

Stock code : 657



**G-Vision International (Holdings) Limited**  
環科國際集團有限公司

Interim Report  
**2009/10**

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Cheng Hop Fai  
*(Chairman and Managing Director)*  
Cheng Kwok Kwan Yuk  
Cheng Pak Ming, Judy  
Cheng Pak Man, Anita  
Zhang Yunkun

#### Independent Non-executive Directors

Kan Lai Kuen, Alice  
Law Toe Ming  
Mark Yiu Tong, William

### COMPANY SECRETARY

Cheng Pak Ming, Judy

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
Fubon Bank (Hong Kong) Limited

### AUDITORS

Deloitte Touche Tohmatsu

### HONG KONG LEGAL ADVISERS

Jones Day

### BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### PRINCIPAL OFFICE

Units 101-108, 1st Floor  
East Ocean Centre  
98 Granville Road  
Tsimshatsui East  
Kowloon  
Hong Kong

### PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda)  
Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

### BRANCH REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
46th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### CORPORATE WEBSITE

[www.g-vision.com.hk](http://www.g-vision.com.hk)

The Board of Directors of G-Vision International (Holdings) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2009. The interim results have been reviewed by Deloitte Touche Tohmatsu and the Company’s Audit Committee.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	1.4.2009 to 30.9.2009 HK\$'000 (unaudited)	1.4.2008 to 30.9.2008 HK\$'000 (unaudited)
Turnover	3	33,315	47,063
Other income		880	592
Change in fair value of investment properties		2,760	(4,850)
Cost of inventories consumed		(12,115)	(18,708)
Staff costs		(13,614)	(15,546)
Operating lease rentals		(7,491)	(7,760)
Depreciation		-	(88)
Other operating expenses		(7,337)	(9,451)
Finance costs		(188)	(212)
Loss for the period	4	<b>(3,790)</b>	(8,960)
Exchange differences arising from translation of foreign operations, representing other comprehensive expense for the period		-	(350)
Total comprehensive expense for the period		<b>(3,790)</b>	(9,310)
(Loss) profit for the period attributable to:			
Owners of the Company		(4,753)	(7,608)
Minority interests		963	(1,352)
		<b>(3,790)</b>	(8,960)
Total comprehensive (expense) income attributable to:			
Owners of the Company		(4,753)	(7,958)
Minority interests		963	(1,352)
		<b>(3,790)</b>	(9,310)
Loss per share			
Basic	6	<b>(HK0.64 cent)</b>	(HK1.03 cent)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009

	Notes	30.9.2009 HK\$'000 (unaudited)	31.3.2009 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	–	–
Investment properties	8	57,700	54,940
		<b>57,700</b>	54,940
Current assets			
Inventories		1,466	1,756
Trade and other receivables	9	6,372	5,564
Pledged bank deposits		1,000	995
Bank balances and cash		9,487	15,813
		<b>18,325</b>	24,128
Current liabilities			
Trade and other payables	10	8,494	9,077
Amounts due to directors	11	16,575	147
Amounts due to minority shareholders		310	296
		<b>25,379</b>	9,520
Net current (liabilities) assets		<b>(7,054)</b>	14,608
Total assets less current liabilities		<b>50,646</b>	69,548
Non-current liabilities			
Loans from a related company	12	22,152	21,964
Amounts due to directors	11	–	15,300
		<b>22,152</b>	37,264
Net assets		<b>28,494</b>	32,284
Capital and reserves			
Share capital		48,485	48,485
Reserves		(36,714)	(31,961)
Equity attributable to owners of the Company		<b>11,771</b>	16,524
Minority interests		<b>16,723</b>	15,760
Total equity		<b>28,494</b>	32,284

