



INTERIM
REPORT 2009

SHUN CHEONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 650

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

CAO Jing (*Executive Chairman*)

ZHANG Shaohua (*Managing Director*)

NON-EXECUTIVE DIRECTOR

MO Tianquan

INDEPENDENT NON-EXECUTIVE DIRECTORS

YE Jianping

PALASCHUK Derek Myles

YAO Xusheng

AUDIT COMMITTEE

PALASCHUK Derek Myles (*Chairman*)

YE Jianping

YAO Xusheng

REMUNERATION COMMITTEE

YAO Xusheng (*Chairman*)

YE Jianping

CAO Jing

NOMINATION COMMITTEE

YE Jianping (*Chairman*)

PALASCHUK Derek Myles

CAO Jing

COMPANY SECRETARY

POON Yan Wai

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

The Bank of East Asia Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor

Services Limited

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 2302, Wing On Centre

111 Connaught Road Central

Hong Kong

AUDITORS

Ernst & Young

18th Floor, Two International Finance Centre

8 Finance Street, Central

Hong Kong

STOCK CODE

SEHK 650

WEBSITE

<http://www.irasia.com/listco/hk/shuncheong>

Chairman's Statement

REVIEW OF OPERATIONS

The Group's recorded revenue for the six months ended 30 September 2009 was HK\$77.6 million (2008: HK\$37.5 million) and profit for the period was HK\$2.2 million (2008: net loss of HK\$6.7 million).

Consolidated revenue was HK\$77.6 million for the six months ended 30 September 2009, showing a 106.9% increase from HK\$37.5 million for the previous period. The increase in business volume was primarily due to the completion of acquisition of the Guangxi Nanning Wharton International Hotel Limited ("the Nanning Hotel") on 23 January 2009.

BUSINESS PROSPECT

The Group is principally engaged in the provision of building related maintenance services. Although the Group intends to carry on the existing building related maintenance service business, the Board is also looking to business opportunities in the PRC for development and expansion. On 23 January 2009, the Group had successfully acquired the Nanning Hotel to broaden its source of income and extend the business in PRC.

Recognising the efforts of the PRC government in promoting the economies of the less developed regions and the rapid development of local tourism industry in the second tier cities in the PRC, the Directors consider that increasing number of investors as well as overseas and local travellers and tourists would be attracted to these cities in the PRC, thereby creating demand for hotel services and enhancing the value of the Nanning Hotel. Looking ahead to 2010 and beyond, the Directors are confident that the Nanning Hotel will enable the Group to capture the results of economic boom in Guangxi Zhuang Autonomous Region.

INTERIM DIVIDEND

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

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances are mostly in Hong Kong dollar and Renminbi. As at 30 September 2009, the Group had unpledged cash and bank deposits balances of approximately HK\$84.8 million (31 March 2009: HK\$72.6 million). As at 30 September 2009, the Group had outstanding bank borrowing for the amount of HK\$256.5 million (31 March 2009: HK\$259.9 million). The gearing ratio of the Group which represented the net debt divided by the total capital plus net debt, was 47% (31 March 2009: 49%).

FUNDING AND TREASURY POLICY

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group's bank borrowing is on a floating rate at the prime rate of the People's Bank of China. The maximum bank borrowing granted by bank given to the Group and a subsidiary is HK\$361.6 million (31 March 2009: HK\$361.6 million). Taking into account of cash on hand and available credit facilities, the Group has sufficient working capital for its present requirement. The Renminbi has been pegged to a basket of currencies. Accordingly, the Group has minimal exposure to foreign exchange fluctuation.

Chairman's Statement

PLEDGE OF ASSETS

As at 30 September 2009, the hotel properties held with an aggregate net book value of approximately HK\$301.1 million (31 March 2009: HK\$313.6 million) were mortgaged to a bank to secure banking facilities granted to the Group.

INVESTMENTS

As at 30 September 2009, the Group had no investments in listed and unlisted equity securities (31 March 2009: Nil).

