Interim Report 2010

Madex International (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

CORPORATE INFORMATION

Board of Directors

Executive Directors:
Mr. Zhong Guoxing
(Chief Executive Officer)
Mr. Zhang Guodong

Non-executive Director:
Ms. Liang Huixin

Independent Non-executive Directors:
Dr. Dong Ansheng
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, JP

Audit Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, JP

Remuneration Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Zhong Guoxing
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, JP

Nomination Committee

Dr. Dong Ansheng
(Committee Chairman)
Mr. Zhong Guoxing
Mr. Hung Hing Man
Dr. Tam Hok Lam, Tommy, JP

Authorised Representatives

Mr. Zhong Guoxing
Mr. Chan Kwan Pak

Company Secretary

Mr. Chan Kwan Pak

Auditors

SHINEWING (HK) CPA Limited
43/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Principal Bankers

Bank of Communications Co. Ltd.
(Hong Kong Branch)
Bank of East Asia, Limited

Principal Registrar and Transfer Office

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

Hong Kong Branch Registrar and Transfer Office

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Registered Office

Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Head Office and Principal Place of Business

Suite 3005, 30/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Website

www.madex.com.hk

Stock Code

00231

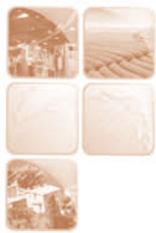
The board (the "Board") of directors (the "Directors") of Madex International (Holdings) Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
	Note	**30.6.2010 (Unaudited) *HK$'000***	30.6.2009 (Unaudited) *HK$'000*
Turnover	*3*	**13,231**	10,669
Cost of sales		**(3,523)**	(2,438)
Gross profit		**9,708**	8,231
Other revenue		**310**	753
Negative goodwill		**–**	4,136
Fair value changes on investment property	*10*	**11,494**	4,535
Distribution costs		**(458)**	(145)
Administrative expenses		**(11,826)**	(14,416)
Profit from operations	*4*	**9,228**	3,094
Finance costs	*5*	**(3,015)**	(1,802)
Profit before tax		**6,213**	1,292
Income tax expenses	*6*	**(2,945)**	(13,590)
Profit/(loss) for the period		**3,268**	(12,298)
Attributable to:			
Owners of the Company		**3,349**	(12,963)
Non-controlling interests		**(81)**	665
		3,268	(12,298)
Profit/(loss) per share	*8*		
– Basic		**0.085 cents**	(0.347 cents)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30.6.2010	30.6.2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**3,268**	(12,298)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**2,893**	70
Total comprehensive income/(expenses) for the period	**6,161**	(12,228)
Total comprehensive income/(expenses) attributable to:		
Owners of the Company	**6,167**	(12,893)
Non-controlling interests	**(6)**	665
	6,161	(12,228)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30.6.2010 (Unaudited) *HK$'000***	31.12.2009 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*9*	**37,052**	4,075
Prepaid lease payments		**5,514**	5,549
Investment property	*10*	**347,126**	331,066
Intangible asset	*11*	**46,611**	48,205
Deposit paid for acquisition of a property	*12*	**–**	1,000
		436,303	389,895
Currents assets			
Inventories		**1,143**	2,727
Trade and other receivables	*13*	**10,485**	6,388
Pledged and restricted bank balances		**3,379**	3,258
Bank balances and cash		**81,133**	64,446
		96,140	76,819
Current liabilities			
Trade and other payables	*14*	**66,132**	68,882
Bank borrowings	*15*	**21,292**	8,929
Tax liabilities		**1,301**	1,216
Provisions		**233**	230
		88,958	79,257
Net current assets/(liabilities)		**7,182**	(2,438)
Total assets less current liabilities		**443,485**	387,457

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

	Note	**30.6.2010 (Unaudited) *HK$'000***	31.12.2009 (Audited) *HK$'000*
Capital and reserves			
Share capital		**196,667**	196,667
Reserves		**56,537**	50,370
Equity attributable to owners of the Company		**253,204**	247,037
Non-controlling interests		**5,572**	5,578
Total equity		**258,776**	252,615
Non-current liabilities			
Bank borrowings	*15*	**134,786**	88,433
Deferred tax liabilities		**49,923**	46,409
		184,709	134,842
		443,485	387,457

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2009	180,625	124,177	52	28,560	(90,479)	242,935	60,527	303,462
(Loss)/profit for the year	–	–	–	–	(18,357)	(18,357)	187	(18,170)
Total comprehensive (expenses)/income for the year	–	–	–	–	(18,357)	(18,357)	187	(18,170)
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	(55,136)	(55,136)
Shares issued pursuant to acquisition of an intangible asset through acquisition of a subsidiary	16,042	6,417	–	–	–	22,459	–	22,459
At 31 December 2009 and 1 January 2010	196,667	130,594	52	28,560	(108,836)	247,037	5,578	252,615
Profit/(loss) for the period	–	–	–	–	3,349	3,349	(81)	3,268
Exchange differences on translation of foreign operations	–	–	–	2,818	–	2,818	75	2,893
Total comprehensive income/(expenses) for the period	–	–	–	2,818	3,349	6,167	(6)	6,161
At 30 June 2010	**196,667**	**130,594**	**52**	**31,378**	**(105,487)**	**253,204**	**5,572**	**258,776**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

For the six months ended 30 June 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2009	180,625	124,177	52	28,560	(90,479)	242,935	60,527	303,462
(Loss)/profit for the period	–	–	–	–	(12,963)	(12,963)	665	(12,298)
Exchange differences arising on translation of foreign operations	–	–	–	70	–	70	–	70
Total comprehensive (expenses)/income for the period	–	–	–	70	(12,963)	(12,893)	665	(12,228)
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	(55,136)	(55,136)
Shares issued pursuant to acquisition of an intangible asset through acquisition of a subsidiary	16,042	6,417	–	–	–	22,459	–	22,459
At 30 June 2009	196,667	130,594	52	28,630	(103,442)	252,501	6,056	258,557

