



MEXAN LIMITED

茂盛控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 22



INTERIM REPORT 2009/2010

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Lun Chi Yim (*Chairman*)

Lun Yiu Kay Edwin

(*Managing Director*)

Ng Tze Ho Joseph

Independent Non-Executive Directors:

Tse Kwing Chuen

Ng Hung Sui Kenneth

Lam Yiu Pang Albert

COMPANY SECRETARY

Nip Suk Ching

PRINCIPAL BANKERS

Dah Sing Bank, Limited

The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

REGISTERED OFFICE

Clarendon House

Church Street

Hamilton

HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7th Floor, Mexan Harbour Hotel

Hotel 2, Rambler Crest

No. 1 Tsing Yi Road

Tsing Yi

New Territories

Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda)
Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Hong Kong

WEBSITE

www.mexanhk.com

STOCK CODE

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The board of directors (the “Board”) of MEXAN LIMITED (the “Company”) announces the unaudited interim results and presents the interim report of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2009. The results have been reviewed by the Audit Committee. The unaudited condensed consolidated accounts of the Group for the six months ended 30 September 2009 together with the comparative figures for the corresponding previous period are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	Unaudited Six months ended 30 September 2009 HK\$'000	2008 HK\$'000 (Restated)
Turnover	2	29,957	37,279
Direct costs		(10,548)	(11,035)
Gross profit		19,409	26,244
Other revenues	2	8,925	4,052
Administrative expenses		(20,223)	(22,543)
Profit from operations		8,111	7,753
Finance costs	4	(3,293)	(5,464)
Profit before taxation		4,818	2,289
Taxation	5	(2,181)	(598)
Profit for the period	6	2,637	1,691
Attributable to:			
Equity holders of the Company		2,711	1,765
Minority interests		(74)	(74)
		2,637	1,691
Dividend		—	—
Basic earnings per share (cents)	7	0.207	0.135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

	Notes	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		605,164	613,976
Intangible assets		8,264	8,847
Prepaid lease payments		11,094	11,245
Club debentures		1,350	1,350
		625,872	635,418
Current assets			
Inventories		216	276
Prepaid lease payments		302	302
Trade and other receivables, deposits and prepayments	8	5,180	4,398
Loan receivable	9	130,905	125,225
Cash and cash equivalents		4,685	5,248
		141,288	135,449
Current liabilities			
Other payables, deposits received and accrued charges		8,921	7,354
Amount due to a minority shareholder		6,414	6,414
Dividend payable		1,515	1,515
Bank loans	10	306,639	309,182
Tax payable		4,253	2,814
		327,742	327,279
Net current liabilities		(186,454)	(191,830)
Total assets less current liabilities		439,418	443,588
Non-current liabilities			
Bank loans	10	205,728	213,271
Deferred tax liabilities		2,156	1,420
		207,884	214,691
Net assets		231,534	228,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2009

	Notes	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
EQUITY			
Share capital	11	26,218	26,218
Reserves		206,163	203,452
Equity attributable to equity holders of the Company		232,381	229,670
Minority interests		(847)	(773)
Total equity		231,534	228,897

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Unaudited							
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Attributable to equity holders of the Company			Total equity
					Retained profits	Minority interests		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009	26,218	57,556	129	104,874	40,893	229,670	(773)	228,897
Profit/(loss) for the period	—	—	—	—	2,711	2,711	(74)	2,637
At 30 September 2009	26,218	57,556	129	104,874	43,604	232,381	(847)	231,534

	Unaudited							
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Attributable to equity holders of the Company HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2008	131,092	57,556	129	—	26,827	215,604	(612)	214,992
Profit/(loss) for the period	—	—	—	—	1,765	1,765	(74)	1,691
At 30 September 2008	131,092	57,556	129	—	28,592	217,369	(686)	216,683

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2009

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Net cash inflow from operating activities	13,191	14,950
Net cash outflow from investing activities	(12)	(103,132)
Net cash (outflow)/inflow from financing activities	(13,742)	85,780
Decrease in cash and cash equivalents	(563)	(2,402)
Cash and cash equivalents at beginning of period	5,248	8,478
Cash and cash equivalents at end of period	4,685	6,076
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	4,685	6,076

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on historical cost basis and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2009, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“HK(IFRIC)”), which are effective for the current period’s unaudited condensed consolidated interim financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of assets from customers

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 clarifying wording. Except for the amendment to HKFRS 5 which is effective for 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.

