



Interim Report 2009 / 2010

SIMSEN INTERNATIONAL
C O R P O R A T I O N L I M I T E D
(incorporated in Bermuda with limited liability)

Stock Code : 993

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Corporate Information



HONORARY CHAIRMAN

Mr. CHEUNG Yan Lung CBE, OStJ, JP

DIRECTORS

Executive Directors

Mr. Haywood CHEUNG (*Chairman*)
Mr. CHAN Hok Ching (*Acting Managing Director*)
Mr. CHEUNG Tak Kwai, Stanley
Mr. CHOI Chiu Fai, Stanley
Dr. CHANG Si-Chung

Non-executive Director

Mr. MA Wei

Independent Non-executive Directors

Mr. CHAN Ka Ling, Edmond
Mr. HONG Po Kui, Martin
Mr. WONG Yu Choi

COMPANY SECRETARY

Ms. CHAN Yuen Ying, Stella

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

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RESIDENT REPRESENTATIVE

Codan Services Limited
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Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Hang Seng Bank Limited
Wing Lung Bank Limited
DBS Bank (Hong Kong) Limited
Chong Hing Bank Limited

SOLICITORS

Chiu & Partners

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F., Gloucester Tower, The Landmark,
11 Pedder Street, Central, Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
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Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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STOCK CODE

993

WEBSITE

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Unaudited Condensed Consolidated Financial Statements



The Board of Directors (the “Board”) of Simsen International Corporation Limited (the “Company”) is pleased to present to the shareholders the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 31 October 2009 together with the comparative figures on pages 4 to 27. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s auditors, HLB Hodgson Impey Cheng, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and by the Company’s audit committee (the “Audit Committee”).

Condensed Consolidated Income Statement

For the six months ended 31 October 2009



For the six months ended
31 October

	Notes	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) <i>Restated</i>
CONTINUING OPERATIONS			
Revenue	4	123,735	(62,682)
Other income		5,504	2,957
Administrative expenses		(116,407)	(61,798)
Impairment on goodwill		—	(55,233)
Impairment on available-for-sale investments		—	(1,843)
Impairment on intangible assets		(200)	—
Impairment on other long term assets		—	(4,468)
Reversal on impairment of an interest in a jointly controlled entity		—	252
Impairment on interests in associates		—	(33)
Reversal of impairment on accounts receivable		221	407
Loss on disposal of a subsidiary		(22,136)	—
Finance costs		(825)	(382)
Share of profits of:			
— Jointly-controlled entity		—	—
— Associates		20,238	30,802
PROFIT/(LOSS) BEFORE TAX	5	10,130	(152,021)
Tax	6	—	(482)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		10,130	(152,503)
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	7	75	4,227
PROFIT/(LOSS) FOR THE PERIOD		10,205	(148,276)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the Company		7,755	(152,380)
Non-controlling interests		2,450	4,104
		10,205	(148,276)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic			
— For profit/(loss) from continuing and discontinued operations (cents per share)	8	0.72	(14.07)
— For profit/(loss) from continuing operations (cents per share)	8	0.71	(14.46)
Diluted			
— For profit/(loss) from continuing and discontinued operations (cents per share)		N/A	N/A
— For profit/(loss) from continuing operations (cents per share)		N/A	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2009



For the six months ended
31 October

	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Profit/(loss) for the period	10,205	(148,276)
Other comprehensive income/(expense) for the period (after tax):		
Exchange difference arising on translation of financial statements of foreign operations	54	(5,794)
Reclassification adjustment for reserve reclassified to profit and loss upon disposal of a subsidiary	5,947	—
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	16,206	(154,070)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:		
Equity holders of the Company	13,756	(157,359)
Non-controlling interests	2,450	3,289
	16,206	(154,070)

Condensed Consolidated Statement of Financial Position

As at 31 October 2009



	Notes	31 October 2009 HK\$'000 (Unaudited)	30 April 2009 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		36,363	38,426
Goodwill		1,498	1,498
Other long term assets		6,153	6,393
Intangible assets		2,700	3,367
Interest in a jointly-controlled entity	9	—	—
Interests in associates	10	133,703	82,415
Available-for-sale investments	11	136	136
Total non-current assets		180,553	132,235
CURRENT ASSETS			
Inventories		130	130
Accounts receivable	12	100,448	83,618
Prepayments, deposits and other receivables		14,088	11,824
Due from associates	10	717	667
Equity investments at fair value through profit or loss	13	2,636	35,495
Bank trust account balances		169,780	148,412
Pledged bank deposits		10,628	10,625
Cash and cash equivalents		57,502	58,314
Total current assets		355,929	349,085
CURRENT LIABILITIES			
Accounts payable	14	223,917	225,098
Promissory notes		20,000	—
Other payables and accruals		10,291	10,639
Interest-bearing bank borrowings		48,508	13,519
Finance leases payable		290	276
Tax payable		905	903
Due to minority shareholders		763	1,281
Total current liabilities		304,674	251,716