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2008	48,485	90,676	84,123	1,764	(1,399)	(195,193)	28,456	17,126	45,582
Exchange differences arising from translation of foreign operations	-	-	-	-	(349)	-	(349)	-	(349)
Loss for the year	-	-	-	-	-	(11,583)	(11,583)	(1,366)	(12,949)
Total comprehensive expense for the year	-	-	-	-	(349)	(11,583)	(11,932)	(1,366)	(13,298)
At 31 March 2009 and 1 April 2009	48,485	90,676	84,123	1,764	(1,748)	(206,776)	16,524	15,760	32,284
(Loss) profit for the period and total comprehensive (expense) income	-	-	-	-	-	(4,753)	(4,753)	963	(3,790)
At 30 September 2009	<u>48,485</u>	<u>90,676</u>	<u>84,123</u>	<u>1,764</u>	<u>(1,748)</u>	<u>(211,529)</u>	<u>11,771</u>	<u>16,723</u>	<u>28,494</u>
At 1 April 2008	48,485	90,676	84,123	1,764	(1,399)	(195,193)	28,456	17,126	45,582
Exchange differences arising from translation of foreign operations	-	-	-	-	(350)	-	(350)	-	(350)
Loss for the period	-	-	-	-	-	(7,608)	(7,608)	(1,352)	(8,960)
Total comprehensive expense for the period	-	-	-	-	(350)	(7,608)	(7,958)	(1,352)	(9,310)
At 30 September 2008	<u>48,485</u>	<u>90,676</u>	<u>84,123</u>	<u>1,764</u>	<u>(1,749)</u>	<u>(202,801)</u>	<u>20,498</u>	<u>15,774</u>	<u>36,272</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2009

	<b>1.4.2009</b> to <b>30.9.2009</b> <b>HK\$'000</b> <b>(unaudited)</b>	1.4.2008 to 30.9.2008 <i>HK\$'000</i> (unaudited)
Net cash used in operating activities	<b>(6,357)</b>	(1,416)
Net cash from investing activities	<b>31</b>	292
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(6,326)</b>	(1,124)
Cash and cash equivalents at beginning of the period	<b>15,813</b>	17,057
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>9,487</b>	15,933
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2009*

### 1. BASIS OF PREPARATION

The 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 Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

The interim financial information has been prepared on a going concern basis as the directors of the Company have considered that after taking into account of the completion of the Company’s open offer of shares in October 2009 (see note 14(a) for details) the Group has sufficient funds for it to meet in full its financial obligations as they fall due in the foreseeable future.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Except for as described below, the accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2009. The adoption of these new standards has resulted in the following changes.

#### **Presentation of financial statements**

In the current period, the Group has adopted HKAS 1 (Revised 2007) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (Revised 2007), however, has no impact on the reported results or financial position of the Group.

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied the following new or revised HKAS, Hong Kong Financial Reporting Standards ("HKFRS"), amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 24 (Revised)	Related party disclosures <sup>3</sup>
HKAS 27 (Revised 2008)	Consolidated and separate financial statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of rights issues <sup>4</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>1</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopter <sup>5</sup>
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions <sup>5</sup>
HKFRS 3 (Revised 2008)	Business combinations <sup>1</sup>
HKFRS 9	Financial instruments <sup>6</sup>
HK(IFRIC <sup>*</sup> ) – INT 17	Distributions of non-cash assets to owners <sup>1</sup>

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

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>4</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2013.

\* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. The directors of the Company anticipate that the application of other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the managing director.

In the past, segment information reported externally was analysed by the nature of business. The Group determines its operating segments based on the internal reports reviewed by the managing director that are used to make strategic decisions. For the purpose of resources allocation and performance assessment, the managing director reviews operating results and financial information of restaurant operations on a store by store basis. Each store is identified as an operating segment in accordance with HKFRS 8. As each store is operating in similar business model, selling similar products and subject to a similar target group of customers, they are aggregated into a single reportable segment. On adoption of HKFRS 8, it has not resulted in a redesignation of the Group's reportable segments.



3. **SEGMENT INFORMATION** (continued)

Segment results represent the turnover from each operating segment less its respective direct operating costs.

For management purposes, the Group has three reportable segments: restaurant operations, property investment and other. These operating divisions of the Group are the basis on which the Group reports its segment information.