Except for HKAS 1 (Revised) and HKFRS 8 giving rise to new accounting policies and additional disclosure as further described below, the adoption of the new interpretations and amendments has had no significant effect on these condensed consolidated interim financial statements.

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

HKAS 1 (Revised) *Presentation 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 owner, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expenses, either in one single statement, or in two linked statements. The Group has elected to present one statement.

HKFRS 8 *Operating Segment*

This standard 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 (See Note 3).

The Group has not early applied the following new and revised standards, amendments or interpretations which have been issued but are not yet effective:

HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 32 (Amendment)	Classification of rights issue ²
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Revised)	First-time adoption of HKFRSs ¹
HKFRS 1 (Amendments)	Additional exemptions for first-time adopters ³
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ³
HKFRS 3 (Revised)	Business combinations ¹
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners ¹
Various	Annual improvements to HKFRS 2009 ⁴

Effective date

- ¹ Annual periods beginning on or after 1 July 2009
- ² Annual periods beginning on or after 1 February 2010
- ³ Annual periods beginning on or after 1 January 2010
- ⁴ Annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

2. TURNOVER

Turnover is the Group's revenue, which represents the service provided, net of rebates and discounts. An analysis of the Group's turnover and other revenue are as follows:

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000 (Restated)
Turnover		
Hotel operations and management services	29,957	37,279
Other revenues		
Loan interest income and arrangement fee income less costs for recovery	8,782	4,043
Bank interest income	1	9
Other income	142	—
	8,925	4,052
Total revenues	38,882	41,331

3. SEGMENT INFORMATION

The Group's revenue and results for the periods ended 30 September 2009 and 2008 were mainly derived from hotel operation. In accordance with the Group's internal financial reporting, the Group has determined that the primary segment reporting basis is by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as the Group's operations are located in Hong Kong.

4. FINANCE COSTS

Finance costs comprise the following:

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000 (Restated)
Interest on bank loans not wholly payable within five years	1,399	2,774
Interest on bank loans wholly payable within five years	1,889	2,671
Total borrowing costs incurred	3,288	5,445
Bank charges	5	19
	3,293	5,464

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period. Overseas taxation is provided for the overseas operations in accordance with the tax laws of the countries in which the entities operate.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Current year tax charge	1,445	598
Deferred tax charge	736	—
	2,181	598

6. PROFIT FOR THE PERIOD

Profit for the period is stated after charging the following:

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Staff costs	11,720	11,886
Depreciation of property, plant and equipment	8,824	8,812
Amortisation of intangible assets	583	583
Release of prepaid lease payments to profit or loss	151	151
Provision for doubtful debts	—	19

7. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Earnings		
Earnings attributable to equity holders of the Company for the purpose of the calculation of basic earnings per share	2,711	1,765
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	1,310,925,244	1,310,925,244

No diluted earnings per share is shown as the Company has no potential dilutive ordinary shares at 30 September 2009.

For the period ended 30 September 2008, diluted earnings per share is not shown as the potential ordinary shares are anti-dilutive.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Trade receivables (note (a))	3,589	3,098
Other receivables	609	79
Deposits and prepayments	982	1,221
	5,180	4,398

- (a) The Group allows a credit period from nil to one month to its trade customers. All the trade receivables are expected to be recovered within one year. The following is an ageing analysis of trade receivables at the balance sheet date:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Within 30 days	2,531	2,797
31 - 60 days	1,058	301
	3,589	3,098

- (b) No allowance for doubtful debts was made during the period. All of the Company's trade receivables were neither past due nor impaired, which relate to a wide range of customers for whom there was no recent history of default.