Condensed Consolidated Statement of Financial Position

As at 31 October 2009



	Notes	31 October 2009 HK\$'000 (Unaudited)	30 April 2009 HK\$'000 (Audited)
NET CURRENT ASSETS		51,255	97,369
TOTAL ASSETS LESS CURRENT LIABILITIES		231,808	229,604
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		6,994	7,694
Finance leases payable		344	490
Loan from a minority shareholder		654	900
Deferred tax liabilities		445	445
Provision for long service payments		3,250	3,368
Total non-current liabilities		11,687	12,897
NET ASSETS		220,121	216,707
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	15	10,830	10,830
Reserves		209,291	195,535
Total equity attributable to equity holders of the Company		220,121	206,365
Non-controlling interests		—	10,342
TOTAL EQUITY		220,121	216,707

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 October 2009



	Attributable to equity holders of the Company							
	Issued capital	Share premium	Contributed surplus	Currency	Retained earnings	Total	Non-controlling interests	Total equity
				translation				
				reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 May 2008	10,830	186,689	5,232	(402)	224,001	426,350	9,810	436,160
Changes in equity for the period:								
Total comprehensive expense for the period	—	—	—	(4,979)	(152,380)	(157,359)	(3,289)	(154,070)
At 31 October 2008	10,830	186,689	5,232	(5,381)	71,621	268,991	13,099	282,090

	Attributable to equity holders of the Company							
	Issued capital	Share premium	Contributed surplus	Currency	Retained earnings	Total	Non-controlling interests	Total equity
				translation				
				reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 May 2009	10,830	186,689	5,232	(5,920)	9,534	206,365	10,342	216,707
Changes in equity for the period:								
Total comprehensive income for the period	—	—	—	6,001	7,755	13,756	1,697	15,453
Disposal of a subsidiary	—	—	—	—	—	—	(12,039)	(12,039)
At 31 October 2009	10,830	186,689	5,232	81	17,289	220,121	—	220,121

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 October 2009



For the six months ended
31 October

	2009 HK\$'000	2008 HK\$'000
Net cash inflow from operating activities	6,890	5,016
Net cash outflow from investing activities	(61,412)	(6,992)
Net cash inflow/(outflow) from financing activities	56,233	(18,048)
Increase/(decrease) in cash and cash equivalents	1,711	(20,024)
Cash and cash equivalents at beginning of period	49,869	92,706
Cash and cash equivalents at end of period	51,580	72,682
Analysis of balances of cash and cash equivalents		
Cash and bank balances	57,502	81,109
Bank overdraft	(5,922)	(8,427)
	51,580	72,682

Notes to Condensed Consolidated Financial Statements



1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2009 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2009 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 April 2009, except as described below.

2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

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

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 May 2009.

Notes to Condensed Consolidated Financial Statements



2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

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>
HK(IFRIC) — Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) — <i>Int 9 Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement — Embedded Derivatives</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>
HK(IFRIC) — Int 18	<i>Transfers of Assets from Customers</i>

Apart from the above, the HKICPA has issued Improvements to HKFRSs* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording for annual periods beginning on or after 1 January 2009.

* Improvements to HKFRSs contains amendments to 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.

Except for HKAS 1 (Revised) as described below, the adoption of the new HKFRSs had no material effect on the results of operation and financial position for the current or prior accounting periods which have been prepared and presented.

Notes to Condensed Consolidated Financial Statements



2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

HKAS 1 (Revised) *Presentation of Financial Statements*

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 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.

Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards

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

HKFRSs (Amendments)	<i>Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008¹</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2009²</i>
HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards¹</i>
HKFRS 1 (Amendment)	<i>Additional Exemptions for First-time Adopters⁵</i>
HKFRS 2 (Amendment)	<i>Group Cash-settled Share-based Payment Transactions⁵</i>
HKFRS 3 (Revised)	<i>Business Combinations¹</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements¹</i>
HKAS 32 (Amendment)	<i>Classification of Rights Issues⁴</i>
HKAS 24 (Revised)	<i>Related Party Disclosures³</i>
HKFRS 9	<i>Financial Instruments⁶</i>
HK(IFRIC) — Int 14 (Amendment)	<i>Prepayment of a Minimum Funding Requirement³</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items¹</i>
HK(IFRIC) — Int 17	<i>Distributions of Non-cash Assets to Owners¹</i>
HK(IFRIC) — Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments⁷</i>

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010 as appropriate

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 January 2010

⁶ Effective for annual periods beginning on or after 1 January 2013

⁷ Effective for annual periods beginning on or after 1 July 2010

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 May 2009. HKFRS 8 requires that operating segments be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segment information.