	<b>Restaurant operations</b>	<b>Property investment</b>	<b>Other</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Six months ended 30 September 2009</b>				
TURNOVER				
External	33,289	–	26	33,315
SEGMENT RESULT	(6,631)	2,747	302	(3,582)
Unallocated corporate expenses				(42)
Interest income				22
Finance costs				(188)
Loss for the period				(3,790)
	<b>Restaurant operations</b>	<b>Property investment</b>	<b>Other</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Six months ended 30 September 2008</b>				
TURNOVER				
External	44,335	–	2,728	47,063
SEGMENT RESULT	(2,702)	(4,867)	(1,239)	(8,808)
Unallocated corporate expenses				(40)
Interest income				100
Finance costs				(212)
Loss for the period				(8,960)

**4. LOSS FOR THE PERIOD**

	<b>1.4.2009 to 30.9.2009 HK\$'000</b>	1.4.2008 to 30.9.2008 HK\$'000
Loss for the period has been arrived at after (crediting) charging:		
Depreciation	–	88
Interest income	<b>22</b>	<b>(100)</b>
	<u><u>22</u></u>	<u><u>(100)</u></u>

**5. TAXATION**

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as either the Company and its subsidiaries did not have assessable profit for the period or the assessable profit has been wholly absorbed by tax losses brought forward.

**6. LOSS PER SHARE**

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the period of HK\$4,753,000 (six months ended 30 September 2008: HK\$7,608,000) and on the 739,776,515 shares (six months ended 30 September 2008: 739,776,515 shares) in issue during the period.

The number of shares for the purpose of calculating basic loss per share for six months ended 30 September 2008 and 30 September 2009 has been adjusted to reflect the open offer of shares completed in October 2009. Details of the open offer are set out in note 14(a).

No diluted loss per share is presented for both periods because the assumed exercise of the Company's share options would result in a decrease in loss per share.

**7. PROPERTY, PLANT AND EQUIPMENT**

During the period, there were no additions or disposals made to property, plant and equipment of the Group.

**8. INVESTMENT PROPERTIES**

The fair value of the Group's investment properties was determined based on valuation carried out at 30 September 2009 by professional valuers. An increase in fair value of HK\$2,760,000 was recognised on the Group's investment properties for the period ended 30 September 2009.

The investment properties were vacant during the current period.

**9. TRADE AND OTHER RECEIVABLES**

Most of the restaurant customers settle in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	<b>30.9.2009</b> <b>HK\$'000</b>	31.3.2009 HK\$'000
0 – 60 days	<b>872</b>	928
More than 60 days	<b>1</b>	1
	<hr/> <b>873</b> <hr/>	<hr/> 929 <hr/>

**10. TRADE AND OTHER PAYABLES**

The following is an aged analysis of trade payables at the reporting date:

	<b>30.9.2009</b> <b>HK\$'000</b>	31.3.2009 HK\$'000
0 – 60 days	<b>2,423</b>	2,061
More than 60 days	<b>1,124</b>	1,042
	<hr/> <b>3,547</b> <hr/>	<hr/> 3,103 <hr/>

**11. AMOUNTS DUE TO DIRECTORS**

The amounts represent emoluments payable to certain executive directors. The amounts are unsecured, non-interest bearing and repayable on demand except for an amount of HK\$15,300,000 which is repayable after 31 March 2010. Accordingly, this amount has been reclassified as current liabilities at 30 September 2009.

On completion of the open offer for shares in October 2009 (see note 14(a) for details), the amounts due to directors were fully settled.

**12. LOANS FROM A RELATED COMPANY**

	<b>30.9.2009</b> <b>HK\$'000</b>	31.3.2009 HK\$'000
Principal	<b>18,804</b>	18,804
Accrued interest	<b>3,348</b>	3,160
	<hr/> <b>22,152</b> <hr/>	<hr/> 21,964 <hr/>

The loans are borrowed from Hover City Industrial Limited ("Hover City"). The loans are unsecured, bear interest at 3% below the best lending rate quoted by a bank in Hong Kong and are repayable in one lump sum (including accrued interest) by 31 December 2010. On completion of the open offer for shares in October 2009 (see note 14(a) for details), the loans from a related company were fully settled.