9. LOANS RECEIVABLE

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Facilities (note)	106,200	108,900
Interest receivables less costs for recovery	24,705	16,325
	130,905	125,225

At 30 September 2009, the effective interest rate ranged from 1.5% to 2% per month.

Note:

Out of the total HK\$106,200,000 loan facilities noted as at 30 September 2009, HK\$104,000,000 loan facility ("Facility 1") was entered by Winland Mortgage Limited ("Winland Mortgage"), a wholly-owned subsidiary of the Company, with a borrower (the "Borrower"), a company incorporated in Hong Kong with limited liability and is principally engaged in property holding for a period of four months from the date of drawdown. Facility 1 was drawdown by the Borrower on 8 August 2008. A non-refundable arrangement fee of 0.8% and 2.0% monthly interest rate was charged on Facility 1.

Facility 1 was secured in favour to Winland Mortgage by (i) debenture including a fixed legal charge on a property of the Borrower, a hotel property named Tatami Hampton Hotel, No. 11 Changsha Street, Kowloon of Kowloon Inland lot No. 7339 (the "Property") and floating charge on all the Borrower's assets, undertakings and uncalled capital; (ii) assignment of sales proceeds from the sale of the Property; (iii) assignment of the relevant insurance policies of adequate coverage relating to the Property; (iv) irrevocable power of attorney to deal with the Property; and (v) other ancillary or further documents or securities as Winland Mortgage or its legal advisors required.

With reference to announcements made by the Company dated 5 December 2008, 11 June 2009 and 13 July 2009, the Company had extended the repayment period of Facility 1 for a further term of 6 months, 1 month and 6 months respectively with interest charged on the outstanding amount of Facility 1. Facility 1 will be expired on 7 January 2010.

During the six months period ended 30 September 2009, the Borrower has entered into a provisional sale and purchase agreement to dispose of the Property. On 26 November 2009, Winland Mortgage appointed receivers and managers to take possession of the Property. On 17 December 2009, the sale and purchase transaction was completed, Winland Mortgage has received HK\$136,904,154 which covered the principal amount of Facility 1, part of the loan interest entitled under the loan agreement and various fees related to the recovery of the Facility 1.

10. BANK LOANS

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
At 30 September 2009, the Group's bank loans are secured and repayable as follows:		
Within one year	306,639	309,182
After one year but within two years	16,364	16,807
After two years but within five years	50,470	51,181
After five years	138,894	145,283
	512,367	522,453
Less: Amount due for settlement within 12 months (shown under current liabilities)	306,639	309,182
Amount due for settlement after 12 months	205,728	213,271

As at 30 September 2009, bank loans are secured by the first legal charge of the hotel property of the Group, the corporate guarantee from the Company and guarantees from directors of the Group and their related companies.

The bank loans carry a variable interest rate with reference to the Hong Kong Inter-Bank Offer Rate.

11. SHARE CAPITAL

	Ordinary shares of HK\$0.02 each	
	Number of shares	HK\$'000
Authorised:		
At 1 April 2009 and 30 September 2009	3,000,000,000	60,000
Issued and fully paid:		
At 1 April 2009 and 30 September 2009	1,310,925,244	26,218

12. RELATED PARTY TRANSACTIONS

As at 30 September 2009, the directors consider the ultimate holding company of the Company to be Winland Stock (BVI) Limited which incorporated in the British Virgin Islands.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- (a) As at 30 September 2009, the Group's bank loans of HK\$512,367,000 (31 March 2009: HK\$522,453,000) were secured by personal guarantees from Mr. Lun Chi Yim and Mr. Lun Yiu Kay Edwin, directors of the Company, and corporate guarantees from Winland Finance Limited, Winland Enterprises Limited and Falcome Company Limited which are the related parties of the Company.
- (b) Amounts due to a minority shareholder is unsecured, interest free and repayable on demand.