CONTINGENT LIABILITY

As at 30 September 2009, the Group had no significant contingent liability.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 595 employees as at 30 September 2009 (31 March 2009: 595). Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually depending on individual merits. The Group also provides other benefits including retirement benefits scheme, medical insurance and educational subsidies to all eligible staff.

By Order of the Board

Cao Jing

Executive Chairman

Hong Kong, 18 December 2009

General Information

CORPORATE GOVERNANCE

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules during the interim period, except that:

1. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.
2. CG Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Board will ensure the retirement of each director, other than those holding office as Executive Chairman or Managing Director, by rotation at least once every three years in order to comply with the CG Code. The Board presently considered that the continuity of office of the Executive Chairman or Managing Director provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.
3. CG Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference for the Company's Remuneration Committee on 21 December 2005, which was subsequently amended. Pursuant to the terms of reference for the Remuneration Committee, it is stipulated that the Remuneration Committee has the duty to "review" as opposed to "determine" the specific remuneration packages of executive directors and senior management.

The remuneration of the executive directors and senior management of the Company is reviewed by the Remuneration Committee and recommended to the Board and the Chairman of the Board respectively for determination, taking into account of market pay and individual performance. In the opinion of the directors, the current practice serves the same purpose as laid down by the CG Code.

General Information

CORPORATE GOVERNANCE *(continued)*

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

4. CG Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. The chairman did not attend the 2009 annual general meeting due to other business engagement. An executive director had chaired the 2009 annual general meeting and answered questions from the shareholders. In the opinion of the directors, the Company had provided the useful and convenient forum for shareholders to exchange views with the Board, and with each other and had the same purposes as laid down by CG Code.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three directors, all of whom are independent non-executive directors, namely Mr. Derek Palaschuk (Chairman), Professor Ye Jianping and Mr. Yao Xusheng. Regular meetings have been held by the Audit Committee of the Company since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2009 have not been audited, but have been reviewed by the Audit Committee.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company

Name of director	Nature of interests	Number of ordinary shares directly beneficially owned	Percentage of the Company's issued share capital
Mo Tianquan	Corporate	209,753,409 <i>(Note 1)</i>	60.39%
Cao Jing	Family	209,753,409 <i>(Note 2)</i>	60.39%

Note 1: These shares are held by Upsky Enterprises Limited, a company in which Mr. Mo Tianquan is a director and has a sole shareholder.

Note 2: Ms Cao Jing is interested in the shares held by Upsky Enterprises Limited by virtue of her marital relationship with Mr. Mo Tianquan.

General Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Save as disclosed above, as at 30 September 2009, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 September 2009 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

As at 30 September 2009, the following interests and short positions 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 under Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name	Capacity and Nature of interests	Number of ordinary shares owned	Percentage of the Company's issued share capital
Upsky Enterprises Limited	Directly beneficially owned	209,753,409	60.39%

Save as disclosed above, as at 30 September 2009, no person, other than the director of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, 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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2009, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Condensed Consolidated Income Statement

	Notes	Six months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
REVENUE	2	77,580	37,480
Cost of sales		(40,742)	(38,844)
Gross profit/(loss)		36,838	(1,364)
Other income	3	490	1,519
Administrative expenses		(22,715)	(5,691)
Other expenses		(72)	(486)
Finance costs	4	(12,344)	(645)
PROFIT/(LOSS) BEFORE TAX	5	2,197	(6,667)
Tax	6	-	(2)
PROFIT/(LOSS) FOR THE PERIOD		2,197	(6,669)
ATTRIBUTABLE TO:			
Equity holders of the parent		2,206	(6,662)
Minority interests		(9)	(7)
		2,197	(6,669)
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO EQUITY HOLDERS			
OF THE PARENT	7		
Basic		0.63 cents	(3.29 cents)
Diluted		N/A	N/A

