

PYXIS GROUP LTD.
瀚智集團有限公司

Stock Code: 516

PYXIS

INTERIM REPORT 2009

The Board of Directors (the “Board”) of Pyxis Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2009 (the “Period”) together with the comparative figures for the corresponding period of last year, as follows. The results have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2009

	Notes	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
REVENUE	2	470	1,235
Other gains/(losses), net	4	(520)	119
Administrative expenses		(7,018)	(8,088)
LOSS BEFORE TAX	5	(7,068)	(6,734)
Tax	6	–	–
LOSS FOR THE PERIOD		(7,068)	(6,734)
Attributable to:			
Equity holders of the Company		(7,068)	(6,734)
Minority interests		–	–
		(7,068)	(6,734)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	HK (0.29 cent)	HK (0.28 cent)
DIVIDEND PER SHARE	8	Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2009

	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Loss for the Period	(7,068)	(6,734)
Other comprehensive income/(loss):		
Exchange differences on translation of foreign operations	1,529	(854)
Other comprehensive income/(loss) for the Period, net of tax	1,529	(854)
Total comprehensive loss for the Period	(5,539)	(7,588)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	(5,539)	(7,588)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2009

	Notes	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	357	598
CURRENT ASSETS			
Prepayments, deposits and other receivables		840	1,004
Equity investments at fair value through profit or loss	10	6,906	9,668
Cash and cash equivalents	11	138,406	140,863
Total current assets		146,152	151,535
CURRENT LIABILITIES			
Other payables and accruals	12	1,558	1,643
NET CURRENT ASSETS		144,594	149,892
Net assets		144,951	150,490
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	240,000	240,000
Reserves	14	(95,049)	(89,510)
Total equity		144,951	150,490

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2009

	Attributable to equity holders of the Company								
	Issued Capital HK\$'000 (Unaudited)	Share Premium Account* HK\$'000 (Unaudited)	Contributed Surplus* HK\$'000 (Unaudited)	Reserve Fund** HK\$'000 (Unaudited)	Exchange Fluctuation Reserve* HK\$'000 (Unaudited)	Accumulated Losses* HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Minority Interests HK\$'000 (Unaudited)	Total Equity HK\$'000 (Unaudited)
At 1 April 2009	240,000	112,550	29,800	1,044	1,417	(234,321)	150,490	-	150,490
Loss for the Period	-	-	-	-	-	(7,068)	(7,068)	-	(7,068)
Other comprehensive income/(loss)	-	-	-	-	1,529	-	1,529	-	1,529
Total comprehensive loss for the Period	-	-	-	-	1,529	(7,068)	(5,539)	-	(5,539)
At 30 September 2009	<u>240,000</u>	<u>112,550</u>	<u>29,800</u>	<u>1,044</u>	<u>2,946</u>	<u>(241,389)</u>	<u>144,951</u>	<u>-</u>	<u>144,951</u>
At 1 April 2008	240,000	112,550	29,800	1,476	3,525	(220,445)	166,906	13	166,919
Loss for the Period	-	-	-	-	-	(6,734)	(6,734)	-	(6,734)
Other comprehensive income/(loss)	-	-	-	-	(854)	-	(854)	-	(854)
Total comprehensive loss for the Period	-	-	-	-	(854)	(6,734)	(7,588)	-	(7,588)
Deregistration of a subsidiary	-	-	-	-	-	-	-	(13)	(13)
Transfer from reserve fund	-	-	-	(62)	-	62	-	-	-
At 30 September 2008	<u>240,000</u>	<u>112,550</u>	<u>29,800</u>	<u>1,414</u>	<u>2,671</u>	<u>(227,117)</u>	<u>159,318</u>	<u>-</u>	<u>159,318</u>

* These reserve accounts comprise the negative consolidated reserves of HK\$95,049,000 (2008: HK\$80,682,000) in the consolidated statement of financial position.

The reserve fund is a statutory reserve required to be set up by enterprises operating in Taiwan. Pursuant to the relevant laws and regulations in Taiwan, a portion of the profits of the Group's subsidiary which is registered in Taiwan had been transferred to reserve fund, which is restricted as to use.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 September 2009

	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,978)	(1,661)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(478)	4,131
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,456)	2,470
Cash and cash equivalents at beginning of Period	103,942	114,526
Effect of foreign exchange rate changes, net	1,529	(854)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>101,015</u>	<u>116,142</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	101,015	106,528
Non-pledged time deposit with original maturity of less than three months when acquired	–	9,614
	<u>101,015</u>	<u>116,142</u>

NOTES TO THE FINANCIAL STATEMENTS

30 September 2009

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the audited annual financial statements for the year ended 31 March 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current Period’s financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>

1. **Basis of Preparation and Accounting Policies** *(Continued)*

HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement</i>
HK(IFRIC) – Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC) – Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC) – Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The major effects of adopting these new and revised HKFRSs are as follows:

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 "Segment Reporting", and disclosure about each of these segments are shown in note 3.