13. COMPARATIVE FIGURES

The comparative figures for income from money lending business under Turnover and related cost under Direct Costs have been reclassified to confirm with the current year's presentation to better reflect the principal activities of the Group.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Turnover of the Group for the six months ended 30 September 2009 amounted to approximately HK\$30 million which solely comprised the turnover generated from the hotel operations, representing a decrease of 20% when compared with the turnover of approximately HK\$37.3 million generated for the corresponding period in 2008. The drop in turnover was due to the outbreak of the human swine flu and the drop of number of visitors during the period under review.

The Group recorded a profit attributable to equity holders of the Company of approximately HK\$2.7 million for the six months ended 30 September 2009, as compared to the profit attributable to equity holders of the Company of approximately HK\$1.8 million for the corresponding period in 2008. Although the gross profit from the hotel operation was decreased, increase of profit attributable to equity holders was resulted as there were reduction in finance costs due to the declined interest rate; and increase of loan interest income generated from the non-recurring money lending business, which mainly represented the interest earned from a loan to a third party, loan amount of which is HK\$104 million. As at 30 September 2009, interest amounted to HK\$250,000 was received from this loan. As at the date of this report, the Group has received HK\$136,904,154 from this loan, which covered the principal amount of this loan, part of the loan interest entitled under the loan agreement and various fees related to the recovery of this loan.

BUSINESS REVIEW AND OUTLOOK

The Group mainly focuses on the operation of Mexan Harbour Hotel, a 800-room four-star hotel in Tsing Yi. The Group has recorded a significant drop in turnover for the period under review when compared with the corresponding period in last year as there was an outbreak of the human swine flu in the second quarter of year 2009, together with the continuing decline in the number of visitors resulted from the global financial crisis.

Looking forward, it is still unclear as to how the hotel industry will be affected as there is still uncertainty whether the economic downturn is really over. The hotel business in Hong Kong in the foreseeable future will continue to be challenging.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 September 2009, the Group's total borrowings amounted to approximately HK\$512 million (31 March 2009: HK\$522 million). As at 30 September 2009, cash and bank balances amounted to approximately HK\$5 million (31 March 2009: HK\$5 million). The Group's net assets as at 30 September 2009 amounted to approximately HK\$232 million (31 March 2009: HK\$229 million).

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was approximately 221% as at 30 September 2009 compared to approximately 228% as at 31 March 2009.

Of the Group's total borrowings as at 30 September 2009, approximately HK\$307 million (60%) would be due within one year, approximately HK\$16 million (3%) would be due in more than one year but not exceeding two years, approximately HK\$50 million (10%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK\$139 million (27%) would be due in more than five years.

The Group's total borrowings were denominated in Hong Kong dollars, and bear a variable interest rate.

The above borrowings were secured by the hotel property, corporate guarantee from the Company and guarantees from directors and their related companies.

The Group has limited exposure to foreign exchange fluctuations as the Group's transactions including the borrowings are mainly conducted in Hong Kong dollars. As at 30 September 2009, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivative.

EMPLOYEE INFORMATION AND EMOLUMENT POLICY

As at 30 September 2009, the total number of employees of the Group was approximately 139 (31 March 2009: 135). Remuneration packages are generally structured by reference to market terms and individual qualifications. The emoluments of the Directors are determined having regard to the comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The remuneration policies of the Group are normally reviewed on a periodical basis. The Group participates in a mandatory provident fund scheme which covers all the eligible employees of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2009, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Scheme") has been adopted on 27 September 2004 for a term of 10 years from the date of adoption. No option has been granted under the Scheme during the period from the date of its adoption up to 30 September 2009.

A summary of the principal terms of the Scheme has been set out in the 2009 annual report of the Company. The terms of the Scheme have never been amended since its adoption.