Condensed Consolidated Statement Of Comprehensive Income

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	2,197	(6,669)
Other comprehensive income, net of tax	—	—
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	2,197	(6,669)
	<hr/>	<hr/>
Attributable to:		
Equity holders of the parent	2,206	(6,662)
Minority interests	(9)	(7)
	<hr/>	<hr/>
	2,197	(6,669)
	<hr/>	<hr/>

Condensed Consolidated Statement Of Financial Position

		As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		501,568	509,637
Deferred tax assets		1,025	1,025
Total non-current assets		<u>502,593</u>	<u>510,662</u>
CURRENT ASSETS			
Inventories		3,475	3,556
Gross amount due from contract customers	8	1,625	3,111
Trade receivables	9	19,072	22,661
Retention money receivables		255	255
Prepayments, deposits and other receivables		21,412	24,159
Tax recoverable		19	19
Cash and cash equivalents		84,771	72,560
Total current assets		<u>130,629</u>	<u>126,321</u>
CURRENT LIABILITIES			
Gross amount due to contract customers	8	5,388	12,789
Trade payables	10	14,682	11,831
Retention money payables		696	696
Other payables and accruals		46,219	48,036
Advance from a shareholder	11	22,600	22,600
Interest-bearing bank borrowing – current portion		3,390	3,390
Total current liabilities		<u>92,975</u>	<u>99,342</u>
NET CURRENT ASSETS		<u>37,654</u>	<u>26,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>540,247</u>	<u>537,641</u>
NON-CURRENT LIABILITIES			
Convertible bonds		87,120	83,321
Interest-bearing bank borrowing		253,120	256,510
Total non-current liabilities		<u>340,240</u>	<u>339,831</u>
Net assets		<u>200,007</u>	<u>197,810</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	3,473	3,473
Equity component of convertible bonds		43,272	43,272
Reserves		151,874	149,668
		<u>198,619</u>	<u>196,413</u>
Minority interests		<u>1,388</u>	<u>1,397</u>
Total equity		<u>200,007</u>	<u>197,810</u>

Condensed Consolidated Statement Of Changes In Equity

	Attributable to equity holders of the parent									
	Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Equity component of			Capital redemption reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority Interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
			Contributed	convertible	bonds					
			surplus (Unaudited) HK\$'000	bonds (Unaudited) HK\$'000						
At 1 April 2009	3,473	119,068	46,909	43,272	132	(16,441)	196,413	1,397	197,810	
Profit for the period and total comprehensive income	-	-	-	-	-	2,206	2,206	(9)	2,197	
At 30 September 2009	3,473	119,068	46,909	43,272	132	(14,235)	198,619	1,388	200,007	
At 1 April 2008	1,389	17,986	46,909	43,272	132	(3,757)	105,931	665	106,596	
Issue of share	2,084	101,082	-	-	-	-	103,166	-	103,166	
Loss for the period and total comprehensive income	-	-	-	-	-	(6,662)	(6,662)	(7)	(6,669)	
At 30 September 2008	3,473	119,068	46,909	43,272	132	(10,419)	202,435	658	203,093	

Condensed Consolidated Statement Of Cash Flow

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	21,601	(1,667)
Net cash (outflow)/inflow from investing activities	(6,000)	1,519
Net cash (outflow)/inflow from financing activities	(3,390)	103,167
Net increase in cash and cash equivalents	12,211	103,019
Cash and cash equivalents at beginning of period	72,560	165,391
Cash and cash equivalents at end of period	84,771	268,410
 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	80,258	16,336
Non-pledged time deposits with original maturity of less than three months when acquired	4,513	252,074
	84,771	268,410

Notes To The Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2009 have been prepared in accordance with 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 "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim 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 annual financial statements for the year ended 31 March 2009.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's 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 include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	<i>Amendments to HKAS 32 Financial Instruments – Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation</i>
HKFRS 1 and HKAS 27 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payments – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	<i>Amendments to HK(IFRIC) – Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreement for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfer of Assets from Customers ²</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2008 ¹</i>

Notes To The Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

Accounting policies *(continued)*

¹ Except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009

² Effective for transfers of assets from customers received on or after 1 July 2009

The above new/revised HKFRSs are mandatory for the first time for the financial year beginning on 1 April 2009. The adoption of the new/revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 replaces HKAS 14 "Segment Reporting", and specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 "Segment Reporting". This Standard requires an entity, including an entity with a single reportable segment, to disclose information for the entity as a whole about its products and services, geographical areas and major customers.