1. **Basis of Preparation and Accounting Policies** (*Continued*)

Other than the above, the adoption of the other new interpretations and amendments has had no significant financial effect on the Group's unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

HKFRS 1 (Revised)	<i>First-time Adoption of HKFRS</i> ²
HKFRS 2 Amendment	<i>Group cash-settled share-based payment transactions</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ²
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ²
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ²
HK(IFRIC) – Int 17	<i>Distribution of Non-cash Assets to Owners</i> ²
HK(IFRIC) – Int 18	<i>Transfers of Assets from Customers</i> ²
HKFRSs (Amendments)	<i>Improvements to HKFRSs 2009</i> ³

¹ Effective for annual periods beginning on or after 1 January 2010

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

³ Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. Revenue

Revenue, which is also the Group's turnover, represents bank interest income received and receivable, and gain on disposal of equity investments. An analysis of revenue is as follows:

	For the six months ended 30 September	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Bank interest income	360	1,181
Gain on disposal of equity investments at fair value through profit and loss	110	54
	470	1,235
	470	1,235

3. Segment Information

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

The Group has identified two reportable segments for the purposes of resource allocation and performance assessment. Summary details of the reportable segments are as follows:

- (a) the investment holding segment engages in investments in equity investments; and
- (b) the marketing service segment engages in the provision of marketing services.

3. Segment Information (Continued)

The unaudited revenue and results for the Group's operating segments for the Period are as follows:

	Investment holding		Marketing service		Consolidated	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Segment revenue:						
Sales to external customers	470	1,235	–	–	470	1,235
Other losses, net	(577)	(984)	–	–	(577)	(984)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	(107)	251	–	–	(107)	251
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment results	(581)	(1,107)	(3,501)	(3,589)	(4,082)	(4,696)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Unallocated gains					57	–
Corporate and other unallocated expenses					(3,043)	(2,038)
					<hr/>	<hr/>
Loss before tax					(7,068)	(6,734)
Tax					–	–
					<hr/>	<hr/>
Loss for the Period					(7,068)	(6,734)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Other Gains/(Losses), Net

An analysis of other gains/(losses), net, is as follows:

	For the six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Fair value gains/(losses) on trading in equity investments at fair value through profit and loss, net	(577)	119
Others	57	–
	<u>(520)</u>	<u>119</u>

5. Loss Before Tax

Loss before tax is arrived at after charging:

	For the six months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Depreciation	73	86
Write-off of items of property, plant and equipment	176	–
Fair value losses on trading in equity investments at fair value through profit and loss, net	–	1,103
	<u>249</u>	<u>1,189</u>

6. Tax

No provision for Hong Kong and overseas profits tax have been made as the Group did not generate any assessable profits arising in Hong Kong or elsewhere during the Period (2008: Nil).

The Group has substantial tax losses arising in Hong Kong that are available indefinitely (subject to the agreement with the Inland Revenue Department) for offsetting against future taxable profits of the companies in which the losses arose. Besides, the Group also has tax losses arising in Taiwan and Mainland China that are available for the future ten and five years, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the Directors consider it is not probable that future taxable profits will be available against which these tax losses can be utilised.

7. Loss Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic loss per share is based on the loss for the Period attributable to ordinary equity holders of the Company of approximately HK\$7,068,000 (2008: approximately HK\$6,734,000) and the weighted average number of 2,400,002,000 (2008: 2,400,002,000) ordinary shares in issue during the Period.

Diluted loss per share amount for the periods ended 30 September 2009 and 2008 have not been disclosed as no dilutive events existed during these periods.

8. Interim Dividend

The Directors do not propose the payment of any interim dividends in respect of the Period (2008: Nil).

9. Property, Plant and Equipment

During the Period, the Group spent approximately HK\$1,000 on acquisitions of items of property, plant and equipment (31 March 2009: approximately HK\$4,000), and had written off items of property, plant and equipment of HK\$176,000 (31 March 2009: Nil).