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

As at 30 September 2009, the interests and short positions of the Directors and chief executive 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 ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(1) LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	No. of shares of HK\$0.02 each held	Capacity/ nature of interest	Approximate shareholding percentage as at 30 September 2009 (%)
Lun Chi Yim	711,108,037	Interest of controlled corporation/ Corporate interest	54.24

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

(1) LONG POSITIONS IN SHARES OF THE COMPANY *(Continued)*

Note:

These 711,108,037 shares are held by Winland Wealth (BVI) Limited. Winland Wealth (BVI) Limited is wholly owned by Winland Stock (BVI) Limited which is in turn wholly owned by Mr. Lun Chi Yim. Accordingly, both Winland Stock (BVI) Limited and Mr. Lun Chi Yim are deemed to be interested in the said 711,108,037 shares under the SFO.

(2) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATION

Name of associated corporation	Name of Director	No. of shares of US\$1.00 each held	Capacity/ nature of interest	Shareholding percentage as at 30 September 2009 (%)
Winland Stock (BVI) Limited	Lun Chi Yim	1	Beneficial owner/ Personal interest	100
Winland Wealth (BVI) Limited	Lun Chi Yim	1	Interest of controlled corporation/ Corporate interest	100

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executive of the Company or any of their respective associates had registered an interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which are required to be recorded under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the section headed "SHARE OPTION SCHEME", at no time during the six months ended 30 September 2009 was the Company, any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, the following corporations and persons, other than the Directors whose interests are disclosed above, who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Long/short position	No. of shares of HK\$0.02 each held	Capacity/ nature of interest	Approximate shareholding percentage as at 30 September 2009 (%)
Winland Wealth (BVI) Limited (Note i)	Long	711,108,037 (Note i)	Beneficial owner/ Beneficial interest	54.24
Suen Chui Fan (Note ii)	Long	711,108,037 (Note ii)	Interest of spouse/ Family interest	54.24
Winland Stock (BVI) Limited (Note iii)	Long	711,108,037 (Note iii)	Interest of controlled corporation/ Corporate interest	54.24

Notes:

- i. Mr. Lun Chi Yim was deemed to be interested by virtue of the SFO in the 711,108,037 shares of the Company held by Winland Wealth (BVI) Limited which was wholly owned by Winland Stock (BVI) Limited, a company wholly-owned by Mr. Lun.
- ii. Ms. Suen Chui Fan, the spouse of Mr. Lun Chi Yim, is deemed to be interested in Mr. Lun's shares which represented the same parcel of shares of the Company as held by Winland Wealth (BVI) Limited.
- iii. Winland Stock (BVI) Limited has declared an interest in 711,108,037 shares by virtue of its shareholding in its wholly-owned subsidiary, Winland Wealth (BVI) Limited.

Save as disclosed above, as at 30 September 2009, none of the substantial shareholder or other persons, other than the Directors or chief executive of the Company, had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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 ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009 except for the following deviation:

Under the code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in accordance with the Bye-laws, the Chairman and Managing Director are not subject to retirement by rotation or taken into account on determining the number of directors to retire. This constitutes a deviation from code provision A.4.2 of the CG Code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of Chairman and Managing Director provide the Group with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

During the period under review, there is no change in biographical details of Directors since the date of the 2009 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the CG Code, comprises all the independent non-executive directors. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2009 and discussed with the management the accounting principles and practices and internal control of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members, a majority of whom are independent non-executive directors. The role and function of the Remuneration Committee is to review, discuss and approve the remuneration mechanism of the directors and senior management of the Company and to establish and maintain a reasonable and competitive remuneration level in order to attract and retain the directors and senior management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the six months ended 30 September 2009.

APPRECIATION

We would like to thank all of our customers, suppliers, shareholders, professional advisers and bankers for their continuous support and all members of our management and staff for their dedicated work and effort during the period under review.

By Order of the Board
Lun Chi Yim
Chairman

Hong Kong, 18 December 2009