Certain directors who are also the key management personnel of the Company are beneficially interested in Hover City.

**13. RELATED PARTY TRANSACTIONS**

- (a) During the period, the Group leased certain premises for its restaurant operations from Homley Development Limited (“Homley”). Rentals charged by Homley during the period amounted to HK\$1,800,000 (six months ended 30 September 2008: HK\$1,770,000). At 30 September 2009, accrued rental payable to Homley of HK\$600,000 (31 March 2009: HK\$600,000) and rental deposit of HK\$900,000 (31 March 2009: HK\$900,000) was included in trade and other payables and trade and other receivables, respectively. The monthly rental was determined by both parties with reference to market rent.

Certain directors who are also the key management personnel of the Company are beneficially interested in Homley.

- (b) During the period, the Group leased certain residential premises from Hover City. Rental charged by Hover City during the period amounted to HK\$348,000 (six months ended 30 September 2008: HK\$390,000). At 30 September 2009, rental deposit paid to Hover City amounted to HK\$116,000 (31 March 2009: HK\$116,000) and was included in trade and other receivables. The monthly rental was determined by both parties with reference to market rent.
- (c) On 25 April 2003, the Group entered into a loan agreement with Hover City for a loan facility of HK\$10,000,000 offered to the Group by Hover City. The sum drawn down by the Group will bear interest at 3% below the best lending rate quoted by a bank in Hong Kong and shall be repaid in one lump sum (including accrued interest) by 24 April 2005. On 9 July 2004, the Group renewed the terms of the loan agreement with Hover City and the loan facility was extended to HK\$15,000,000 and the final repayment date to 30 June 2006. On 7 January 2005, the loan facility was further extended to HK\$25,000,000 and the final repayment date to 31 December 2006. On 7 March 2006, the final repayment date was further extended to 31 December 2008. On 7 March 2008, the final repayment date was further extended to 31 December 2010. Interest expense charged to the profit or loss during the period amounted to approximately HK\$188,000 (six months ended 30 September 2008: HK\$212,000).
- (d) The remuneration of the Company’s directors and other members of key management during the period amounted to HK\$1,899,000 (six months ended 30 September 2008: HK\$1,941,000).

**14. EVENT AFTER THE END OF THE REPORTING PERIOD**

- (a) In August 2009, the Company announced an open offer of 1,454,560,581 offer shares at the subscription price of HK\$0.10 each per offer share on the basis of three offer shares for every one existing share held (the “Open Offer”). The Open Offer was completed on 19 October 2009 and the Company raised gross proceeds of approximately HK\$145,456,000. The net proceeds were used to fully settle the amounts due to directors (see note 11) and loans from a related company (see note 12) and the remaining balance is for general working capital purposes.
- (b) On 18 November 2009, the Company entered into a sale and purchase agreement with an independent third party to sell an investment property of the Group located in Shantou, People’s Republic of China at an aggregate consideration of RMB5,800,000 (approximately HK\$6,500,000) (the “Disposal”). The property had a fair value of HK\$9,000,000 as appraised by an independent valuer as at 30 September 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the six months ended 30 September 2009, the Group recorded a consolidated turnover of HK\$33.3 million, a decrease of HK\$13.7 million or 29% compared to the last corresponding period, primarily due to the contraction of the Group's restaurant business.

The net loss for the period under review was HK\$3.8 million, representing an improvement of HK\$5.2 million as compared to the net loss of HK\$9 million in the last corresponding period. Such improvement was mainly attributable to an increase in the fair value of the Group's investment properties which rose by approximately HK\$2.8 million and a decrease in operating loss resulting from the suspension of the Group's environmental paper tableware operation in China.

### Review of Operations

The Group's restaurant operation in Hong Kong continues to be the largest turnover contributor for the period under review. However, both the tourist industry and local consumer spending had been hard hit by the global financial crisis and the human swine flu pandemic. Segment turnover was adversely affected and recorded a 25% drop to HK\$33.3 million from last year's HK\$44.3 million. Whilst the profit margin remained stable, segment loss escalated to HK\$6.6 million.

