30 September 2009 are secured by certain properties held by the Group and denominated in Hong Kong dollar only. With bank and cash and other current assets as well as the Group's available banking facilities, the Group has sufficient financial resources to satisfy its financial commitments and working capital requirements.

Contingent liabilities and capital commitments

As at 30 September 2009, the Group did not have any material contingent liabilities and capital commitments.

Employees

As at 30 September 2009, the Group had 10 staff. In addition to the basic salary, employees are rewarded with performance-related bonuses, other staff welfare and also a share options scheme will be made available to certain staff of the Group at the discretion of the Board.

DIRECTORS' INTEREST IN SHARES

As at 30 September 2009, none of the directors, the chief executive and their respective associates of the Company had any interests and short positions in the shares of the Company and its associates (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange.

SHARE OPTIONS

At a special general meeting held on 15 July 2002, the shareholders of the Company approved to terminate the old share option scheme and adopted the new share option scheme ("New Scheme") on 9 September 2002.

The primary purpose of the New Scheme is to provide incentives to directors and eligible employees and it remains in force for a period of 10 years commencing on 9 September 2002. Under the New Scheme, the directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares in the Company:

- (i) any employees, executives (including any executive directors but excluding any independent non-executive directors and non-executive directors), managers and consultants of the Company, any of its subsidiaries ("Subsidiaries") or any entity ("Invested Entity") in which any members of the Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiaries or any Invested Entity;
- (iii) any suppliers of goods or services to any members of the Group or any Invested Entity;
- (iv) any customers of the Group or any Invested Entity;
- (v) any persons or entities that provide research, development or other technological support to the Group or any Invested Entity;
- (vi) any shareholders or any members of the Group or any Invested Entity or any holders of any securities issued by any members of the Group or any Invested Entity;

- (vii) any advisors (professional) or consultants to any area of business or business development of any members of the Group or any Invested Entity; and
- (viii) any joint venture partners or business alliances that co-operate with any members of the Group or any Invested Entity in any area of business operations or development.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per option. Options may be exercised at any time from the date of offer of the share option to a date to be determined and notified by the directors or, in the absence of such determination, the earlier of the date on which the options lapse or the 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, and the nominal value of the Company shares.

There were no outstanding options granted under the New Scheme since its adoption and at the end of the period. In addition, there were no options granted to, or outstanding in respect of the old share option scheme at the balance sheet date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 September 2009, none of the directors of the Company had any personal interests in share options to subscribe for shares in the Company granted under the share option schemes of the Company.

No share options were granted to, or exercised by, any directors during the period.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any rights to subscribe for securities of the Company or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS

In addition to the interests of directors under the heading "Directors' Interests in Shares" above, the substantial shareholders register maintained by the Company pursuant to section 336 of Part XV of the SFO discloses that the following shareholders had an interest representing 5% or more of the issued share capital of the Company as at 30 September 2009:

Long Positions

Name	Capacity	Number of shares	Approximate percentage of issued shares held
Regal Power Investments Limited (Note 1)	Beneficial owner	148,500,000	29.74
Billion Gain Development Limited (Note 2)	Beneficial Owner	94,000,000	18.83
Joy Glory Limited (Note 3)	Beneficial owner	72,000,000	14.42
Lau Chi Yuen Joseph (Note 3)	Beneficial owner/ Interest of controlled corporation	96,400,000	19.30
Choi Chiu Fai, Stanley	Beneficial owner	28,300,000	5.67

Notes:

1. Regal Power Investments Limited is wholly and beneficially owned by Mr. Chan Yuen Ming, who is also a director of Regal Power Investments Limited.
2. Billion Gain Development Limited is wholly and beneficially owned by Ms. Beh Yong Shin who is also a director of Billion Gain Development Limited.
3. Joy Glory Limited is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph, who also holds 24,400,000 shares in person.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30 September 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

The Board has complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited, except for the following deviations.

CG Code Provision A4 states every director should be appointed for a specific term and be subject to retirement by rotation at least once every three years. According to the Company's bye-laws, at every annual general meeting, one third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation provided that no director holding the office as chairman and/or managing director shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire. The Board is in the opinion that the continuity of office of the chairman or managing director provides the Group with strong and consistent leadership and smoothes operations. The Board considers that sufficient measures will be taken to ensure the corporate governance practice of the Company are not less than those in the CG Code.

CG Code Provision B.1.1 states that companies shall establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties and a majority of the members of the remuneration committee should be independent non-executive directors. The Board is in the opinion that establishment of a remuneration committee as required by this provision does not really provide benefit after due consideration of the size of the Group and the associated costs involved.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("MODEL CODE")

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. The Company has made enquiries with the directors that they have complied with the Model Code throughout the period.

AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises of three independent non-executive directors. The primary duties of the audit committee are review and advise on the accounting principles and practice adopted by the Group, auditing, financial reporting process and internal control system of the Group, including review of the Group's unaudited interim accounts for the six months ended 30 September 2009.

By Order of the Board
Liu Shun Chuen
Chairman

Hong Kong, 4 December, 2009

As at the date thereof, the executive directors of the Company are Mr. Liu Shun Chuen and Mr. Yeung Sau Chung, the independent non-executive directors are Mr. Ng Wai Hung, Mr. Wu Wang Li and Mr. Jacobsen William Keith.