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 business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- the securities segment represents broking and dealing of the securities, futures and options contracts, the provision of margin financing, advisory on asset management and insurance consultancy services, and results of investment holding and proprietary trading of securities;
- the bullion segment represents the broking and dealing of bullion contracts;
- the forex segment represents the broking and dealing of forex contracts;
- the trading segment represents shipment sales of motor vehicles, spare parts, accessories and related products, that was discontinued during the period under review; and
- the corporate and others segment comprises loan financing, entertainment business, the provision of management and consultancy services, mining operations and other services together with corporate income and expense items;

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

The following tables present revenue, profit/(loss) and certain asset for the Group's business segments for the six months ended 31 October 2009 and 2008.

For the six months ended 31 October 2009

	Continuing operations				Discontinued Operation		Consolidated HK\$'000
	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Trading HK\$'000	
Segment revenue:							
Sales to external customers	86,469	12,735	21,109	3,422	123,735	3,604	127,339
Other income	3,972	873	9	559	5,413	389	5,802
Total	90,441	13,608	21,118	3,981	129,148	3,993	133,141
Segment results	14,811	(1,482)	16,439	(24,269)	5,499	177	5,676
Unallocated interest income and other income							91
Unallocated expenses							(14,673)
Impairment on intangible assets	(200)	—	—	—	(200)	—	(200)
Share of profits of associates	—	—	—	20,238	20,238	—	20,238
Finance costs	(26)	—	(3)	(796)	(825)	(102)	(927)
Profit before tax							10,205
Tax							—
Profit for the period							10,205

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

For the six months ended 31 October 2008 — restated

	Continuing operations				Discontinued Operation		Consolidated HK\$'000
	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Trading HK\$'000	
Segment revenue:							
Sales to external customers	(68,486)	2,258	868	2,678	(62,682)	16,890	(45,792)
Other income	565	—	1	516	1,082	3,406	4,488
Total	(67,921)	2,258	869	3,194	(61,600)	20,296	(41,304)
Segment results	(100,562)	(1,859)	(3,924)	(5,557)	(111,902)	4,750	(107,152)
Unallocated interest income and other income							1,925
Unallocated expenses							(11,090)
Impairment on goodwill	(55,233)	—	—	—	(55,233)	—	(55,233)
Impairment on available-for-sale investments	—	—	—	(1,843)	(1,843)	—	(1,843)
Impairment on other long term assets	—	—	—	(4,468)	(4,468)	—	(4,468)
Reversal of impairment/ (impairment) of interests in							
— a jointly-controlled entity	—	—	—	252	252	—	252
— associates	—	—	—	(33)	(33)	—	(33)
Share of profits of associates	—	—	—	30,802	30,802	—	30,802
Finance costs	(8)	—	(5)	(369)	(382)	(572)	(954)
Loss before tax							(147,794)
Tax							(482)
Loss for the period							(148,276)

Notes to Condensed Consolidated Financial Statements



3. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's assets by operating segments:

	31 October 2009 HK\$'000 (Unaudited)	30 April 2009 HK\$'000 (Audited)
Securities	262,289	233,296
Bullion	3,911	3,779
Forex	34,363	41,392
Trading	1,700	20,617
Corporate and others	30,172	29,378
Total segment assets	332,435	328,462
Interests in associates	133,703	82,415
Unallocated head office and corporate assets	70,344	70,443
	536,482	481,320

Notes to Condensed Consolidated Financial Statements



4. REVENUE

Revenue, which is also the Group's turnover, represents commission and brokerage income from securities, bullion, forex and futures contracts; profit or loss on trading of securities and bullion; and interest income from loan and margin financing activities. An analysis of the Group's revenue from continuing operations is as follows:

	For the six months ended 31 October	
	2009 HK\$'000	2008 HK\$'000 <i>Restated</i>
Revenue		
Fees and commission income from bullion, forex, securities and futures contract broking	89,804	37,412
Trading gain/(loss) on bullion, forex, securities and futures contracts, net	25,700	(102,972)
Interest income from loan and margin financing activities	4,870	126
Others	3,361	2,752
	123,735	(62,682)

5. PROFIT/(LOSS) BEFORE TAX

	For the six months ended 31 October	
	2009 HK\$'000	2008 HK\$'000 <i>Restated</i>
The Group's profit/(loss) before tax is arrived at after charging/(crediting):		
Amortisation	465	556
Depreciation	3,231	3,384
Minimum lease payments under operating leases on leasehold land and buildings	7,310	7,574
Employee benefits expense (including directors' remuneration benefits)	28,256	27,463
Exchange (gains)/losses, net	(3,358)	5,025

Notes to Condensed Consolidated Financial Statements



6. TAX

	For the six months ended 31 October	
	2009	2008
	HK\$'000	HK\$'000
Current		
— Hong Kong	—	482
— Elsewhere	—	—
Deferred	—	482
Total tax expense for the period	—	482

No Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2008: HK\$482,000). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. DISCONTINUED OPERATION

During the period under review, the Group discontinued its trading of motor vehicles and related products operation. The effective date of the discontinuance was in September 2009. The results of the discontinued operations were as follows:

	Notes	For the six months ended 31 October	
		2009	2008
		HK\$'000	HK\$'000
Revenue		3,993	20,346
Expenses		(3,918)	(16,119)
Profit before tax		75	4,227
Tax		—	—
Profit for the period from discontinued operation		75	4,227

Notes to Condensed Consolidated Financial Statements



7. DISCONTINUED OPERATION (continued)

The net cash flows attributable to the discontinued operation are as follows:

	Notes	For the six months ended	
		31 October	
		2009	2008
		HK\$'000	HK\$'000
Operating activities		75	4,227
Investing activities		—	—
Financing activities		—	—
Net cash inflow		75	4,227

8. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations:

The calculation of basic earnings/(loss) per share for the continuing and discontinued operations is based on the profit for the period from the continuing and discontinued operations attributable to the equity holders of the Company of HK\$7,755,000 (2008: loss of HK\$152,380,000) and 1,083,044,000 (2008: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted earnings/(loss) per share for the continuing and discontinued operations for the six months ended 31 October 2009 and 2008 have not been disclosed as no diluting event existed during these periods.

From continuing operations

The calculation of basic earnings/(loss) per share for the continuing operations is based on the profit for the period from the continuing operations attributable to the equity holders of the Company of HK\$7,680,000 (2008: loss of HK\$156,607,000) and 1,083,044,000 (2008: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted earnings/(loss) per share for the continuing operations for the six months ended 31 October 2009 and 2008 have not been disclosed as no diluting event existed during these periods.

Notes to Condensed Consolidated Financial Statements



8. EARNINGS/(LOSS) PER SHARE (continued)

From discontinued operation

Basic earnings per share for the discontinued operation is HK0.01 cents per share (2008: HK0.39 cents per share), based on the profit for the period from the discontinued operation of HK\$75,000 (2008: HK\$4,227,000) and 1,083,044,000 (2008: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted earnings per share for the discontinued operation for the six months ended 31 October 2009 and 2008 have not been disclosed as no diluting event existed during these periods.

9. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	31 October 2009 HK\$'000	30 April 2009 HK\$'000
Share of net assets	—	—
Loan to a jointly-controlled entity	1,976	1,976
	1,976	1,976
Provision for impairment	(1,976)	(1,976)
	—	—

The loan to a jointly-controlled entity is unsecured, interest bearing at the Hong Kong dollar prime rate plus 2% per annum and is repayable within one year. In the opinion of the directors, balances with the jointly-controlled entity have been fully impaired because the operation of the jointly-controlled entity is declining and the likelihood of recoverability is low.

Notes to Condensed Consolidated Financial Statements



9. INTEREST IN A JOINTLY-CONTROLLED ENTITY (continued)

Particulars of the jointly-controlled entity at 31 October 2009 are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Effective equity interest attributable to the Group	The Group's percentage of voting power	The Group's percentage of profit sharing	Principal activity
sunArt Entertainment Limited ("sunArt")	Corporate	Hong Kong	50%	50%	50%	Entertainment

Since the year ended 30 April 2007, the Group discontinued the recognition of its share of losses of sunArt because the share of losses of it had exceeded the Group's interest therein. The Group's accumulated unrecognised share of losses of sunArt for the period ended 31 October 2009 was HK\$1,965,000 (2008: HK\$1,933,000).

10. INTERESTS IN ASSOCIATES

	31 October 2009 HK\$'000	30 April 2009 HK\$'000
Share of net assets	5,954	75,001
Goodwill on acquisition	2,968	2,447
	8,922	77,448
Loans to associates	125,470	5,133
Due from associates	925	1,398
	135,317	83,979
Provision for impairment	(897)	(897)
	134,420	83,082
Loss: Current portion		
Loans to associates	1,536	1,536
Due from associates	78	28
	1,614	1,564
Provision for impairment	(897)	(897)
	717	667
Non-current portion	133,703	82,415

The loans to associates included HK\$1,536,000 (2009: HK\$1,536,000) that are unsecured, interest-bearing with interest charged at the Hong Kong dollar prime rate plus 2% per annum and repayable on demand. Other than the aforementioned, the balances with associates are unsecured, interest-free and have no fixed terms of repayment. Because the timing of repayment cannot be determined with reasonable certainty, it is not considered meaningful to disclose their fair value.