Due to the recovery of the property market in China, the fair value of the Group's investment properties in China was adjusted upward by HK\$2.8 million to HK\$57.7 million, in contrast to a downward revaluation of HK\$4.9 million in the last corresponding period.

In view of the persistent unsatisfactory performance and intense competition experienced by the Group's environmental friendly paper tableware operation in China, such operation was suspended during the period under review which led to a reduction of the operating loss for this segment.

### Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to HK\$10.5 million as at 30 September 2009. The Group had no bank borrowings and its gearing ratio was zero as at 30 September 2009 and 31 March 2009 respectively.

The Group has obtained loan facilities from Hover City Industrial Limited, a related company, which bear interest at 3% below the best lending rate quoted by a bank in Hong Kong. As at 30 September 2009, the sum drawn down by the Group was HK\$18.8 million (31 March 2009: HK\$18.8 million), with accrued interests of HK\$3.3 million (31 March 2009: HK\$3.2 million). The loans are repayable in one lump sum (including accrued interests) by 31 December 2010.

With the cash generated from the Group's operation in its ordinary course of business and the loan facilities, the Group has sufficient financial resources in meeting its operation needs.

In October 2009, the Company completed an open offer of 1,454,560,581 offer shares at a subscription price of HK\$0.10 each per offer share with net proceeds of approximately HK\$142.2 million received. Approximately HK\$22.2 million has been used for repaying all of the Group's loans due to Hover City Industrial Limited. The open offer has enabled the Group to solidify its financial strength.

On 18 November 2009, the Company entered into a sale and purchase agreement with an independent third party to sell an investment property of the Group located in Shantou, People's Republic of China at an aggregate consideration of RMB5,800,000 (approximately HK\$6,500,000) (the "Disposal"). The property had a fair value of HK\$9,000,000 as appraised by an independent valuer as at 30 September 2009. Given the property has been vacant for a long time, the directors considered the Disposal would be a good opportunity for the Group to realize its investment so as to strengthen the Group's liquidity and cash flow position.

### **Foreign Exchange Exposure**

As most of our sales, purchases, cash and bank balances were denominated in Hong Kong dollars during the period, the Group was not exposed to material foreign exchange risks.

### **Employees and Remuneration Policies**

The Group had approximately 170 employees as at 30 September 2009. Review of the employees' remuneration packages is normally conducted annually and as required from time to time. The salary and benefit levels of the Group's employees are competitive and individual performance is rewarded through the Group's bonus scheme. Other benefits including medical coverage and Mandatory Provident Fund Scheme are also provided to employees.

### **INTERIM DIVIDEND**

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2009 (for the six months ended 30 September 2008: Nil).

## PROSPECTS

We expect the ramifications of the global financial crisis to be more lasting and far-reaching than already witnessed and hence our operating environment will remain challenging. However, given the growing confidence in the property and stock markets in both Hong Kong and China as well as the implementation of the government's relief measures, we are hopeful that greater corporate and consumer spending would be encouraged and the retail, food and property markets would return to growth. The Group will continue its cautious approach in committing further capital expenditure and will implement appropriate costs control programs where necessary. Through the open offer completed in October 2009, the Group has strengthened its financial capability to capture suitable business opportunities as they arise in the future.

## SHARE OPTIONS

The Company's share option scheme (the "Scheme"), which was adopted on 22 August 2002 for the primary purpose of enabling the Company to grant options to employees, directors, consultants, advisers and/or agents of the Company or any of its subsidiaries as incentives or rewards for their contribution to the Company or such subsidiaries, will expire on 21 August 2012.

As at 30 September 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 29,091,210 shares, representing 6% of the shares of the Company in issue as at that date. A summary of the said share options is set out below:

Participants	Date of grant	Exercisable period	Exercise price per share	Number of share options	
				Outstanding as at 1.4.2009	Outstanding as at 30.9.2009
Mr. Cheng Hop Fai	12.05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Mrs. Cheng Kwok Kwan Yuk	12.05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Ms. Cheng Pak Ming, Judy	12.05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Miss Cheng Pak Man, Anita	12.05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Mr. Zhang Yunkun	03.03.2008	03.03.2008 – 03.03.2014	HK\$0.66	4,848,535	4,848,535 <sup>(1)</sup>
Employees	12.05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
				29,091,210	29,091,210

Note:

- (1) Following the completion of the open offer in October 2009, adjustments were made to the exercise price and the number of shares issuable upon full exercise of these share options. Such adjustments were not shown in the above table. No adjustments were made to the share options granted to other option holders as the exercise price of their share options, if adjusted, would be less than HK\$0.10, which is the nominal value of the shares of the Company.