10. Equity Investments at Fair Value through Profit or Loss

	30 September 2009 <i>HK\$'000</i> (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
Unlisted equity investments, at fair value	<u>6,906</u>	<u>9,668</u>

The above equity investments at 30 September 2009 and 31 March 2009 were classified as held for trading.

The fair values of unlisted equity investments at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the unaudited condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the unaudited condensed consolidated income statement, are reasonable, and that they are the most appropriate values at 30 September 2009 and 31 March 2009.

11. Cash and Cash Equivalents

	30 September 2009 <i>HK\$'000</i> (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
Time deposits	37,391	36,921
Cash and bank balances	<u>101,015</u>	<u>103,942</u>
Cash and cash equivalents	<u>138,406</u>	<u>140,863</u>

11. Cash and Cash Equivalents (Continued)

As at 30 September 2009, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$25,410,000 (31 March 2009: HK\$25,619,000). The RMB is not freely convertible into other currencies, however under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods from six months to one year (31 March 2009: six months to one year) and earn interest at respective short term fixed deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default..

12. Other Payables and Accruals

	30 September 2009 <i>HK\$’000</i> (Unaudited)	31 March 2009 <i>HK\$’000</i> (Audited)
Other payables	13	–
Accruals	1,545	1,643
	1,558	1,643

The Group’s other payables are non-interest-bearing and have an average term of three months.

13. Share Capital

	30 September 2009 <i>HK\$'000</i> (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
2,400,002,000 ordinary shares of HK\$0.1 each	<u>240,000</u>	<u>240,000</u>

Share options

On 30 September 2004, the Company adopted an option scheme (the "Scheme") which became effective on 28 October 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's Directors, employees of the Group and other individuals as determined by the Directors on the basis of their contribution to the success of the development and growth of the Group. No share options have been granted under the Scheme since the Scheme became effective.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

13. Share Capital *(Continued)*

Share options *(Continued)*

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (“INED”s). In addition, any share options granted to a substantial shareholder or an INED of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (“SEHK”) closing price of the Company’s shares on the date of the offer of the share options; (ii) the average SEHK closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

14. Reserves

The detailed movements in total equity during the Period were disclosed in the unaudited condensed consolidated statement of changes in equity.

15. Operating Lease Arrangements

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases for properties and staff quarters are negotiated for terms ranging from one to two years.

At 30 September 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2009 <i>HK\$'000</i> (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
Within one year	<u>182</u>	<u>220</u>

16. Commitments and Contingent Liabilities

As at 30 September 2009 and 31 March 2009, the Group had no significant commitments or contingent liabilities.

17. Related Party and Connected Transactions

There had been no related party and connected transactions during the Period (2008: Nil).

18. Approval of the Interim Financial Report

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 4 December 2009.

BUSINESS REVIEW AND PROSPECTS

During the Period, the Group had a loss attributable to ordinary equity holders of the Company of approximately HK\$7.1 million (2008: approximately HK\$6.7 million).

Following the disposal of Group's unprofitable businesses previously, the Group shifted its business focus to sectors such as communications, media, real estate and financial services where the Group has significant core competency.

With this focus, the Group has been actively exploring opportunities and developing businesses in these sectors in Mainland China. Currently the Group is pursuing an opportunity in the marketing services arena, the details of which was stated in the announcement of the Company 'Latest Development of the FSI Business and Resumption of Trading' published on 12 May 2009. Recent progress of the FSI coupon business has been challenging and slow, mainly because most of our FSI business partners have been adversely affected by the global financial crisis such that significant reorganisations and personnel changes have made continuity in negotiation difficult.

At the same time, the Group has also been regularly evaluating potential investment projects that fall within the other business areas as mentioned above. If the Group proceeds with any of these investments, the Group's strategy is to either acquire interest in companies that operate the relevant businesses, or acquire businesses from the relevant companies. The acquisition of these businesses will form the basis for building a major operating business in these areas for the Group. Also, if the Group proceeds with these projects, the Company's current approach is to acquire these investments in stages so as to facilitate an orderly integration of each of these businesses into the Group. Over time, the Group intends to build a portfolio of operating entities and a major business franchise in these business sectors.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

However, the Board believes that, under current tough and challenging investment and economic environments, the Company should be making prudent management and investment decisions in order to protect shareholder value. It is the intention of the Board to continue such cautious approach in applying the Group's managerial and financial resources in implementing any of the Group's proposed investment projects. To-date, the Group has not entered into any agreement in relation to any potential investment projects at this time.