Notes to Condensed Consolidated Financial Statements



10. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates are as follows:

Name	Business structure	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group		Principal activities
			31 October 2009	30 April 2009	
Asia Vigour Productions Limited	Corporate	Hong Kong	48%	48%	Producing, organising and promoting live concerts
Asia Vigour (Holdings) Limited	Corporate	British Virgin Islands	48%	48%	Investment holding
Gain Hill Investments Limited	Corporate	Hong Kong	30%	30%	Investment holding
深圳品村餐飲有限公司	Corporate	People's Republic of China	30%	30%	Restaurant
Sun Finance Company Limited	Corporate	Hong Kong	49%	—	Money lending
德年國際股份有限公司 ("De-Nian")	Corporate	Taiwan	—	21.75%	Property development

On 30 July 2009, the Group entered into an agreement with Sino Harvest Investments Holdings Limited to acquire a 49% equity interest in Sun Finance Company Limited at a total consideration of HK\$130,000,000. Further details of the acquisition are set out in a circular of the Company dated 25 August 2009. The transaction was completed on 10 September 2009.

On 1 September 2009, the Group entered into an agreement with Miss Lu Sheng Ying, an independent third party, to dispose of 87.01% equity interest of Think Right Limited, being entire equity interest of Think Right Limited owned by the Group, at a total consideration of HK\$70,000,000. As at the date of disposal, Think Right Limited held 25% equity interest of De-Nian. Further details of the disposal are set out in a circular of the Company dated 23 October 2009. The disposal was completed on 30 October 2009.

Notes to Condensed Consolidated Financial Statements



11. AVAILABLE-FOR-SALE INVESTMENTS

	31 October 2009 HK\$'000	30 April 2009 HK\$'000
Unlisted equity investments in Hong Kong, at cost	136	136
Less: Provision for impairment	—	—
	136	136
Unlisted equity investments outside Hong Kong, at cost	17,661	17,661
Less: Provision for impairment	(17,661)	(17,661)
	—	—
	136	136

The above equity investments were designated as available-for-sale equity financial assets and have no fixed maturity date or coupon rate.

12. ACCOUNTS RECEIVABLE

	31 October 2009 HK\$'000	30 April 2009 HK\$'000
Accounts receivable		
— from securities, futures, forex and bullion dealing services	102,099	66,681
— from margin financing and money lending operations	575	605
— from trading operations	159	56,406
— from corporate and other operations	96	33
	102,929	123,725
Impairment	(2,481)	(40,107)
	100,448	83,618

Notes to Condensed Consolidated Financial Statements



12. ACCOUNTS RECEIVABLE (continued)

An aged analysis of the accounts receivable as at the end of the reporting period, based on the settlement due date and net of provisions for impairment, is as follows:

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
Current to 1 month	93,412	62,597
1 to 3 months	4,613	4,257
3 months to 1 year	487	15,464
Over 1 year	1,936	1,300
	100,448	83,618

The movements in provision for impairment of accounts receivable are as follows:

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
At beginning of period/year	40,107	2,851
Impairment losses recognised	42	38,952
Amounts written off as uncollectible	(37,405)	(493)
Impairment losses reversed	(263)	(1,203)
At end of period/year	2,481	40,107

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
Listed equity investments, at market value:		
— Hong Kong	2,636	3,458
— Elsewhere	—	32,037
	2,636	35,495

Notes to Condensed Consolidated Financial Statements



14. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable at the end of the reporting period, based on the settlement due date, is as follows:

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
Current to 1 month	223,917	225,098

15. SHARE CAPITAL

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
Authorised:		
50,000,000,000 (30 April 2009: 50,000,000,000) ordinary shares of HK\$0.01 each	500,000	500,000
Issued and fully paid:		
1,083,044,000 (30 April 2009: 1,083,044,000) ordinary shares of HK\$0.01 each	10,830	10,830

16. OPERATING LEASE ARRANGEMENTS

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

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 October 2009	30 April 2009
	HK\$'000	HK\$'000
Within one year	19,417	13,572
In the second to fifth years, inclusive	13,089	8,553
	32,506	22,125

Notes to Condensed Consolidated Financial Statements



17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16 above, the Group had the following commitments at the end of the reporting period:

- (a) HK\$92,866,000 (30 April 2009: HK\$16,829,000) and HK\$233,848,000 (30 April 2009: HK\$155,177,000) in respect of the net open position of bullion contracts and forex contracts undertaken in the ordinary course of business existing at the end of the reporting period.
- (b) HK\$400,000 for the acquisition of a computerised operation system for forex and bullion segment, which was contracted but not provided for.

18. DISPOSAL OF A SUBSIDIARY

On 1 September 2009, the Group entered into an agreement with Miss Lu Sheng Ying, an independent third party, to dispose of 87.01% equity interest of Think Right Limited, being entire equity interest of Think Right Limited owned by the Group, at a consideration of HK\$70,000,000. As at the date of disposal, Think Right Limited held 25% equity interest of De-Nian. Further details of the disposal are set out in a circular of the Company dated 23 October 2009. The disposal was completed on 30 October 2009.