No share options granted under the Scheme were exercised, cancelled or lapsed during the period ended 30 September 2009.



## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests of the directors and the chief executives and their associates in the shares, underlying shares or debentures of the Company or any associated corporations which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, 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"), to be notified to the Company and the Stock Exchange were as follows:

Name of director	Capacity and nature of interest	Number of ordinary shares	Capacity and nature of interest	Number of underlying shares in respect of share options	Approximate % to the enlarged issued share capital of the Company upon completion of the Open Offer <sup>(1)</sup>	
					Total	Open Offer <sup>(1)</sup>
<i>Executive directors:</i>						
Mr. Cheng Hop Fai	Beneficiary of trusts <sup>(2)</sup>	1,452,560,581 <sup>(2)</sup>	Beneficial owner	4,848,535	1,457,409,116	75.15%
Mrs. Cheng Kwok Kwan Yuk	Beneficiary of trusts <sup>(2)</sup>	1,452,560,581 <sup>(2)</sup>	Beneficial owner	4,848,535	1,457,409,116	75.15%
Ms. Cheng Pak Ming Judy	Beneficiary of trusts <sup>(2)</sup>	1,452,560,581 <sup>(2)</sup>	Beneficial owner	4,848,535	1,457,409,116	75.15%
Miss Cheng Pak Man Anita	Beneficiary of trusts <sup>(2)</sup>	1,452,560,581 <sup>(2)</sup>	Beneficial owner	4,848,535	1,457,409,116	75.15%
Mr. Zhang Yunkun	-	-	Beneficial owner	4,848,535	4,848,535	0.25%
<i>Independent non-executive director:</i>						
Mr. Law Toe Ming	Beneficial owner	500,000	-	-	500,000	0.03%

### Notes:

- (1) In August 2009, the Company announced an open offer of 1,454,560,581 offer shares (the "Offer Shares") at a subscription price of HK\$0.10 each per Offer Share (the "Open Offer"). Upon completion of the Open Offer in October 2009, the issued share capital of the Company was enlarged to 1,939,414,108 ordinary shares of HK\$0.10 each.

- (2) Golden Toy Investments Limited (“Golden Toy”) and Kong Fai International Limited (“Kong Fai”) held 43,217,445 shares (or 8.91% interest) and 296,180,025 shares (or 61.09% interest) of the Company, respectively, as at 30 September 2009. Golden Toy and Kong Fai are wholly-owned by two discretionary trusts of which family members of Mr. Cheng Hop Fai, including Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk, Ms. Cheng Pak Ming, Judy and Miss Cheng Pak Man, Anita, are discretionary objects.

Other than the interests in 339,397,470 shares held by Golden Toy and Kong Fai as at 30 September 2009, these shares also include (a) an interest in 129,652,335 Offer Shares derived from Golden Toy’s undertaking to apply for the entire number of the Offer Shares in the assured allotments in which Golden Toy is beneficially interested and (b) an interest in 983,510,776 Offer Shares derived from (i) the obligation of Kong Fai under the underwriting agreement for the Open Offer; and (ii) Kong Fai’s undertaking to apply for the entire number of the Offer Shares in the assured allotments in which Kong Fai is beneficially interested.