Looking forward, the Board is still optimistic about the future of our business. The Board is of the view that by focusing on the above business sectors, the Group can best leverage its experience and network, and thus best realise its potential to improve Group's profits and enhance long-term shareholder value.

STAFF REMUNERATION POLICY AND SHARE OPTION SCHEME

The Group maintained a team of 7 staff as at 30 September 2009.

Employees are paid at salaries comparable to market rates. The Group provides free medical insurance coverage for permanent staff and continues to investigate the possibility of introducing other benefits which would help retain current experienced staff and attract new employees so that the Group can maintain a capable workforce to meet present and future requirements.

As stated in note 13 to the unaudited condensed consolidated interim financial statements, a share option scheme was adopted by the Company in prior financial year. No new share option was granted under the Scheme since the Scheme became effective.

LIQUIDITY AND CAPITAL RESOURCES

The Group principally finances its operations by the funding provided by previous share capital subscription & placement, proceeds from the disposals of some subsidiaries in prior year, and internally generated cashflows. There was no outstanding bank overdrafts or bank borrowings as at the Period end date.

As at 30 September 2009, shareholders' funds of the Group amounted to approximately HK\$145.0 million. Current assets amounted to approximately HK\$146.2 million, of which approximately HK\$138.4 million were cash and bank deposits. The Group's current liabilities amounted to approximately HK\$1.6 million.

The Group expects to use the cash to make investments to acquire partially or in whole, in businesses that are in the targeted fields as mentioned above in the section 'Business Review and Prospects'. The high cash and bank deposits balance is only temporary. But under the current tough economic and financial environment, the Group has to use its cash very cautiously.

As at 30 September 2009, in the opinion of the Directors, the Group was not exposed to significant foreign currency risks because most of the monetary assets and liabilities of the Group's operating entities were denominated in their own functional currencies, which are mainly the United States dollars, the New Taiwan dollars and the RMB. The Group has no specific policy to deal with the foreign currency risk but will closely monitor the market and make appropriate adjustments and measures when necessary.

As at the Period end date and the date of this 2009 interim report ("Interim Report"), the Group did not have any outstanding commitment in any of the financial derivative instruments.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2009, the interests and short positions of the Directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Main Board Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Directors	Directly beneficially owned	Percentage of the Company's issued share capital
Mr. Chin Yao LIN	3,242,000	0.14
Miss Wing Yan AU	2,000	–

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2009, none of the Directors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above under the sections 'Directors' Interests and Short Positions in Shares and Underlying Shares' and 'Staff Remuneration Policy and Share Option Scheme', at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Coralbells Investments Limited	Directly beneficially owned	1,795,000,000	74.79

Save as disclosed above, as at 30 September 2009, no person, other than the Directors of the Company, whose interests are set out in the above section 'Directors' Interests and Short Positions in Shares and Underlying Shares', had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Main Board Listing Rules, throughout the accounting period covered by this Interim Report, except for the following deviations:

CG Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The Company does not have a separate position of CEO and Mr. Henry Hung CHEN currently holds both the position of Chairman and Managing Director ("MD"). The Board believes that vesting the roles of Chairman and MD in the same person provides the Group with strong and consistent leadership in the development and execution of long-term strategies at enhanced level of operational efficiency.

CG Code Provision B.1.1 stipulates the establishment of a Remuneration Committee. However, the Board considers that the setting up of such a Remuneration Committee may not be necessary as the remuneration matters relating to the Executive Directors ("ED"s) are discussed and approved by the Board. Over 50% of the Board members are INEDs of the Company.

CG Code Provisions A.4.1 and A.4.2 stipulate that Non-Executive Directors should be appointed for a specific term, subject to re-election, and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Currently, none of the Company's existing INEDs is appointed for specific term. However, all the Directors (save for the Chairman and the MD) are subject to the retirement provisions under the Company's bye-law, and the Board considers that the Chairman and the MD should not be subject to retirement to ensure the continuity of leadership and stability of growth.

CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code throughout the accounting period covered by this Interim Report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Main Board Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three INEDs of the Company.

On behalf of the Board
Mr. Henry Hung CHEN
Chairman

Hong Kong, 4 December 2009

As at the date of this Interim Report, the Board of the Company comprises Mr. Henry Hung CHEN (Chairman) and Miss Wing Yan AU as EDs; and Mr. Robert Joseph ZULKOSKI, Mr. Chin Yao LIN and Mr. Bernard King Bong LEUNG as INEDs.