	2009
	HK\$'000
Net assets disposed of:	
Interest in associates	98,482
Current account with the Group	16
Non-controlling interests	(12,792)
	85,706
Realisation of reserves:	
Currency translation reserve	5,947
Cost of disposal	483
Loss on disposal of a subsidiary	(22,136)
	70,000
Satisfied by:	
Cash	70,000

Notes to Condensed Consolidated Financial Statements



19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed financial statements, the Group had the following material transactions with related parties during the period:

	Note	For the six months ended	
		2009	2008
		HK\$'000	HK\$'000
Interest received from an associate	(i)	54	33
Employment compensation paid to the close family members of certain directors of the Company		779	676

Note:

- (i) Interest receivable arose from loans that are unsecured, bearing interest at prime rate plus 2% per annum.
- (b) Other transactions with related parties

Certain banking facilities granted to the subsidiaries of the Company are secured by a bank deposit of HK\$2,000,000 (30 April 2009: HK\$2,000,000) granted by the honorary chairman of the Company and personal guarantees executed by the honorary chairman, a director of the Company and certain executives of a subsidiary of the Company.

20. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

Management Discussion And Analysis



BUSINESS REVIEW

During the period under review, the Group recorded an unaudited profit of approximately HK\$10,205,000 (2008: loss of HK\$148,276,000). Revenue for the period under review was approximately HK\$123,735,000 (2008: negative revenue of HK\$62,682,000), representing an increase of approximately 297%.

On 1 September 2009, the Group entered into an agreement to dispose of 87.01% equity interest of Think Right Limited, being entire equity interest of Think Right Limited owned by the Group, at a total consideration of HK\$70,000,000. Completion of the disposal took place on 30 October 2009. In spite of the Group's initial expectation to record a profit from the disposal of approximately HK\$703,000 as stated in a circular to the shareholders dated 23 October 2009, the Group recorded a loss on disposal of approximately HK\$22,136,000. The loss mainly represented the share of profit of an associate company held by Think Right Limited during the period under review and the realisation of currency translation loss brought forward from previous year.

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts, provision of IPO margin financing, advisory on asset management and insurance consultancy services, and results of investment holding and proprietary trading of securities. Revenue from the securities segment was approximately HK\$86,469,000 for the period under review (2008: negative revenue of HK\$68,486,000), the substantial improvement in revenue was mainly due to the fair value loss in investment securities of approximately HK\$98,055,000 recorded in last corresponding period. Apart from the above, the brokerage operation fee and commission income to the Group during the period under review recorded an increase of approximately 179%.

Bullion

The bullion segment comprises broking and dealing of bullion contracts, which recorded a revenue of about HK\$12,735,000 and a loss of about HK\$1,482,000 respectively for the period under review (2008: HK\$2,258,000 and HK\$1,859,000).

Forex

The forex segment comprises broking and dealing of forex contracts, which recorded a revenue of about HK\$21,109,000 and a profit of about HK\$16,439,000 respectively for the period under review (2008: revenue of HK\$868,000 and loss of HK\$3,924,000).

Management Discussion And Analysis



Trading

The trading segment comprises the sales and distribution of vehicles and trading of spare parts, accessories and related products of vehicles. Due to the deterioration of the financial position of a dealer and unfavorable economic climate in Philippine, a provision of HK\$37,398,000 was made against the amount due from the dealer in the second half of last financial year and the same was written off in current period under review. For the period under review, a revenue of approximately HK\$3,604,000 and a profit of approximately HK\$177,000 (2008: HK\$16,890,000 and HK\$4,750,000) were recorded. In view of the unsatisfactory operating result of this segment, the Board has terminated the operation of this segment.

Corporate and Others

The corporate and others segment comprises loan financing, entertainment business, the provision of management and consultancy services, mining operations and other services together with corporate income and expense items. Revenue generated from corporate and others segment was approximately HK\$3,422,000 for the period under review as compared with approximately HK\$2,678,000 for the corresponding period in 2008. The loss for the period amounted to approximately HK\$24,269,000 (2008: HK\$5,557,000).

The Group will continue to review and monitor the performance of the corporate and other business so that appropriate business re-arrangement and restructuring could be planned for the benefits of the Group.

SIGNIFICANT EVENT

On 24 June 2009, Simsen (China) Investment Limited (a wholly-owned subsidiary of the Company), 中國吉林省旅游投資開發有限責任公司 and Boardway Investment Limited (which is wholly and beneficially owned by Dr. Chang Si-Chung, an executive Director of the Company) entered into a joint venture agreement, pursuant to which Simsen (China) Investment Limited will contribute 19% (i.e. US\$190,000) in the capital of the joint venture. Details of the transaction was set out in an announcement of the Company dated 24 June 2009. On 29 October 2009, the parties entered into another agreement to terminate the joint venture agreement.