Save as disclosed above, as at 30 September 2009, none of the directors and the chief executives of the Company was, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed above in respect of certain directors, as at 30 September 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO indicated that the following persons had notified the Company of interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Approximate % to the enlarged issued share capital of the Company upon completion of the Open Offer</b>
Golden Toy	Beneficial owner	172,869,780 <sup>(1)</sup>	8.91%
Kong Fai	Beneficial owner	1,279,690,801 <sup>(2)</sup>	65.99%
Trustcorp Limited	Trustee of trusts	1,452,560,581 <sup>(3)</sup>	74.90%
Newcorp Ltd.	Interest of controlled corporation	1,452,560,581 <sup>(4)</sup>	74.90%
Goldride Securities Limited ("Goldride Securities")	Beneficial owner	339,897,470 <sup>(5)</sup>	17.53%
Mr. Anthony Espina	Beneficial owner and interest of controlled corporation	340,397,470 <sup>(6)</sup>	70.00%

*Notes:*

- (1) These include (a) an interest in 43,217,445 shares held by Golden Toy and (b) an interest in 129,652,335 Offer Shares derived from Golden Toy's undertaking to apply for the entire number of the Offer Shares in the assured allotments in the Open Offer in which Golden Toy is beneficially interested.
- (2) These include (a) an interest in 296,180,025 shares held by Kong Fai and (b) an interest in 983,510,776 Offer Shares derived from (i) the obligation of Kong Fai under the underwriting agreement for the Open Offer; and (ii) Kong Fai's undertaking to apply for the entire number of the Offer Shares in the assured allotments in the Open Offer in which Kong Fai is beneficially interested.
- (3) Trustcorp Limited is deemed under the SFO to have an interest in the same 1,452,560,581 shares, in aggregate, beneficially owned by Golden Toy and Kong Fai by virtue of it being the trustee of two discretionary trusts which own 100% of the shares of Golden Toy and Kong Fai.

- (4) The corporate substantial shareholder notice filed by Newcorp Ltd. indicated that Trustcorp Limited was wholly-owned by Newcorp Ltd. Therefore, Newcorp Ltd. is deemed to have interest in the 1,452,560,581 shares under the SFO.
- (5) The interest in 339,897,470 Offer Shares is derived from the obligation of Goldride Securities, one of the underwriters, under the underwriting agreement for the Open Offer.
- (6) These include (a) an interest in 500,000 shares beneficially owned by Mr. Anthony Espina and (b) an interest in 339,897,470 Offer Shares derived from Goldride Securities' obligation under the underwriting agreement for the Open Offer. Mr. Anthony Espina owns 100% of the issued share capital of Goldride Securities. By virtue of the provisions of Part XV of the SFO, Mr. Anthony Espina is deemed to be interested in all the Shares in which Goldride Securities is interested.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 September 2009, had any interests or short positions in the shares or underlying shares of the Company that were required to be entered into the register kept by the Company pursuant to Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period under review.

## CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 (the "Code") of the Listing Rules throughout the six months period ended 30 September 2009 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive officer and Code provision A.4.1 in respect of the service term of non-executive directors.

Code provision A.2.1 sets out that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Cheng Hop Fai assumes the role of both the Chairman and the Managing Director of the Company. The Board considers that such arrangement will not result in undue concentration of power and is, at this stage, conducive to the efficient formulation and implementation of the Group's strategies thus allowing the Group to develop its business more effectively.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for a specific term. This constitutes a deviation from Code provision A.4.1. However, as all the INEDs of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the directors, this meets the objective of the Code.

## AUDIT COMMITTEE

The members of the Audit Committee are Ms. Kan Lai Kuen, Alice (Chairman), Mr. Law Toe Ming and Mr. Mark Yiu Tong, William, the INEDs of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the Board of Directors the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2009.

## REMUNERATION COMMITTEE

Pursuant to Code provision B.1.1, the Company has established a Remuneration Committee comprising the three INEDs, namely Mr. Law Toe Ming (Chairman), Ms. Kan Lai Kuen, Alice and Mr. Mark Yiu Tong, William. The terms of reference of the Remuneration Committee are consistent with the Code provisions. The principal function of the Remuneration Committee is to make recommendation to the Board of Directors on the Group's policy and structure for the remuneration of directors and senior management.

## SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months period ended 30 September 2009.

By Order of the Board  
**Cheng Hop Fai**  
*Chairman*

Hong Kong, 8 December 2009