Except for the adoption of HKAS 1 (Revised) and HKFRS 8, the adoption of other new and revised HKFRSs has had no material effect on the Group's results of operation and financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 2 Amendments	<i>Group cash settled Share-based Payment Transactions</i> ²
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 5 Amendments	<i>Plan to sell the controlling interest in a subsidiary</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments:</i> <i>Recognition and Measurement – Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2008 and 2009</i> ³

Notes To The Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

Accounting policies *(continued)*

- ¹ *Effective for annual periods beginning on or after 1 July 2009*
- ² *Effective for annual periods beginning on or after 1 January 2010*
- ³ *Except for the amendments to HKFRS 2, HKFRS 5, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decision.

The Group has two reportable segments for the six months ended 30 September 2009. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's reportable 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 reportable segments. Summary details of the reportable segments are as follows:

- (1) the "Building Services Contracting and Maintenance Business" segment engages in the provisions of building related maintenance services;
- (2) the "Hotel Business" engages in the provisions of the hotel and restaurant operations in the PRC.

No operating segment information was presented for the period ended 30 September 2008 as the Group had only one reportable segment engaged in the building services contracting and maintenance business.

Notes To The Condensed Consolidated Interim Financial Statements

2. SEGMENT INFORMATION *(continued)*

Revenue by Operating Segments:

	Building Services Contracting and Maintenance Business (Unaudited) HK\$'000	Hotel Business (Unaudited) HK\$'000	Six months ended 30 September 2009 (Unaudited) HK\$'000
Segment revenue			
Sales to external customers	12,960	64,620	77,580
Other revenue	182	290	472
	<u>13,142</u>	<u>64,910</u>	<u>78,052</u>
Segment results	<u>(406)</u>	<u>14,929</u>	<u>14,523</u>
Interest income			18
Finance cost			<u>(12,344)</u>
Profit before tax			2,197
Tax			<u>—</u>
Profit for the period			<u>2,197</u>

3. OTHER INCOME

	Six months ended 30 September 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest income	18	1,519
Other	472	—
	<u>490</u>	<u>1,519</u>

Notes To The Condensed Consolidated Interim Financial Statements

4. FINANCE COSTS

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	7,934	30
Interest on convertible bonds	4,400	615
Others	10	–
	12,344	645

No interest was capitalised by the Group in both periods.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging the following:

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Cost of maintenance	10,722	38,844
Cost of services provided	30,020	–
	40,742	38,844
Depreciation	14,086	97
Minimum lease payments under operating leases in respect of land and buildings	114	241
Staff costs (including directors' emoluments)	7,128	3,719
Impairment of trade receivables	72	486

6. TAX

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Group:		
Current – Hong Kong	–	2
	–	2

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period.

Notes To The Condensed Consolidated Interim Financial Statements

6. TAX *(continued)*

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for PRC corporate income tax has been made as the Group has sufficient tax loss brought forward to offset the assessable profits for the period.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to equity holders of the parent, adjusted to reflect the interest on the convertible bonds of the Company and the dilution effect on profit/(loss) assuming there is a full conversion of the convertible bonds of the Company, where applicable (see below). The number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation.

The calculation of basic earnings/(loss) and diluted earnings/(loss) per share amount are based on:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss)		
Profit/(loss) attributable to equity holders of the parent	2,206	(6,662)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	347,326,000	202,305,500
Effect of dilution of the convertible bonds on the weighted average number of shares	324,763,193	162,826,478
	672,089,193*	365,131,978*

* For the six months ended 30 September 2009, because the diluted earnings per share amount increased when taking convertible bonds of the Company into account, the convertible bonds of the Company has anti-dilutive effect on the basic earnings per share for the period. Therefore, no diluted earnings per share amount is disclosed.