Management Discussion And Analysis



CAPITAL STRUCTURE

As at 31 October 2009, the Group had secured bank loans, trust receipt loans and bank overdrafts of about HK\$49,260,000, HK\$319,000 and HK\$5,922,000 bearing interest at Hong Kong dollar prime rate minus 2.4%, prime rate and prime rate plus 0.5% per annum and repayable within seven years, within four months and on demand respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2009, the current ratio of the Group was at approximately 117% and the net current assets were approximately HK\$51,255,000. The Group's gearing ratio, which was derived by dividing the aggregate amount of bank borrowings and other interest-bearing loan by the amount of shareholder's equity, was approximately 35%.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

On 30 July 2009, Manvin Services Limited (a wholly-owned subsidiary of the Company), Sino Harvest Investments Holdings Limited, the Company and Ms. Yeung So Mui (an independent third party) entered into a conditional sale and purchase agreement in relation to the acquisition by Manvin Services Limited the 49% of the entire issued share capital and 49% of the shareholder's loan of Sun Finance Company Limited at a total consideration of HK\$130,000,000. The acquisition was completed on 10 September 2009 and its details were set out in a circular to the shareholders of the Company dated 25 August 2009.

On 1 September 2009, Firstmount International Limited (a wholly-owned subsidiary of the Company) and Ms. Lu Sheng Ying (呂聖螢) (an independent third party) entered into a conditional sale and purchase agreement in relation to the disposal by Firstmount International Limited of approximately 87.01% of the entire issued share capital of Think Right Limited at a total consideration of HK\$70,000,000 in cash. The disposal was completed on 30 October 2009 and its details were set out in a circular to the shareholders of the Company dated 23 October 2009.

Save as disclosed above, the Group made no significant investment nor had it made any material acquisition or disposal of subsidiaries and associates during the period under review.

Management Discussion And Analysis



CURRENCY STRUCTURE

As at 31 October 2009, the Group has the following assets and liabilities denominated in foreign currency:

	Foreign Currency	31 October 2009 '000
Interest in associates	RMB	750
Accounts receivable	USD	21
Prepayments, deposits and other receivables	USD	200
	RMB	21
Cash and bank balances	RMB	72
Other payables and accrued liabilities	RMB	(10)
Trust receipt loans	USD	(41)

CHARGES ON GROUP ASSETS

As at 31 October 2009, the total bank loans and obligations under finance lease amounted to approximately HK\$55,501,000 and HK\$634,000 respectively, which were secured by the properties held by the Group and the leased assets acquired under the finance leases.

EMPLOYEE AND REMUNERATION POLICY

As at 31 October 2009, the Group employed a total of about 231 employees as compared to 212 employees in 2008. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. When formulating staff remuneration and benefit policies, primary considerations are given to their performance and prevailing salary levels in the market. Benefits provided to the employees by the Group including training, Mandatory Provident Fund and medical coverage. No share options were granted since the adoption of the share options scheme on 4 March 2002.

Management Discussion And Analysis



SUBSEQUENT EVENT

On 19 November 2009, Haywood Shares Holding Limited (which is owned as to 99.99% by Mr. Haywood Cheung and 0.01% by Mr. Cheung Yan Lung), iWin Limited, Lynch Oasis Inc., Super Century Investments Limited (which is owned as to 60% by Mr. Peng Xiaodong and 40% by Step Fast Company Limited, which is wholly-owned by Mr. Li Jiang Nan), Mr. Haywood Cheung and Mr. Choi Chiu Fai, Stanley entered into a conditional sale and purchase agreement (the “Conditional Agreement”) in relation to the purchase of 650,901,127 shares, representing approximately 60.099% of the issued share capital of the Company for a total consideration of HK\$130,180,225.40 by Super Century Investments Limited.

Upon completion, Super Century Investments Limited and the parties acting in concert with it will own in aggregate 650,901,127 shares, representing approximately 60.099% of the issued share capital of the Company. As a result, Super Century Investments Limited will be required to make a mandatory unconditional general offer in cash for the offer shares under Rule 26.1 of the Takeovers Code. The obligation of Super Century Investments Limited to make the offer is conditional upon completion of the Conditional Agreement. Its details were set out in the announcement of the Company dated 2 December 2009.

On 27 November 2009, Tuxedo Enterprises Limited (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement (the “Cheung’s Disposal Agreement”) with iWin Limited (which is owned as to 75% by Mr. Haywood Cheung, an executive Director, the chairman and a controlling Shareholder of the Company, and 25% by Mr. Cheung Tak Kwai, Stanley, an executive Director of the Company) in relation to the disposal by Tuxedo Enterprises Limited the entire issued share capital of Cheung’s Gold Traders Limited for a total consideration of HK\$5,000,000, subject to adjustments in accordance with the provisions of the Cheung’s Disposal Agreement. Its details were set out in a circular to the shareholders of the Company dated 15 January 2010.

On 27 November 2009, Linewear Assets Limited (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement (the “H&S Disposal Agreement”) with Tracing Paper International Limited (which is owned as to 70% by Mr. Haywood Cheung and 30% by Lynch Oasis Inc. (which is owned as to 50% by each of Ms. Cheung Fung Kuen, Maggie and Mr. Choi Chiu Fai, Stanley, an executive Director of the Company)) in relation to the disposal by Linewear Assets Limited the entire issued share capital of Head & Shoulders Securities Limited for a total consideration of HK\$31,000,000, subject to adjustments in accordance with the provisions of the H&S Disposal Agreement. Its details were set out in a circular to the shareholders of the Company dated 15 January 2010.

PROSPECTS

With the development of the economy and financial market in China, Hong Kong being a part of China, the Directors are confident towards the future development of the financial business sector in Hong Kong. In order to further strengthen the position of the Group in the financial market, the Group has taken steps to expand its financial business operation including opening of new financial service offices with plan to provide more comprehensive financial services to its clients.

Despite the financial business expansion plan, the Group will continue to adopt a prudent approach to control the operating expenses with an expectation to enhance the return to the shareholders of the Company in future.

Other Information



INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2009 (2008: Nil).

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

As at 31 October 2009, the interests and long positions of the Directors and chief executives 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 kept by the Company under 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in ordinary shares of the Company

Name of Director	Notes	Number of issued ordinary shares of HK\$0.01 each in the Company			
		Interest as beneficial owner	Interest of controlled corporation	Total number of ordinary shares held	Approximate percentage of shareholding
Mr. Haywood Cheung	(a)	—	365,225,127	365,225,127	33.722%
Mr. Chan Hok Ching		170,000	—	170,000	0.016%
Mr. Choi Chiu Fai, Stanley	(b)	—	321,676,000	321,676,000	29.701%
Mr. Chan Ka Ling, Edmond	(c)	—	50,000	50,000	0.005%

Other Information



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

Notes:

- (a) These 365,225,127 shares comprised:
 - (i) 352,425,127 shares held by Haywood Shares Holding Limited, which is 99.99% owned by Mr. Haywood Cheung; and
 - (ii) 12,800,000 shares held by iWin Limited, which is 75% owned by Mr. Haywood Cheung.
- (b) These 321,676,000 shares held through Lynch Oasis Inc., which is owned as to 50% by each of Mr. Choi Chu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie. Therefore, Mr. Choi Chiu Fai, Stanly is deemed to be interested in these shares.
- (c) These 50,000 shares are owned by Mr. Chan Ka Ling, Edmond through his personal investment company, E-Source Holdings Limited.

Save as disclosed above and in the section under the heading "Directors' rights to acquire shares or debentures" below, as at 31 October 2009, none of the Directors or the chief executive of the Company had any interest in long positions or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Other Information



DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

As at 31 October 2009, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO:

Interest in ordinary shares of the Company

Name of shareholder	Notes	Number of issued ordinary shares of HK\$0.01 each in the Company			Approximate percentage of the shareholding
		Interest as beneficial owner	Interest of controlled corporation	Total number of ordinary shares held	
Haywood Shares Holding Limited	(a)	352,425,127	—	352,425,127	32.540%
Lynch Oasis Inc.	(b)	321,676,000	—	321,676,000	29.701%
Ms. Cheung Fung Kuen, Maggie	(b)	—	321,676,000	321,676,000	29.701%

Notes:

- (a) These interests are also included as interest of controlled corporation of Mr. Haywood Cheung, as disclosed under the heading "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above.
- (b) These 321,676,000 shares are held through Lynch Oasis Inc., which is owned as to 50% by each of Ms. Cheung Fung Kuen, Maggie and Mr. Choi Chiu Fai, Stanley, an executive Director of the Company. Therefore, Ms. Cheung Fung Kuen is deemed to be interested in these shares.

Save as disclosed above, as at 31 October 2009, no other person (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO.

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

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

Other Information



CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the Code of Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) for the six months ended 31 October 2009. The Board’s annual review of the effectiveness of the system of internal control of the Group pursuant to C.2.1 of the CG Code will be reported upon in the forthcoming corporate governance report to be contained in the Company’s annual report for the financial year ending 30 April 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that they had fully complied with the standards as set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The Audit Committee comprises three independent non-executive Directors of the Company. The unaudited financial statements for the six months ended 31 October 2009 have been reviewed by the Audit Committee.

APPRECIATION

I would like to take this opportunity to thank the shareholders of the Company for their continuing support and all the staff for their dedication and hard work.

By Order of the Board
Haywood Cheung
Chairman

Hong Kong, 22 January 2010