For the six months ended 30 September 2008, because the diluted loss per share amount decreased when taking convertible bonds of the Company into account, the convertible bonds of the Company had anti-dilutive effect on the basic loss per share for the period. Therefore, no diluted loss per share amount was disclosed.

Notes To The Condensed Consolidated Interim Financial Statements

8. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Gross amount due from contract customers	1,625	3,111
Gross amount due to contract customers	<u>(5,388)</u>	<u>(12,789)</u>
	<u>(3,763)</u>	<u>(9,678)</u>
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	1,110,918	1,092,044
Less: Progress billings	<u>(1,114,681)</u>	<u>(1,101,722)</u>
	<u>(3,763)</u>	<u>(9,678)</u>

9. TRADE RECEIVABLES

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Trade receivables	22,753	26,270
Impairment	<u>(3,681)</u>	<u>(3,609)</u>
	<u>19,072</u>	<u>22,661</u>

An aged analysis for the trade receivables as at 30 September 2009, based on invoice date and net of impairment of trade receivables, is as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
0 – 30 days	4,853	7,045
31 – 60 days	2,197	1,495
61 – 90 days	615	2,333
Over 90 days	<u>11,407</u>	<u>11,788</u>
	<u>19,072</u>	<u>22,661</u>

Notes To The Condensed Consolidated Interim Financial Statements

9. TRADE RECEIVABLES *(continued)*

The Group grants to its trade customers credit periods that normally range from cash on delivery to 60 days. A longer credit period is granted to a few customers with long business relationships with the Group and with strong financial positions. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

10. TRADE PAYABLES

An aged analysis of trade payables as at 30 September 2009, based on invoice date, is as follows:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Current to 30 days	10,067	6,080
31 – 60 days	1,854	2,048
Over 60 days	2,761	3,703
	14,682	11,831

The trade payables are non-interest bearing and are normally settled on 60-day terms.

11. ADVANCE FROM A SHAREHOLDER

The advance from a shareholder was unsecured, interest-free and repayable on demand.

12. SHARE CAPITAL

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Authorised: 8,000,000,000 ordinary shares of HK\$0.01 each	80,000	80,000
Issued and fully paid: 347,326,000 (31 March 2009: 347,326,000) ordinary shares of HK\$0.01 each	3,473	3,473

Notes To The Condensed Consolidated Interim Financial Statements

13. OPERATING LEASE ARRANGEMENTS

As lessee, the Group leases certain of its office properties under operating lease arrangements. A lease for an office property is negotiated for a term of three years.

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

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Within one year	564	558
In the second to fifth years, inclusive	914	1,337
	<u>1,478</u>	<u>1,895</u>

14. COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following capital commitment as at 30 September 2009:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Contracted, but not provided for, capital contribution payable to a jointly-controlled entity	11,934	11,934

15. CONTINGENT LIABILITIES

The Group has no significant contingent liability as at 30 September 2009.

Notes To The Condensed Consolidated Interim Financial Statements

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the six months ended 30 September 2009:

	Note	Six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Interest expenses on convertible bonds paid or payable to a related company	(i)	601	615

Note:

- (i) Interest expenses on convertible bonds were paid or payable to Tanisca Investments Limited ("Tanisca") at 1% per annum. Tanisca is wholly owned by Mr. Mo Tianquan ("Mr. Mo"), who is a director and also interested in approximately 60.39% of the total issued share capital of the Company as at 30 September 2009.

(b) Outstanding balances with related parties:

Details of the Group's advance from a shareholder are included in note 11 to the condensed consolidated interim financial statements.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	863	852
Post-employment benefits	6	6
Total compensation paid to key management personnel	869	858