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30.6.2010	30.6.2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(5,184)**	(3,299)
Net cash used in investing activities	**(33,192)**	(42,368)
Net cash generated from financing activities	**54,359**	41,033
Net increase/(decrease) in cash and cash equivalents	**15,983**	(4,634)
Cash and cash equivalents at beginning of the period	**64,446**	80,680
Effect of foreign exchange rate changes	**704**	7
Cash and cash equivalents at end of the period	**81,133**	76,053

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. Basis of preparation

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

2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for investment property, which is measured at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payments Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners

The Group applies HKRFS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for change in ownership interests in subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable. The application of HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

2. Principal accounting policies *(continued)*

Result of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which substantially all the risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

In accordance with the transitional provisions of HKAS 17 "Leases", the Group reassessed the classification of land elements of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases and found that the Improvements to HKFRS on HKAS 17 Leases had no effect on the condensed consolidated financial statements of the Group.

The application of the other new and revised HKFRS had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRSs 7 Disclosure for first-time adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

2. Principal accounting policies *(continued)*

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors 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.

3. Segment information

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

As a result of the adoption of the HKFRS 8, the identification of the Group's reportable segment has changed. In prior years, segment information reported externally was analysed on the basis of business nature including segments of property development, property leasing, investment holding, resort operation and others. However, information report to the chief operating decision maker for the purpose of resource allocation and assessment of performances focus more specifically on the nature of industries. Therefore, on adoption of HKFRS 8, management has indentified the following operating segments: property leasing, property development, right to receive royalty fee and trading of goods, which represents the major operations in the Group engaged. The resort operation segment separately disclosed in prior years are reclassified into the property leasing segment and investment holding segment in prior year is reclassified as unallocated to consist with the way in which information is reported internally to the chief operating decision maker.

3. Segment information *(continued)*

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Property development	Sales of properties in Shanghai
Property leasing	Property leased in Harbin for rental income and resort operation in Nanzhang
Right to receive royalty fee	Royalty fee related to the royalty right leasing in Zhuhai
Trading of goods	Trading of goods in Harbin and Binzhou

The following is an analysis of the Group's revenue and results by reportable segments for the period.

	Property development		Property leasing		Right to receive royalty fee		Trading of goods		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**–**	–	**8,550**	7,944	**2,873**	1,128	**1,808**	1,597	**13,231**	10,669
Segment profit/(loss)	**(760)**	(778)	**16,699**	12,893	**278**	494	**(295)**	442	**15,922**	13,051
Unallocated corporate expenses									**(7,004)**	(10,066)
Unallocated other revenue									**310**	109
Finance costs									**(3,015)**	(1,802)
Profit before tax									**6,213**	1,292

4. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	Six months ended	
	30.6.2010	30.6.2009
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**111**	109
Amortisation of an intangible asset	**1,594**	634
Depreciation of property, plant and equipment	**1,024**	412
Impairment losses on trade and other receivables	**24**	78
Loss on disposal of property, plant and equipment	**465**	–
Write back of other payables	**–**	(525)
Interest income	**(310)**	(109)

5. Finance costs

	Six months ended 30.6.2010 HK$'000	30.6.2009 HK$'000
Interest expenses on bank borrowings wholly repayable		
– within five years	**18**	–
– over five years	**2,997**	1,695
Interest expenses on obligations under finance leases wholly repayable within five years	**–**	107
	3,015	1,802

6. Income tax expenses

No provision for Hong Kong Profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period (30.6.2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30.6.2010 HK$'000	30.6.2009 HK$'000
Current tax		
PRC Enterprise Income Tax	**71**	–
Deferred tax		
Fair value changes on investment properties	**2,874**	1,134
Fair value changes on acquisition of an intangible asset	**–**	12,615
Credited to condensed consolidated income statement	**–**	(159)
	2,874	13,590
	2,945	13,590

7. Dividend

The Board of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2010 (30.6.2009: Nil).

8. Profit/(loss) per share

The calculation of the basic profit/(loss) per share is based on the profit attributable to the owners of the Company for the period of approximately HK$3,349,000 (30.6.2009: loss of approximately HK$12,963,000) and on the weighted average of 3,933,329,504 (30.6.2009: 3,740,118,272) ordinary shares in issue during the period.

No diluted profit/(loss) per share has been presented for the periods ended 30 June 2010 and 2009 as there were no diluted potential ordinary shares during either period.

9. Movements in property, plant and equipment

During the current period, the Group spent approximately HK$34,459,000 (31.12.2009: approximately HK$340,000) on acquisition of property, plant and equipment, including a property located in Hong Kong held under medium term lease amounting to approximately HK$33,246,000.

10. Investment property

The fair values of the Group's investment property at 30 June 2010 has been arrived at on the basis of a valuation carried out on that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent qualified professional valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the same locations and conditions.

An increase in fair value of approximately HK$11,494,000 has been recognised in the condensed consolidated income statement in the current period.

11. Intangible asset

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Right to receive royalty fee		
At beginning of the period	**48,205**	–
Addition during the period	**–**	50,459
Amortisation for the period	**(1,594)**	(2,254)
At end of the period	**46,611**	48,205

12. Deposits paid for acquisition of a property

On 23 December 2009, the Group entered into a preliminary agreement for the acquisition of a property of HK$31,756,800 in Hong Kong for the use as the Group's office premises. HK$1,000,000 was paid as deposit. The transaction was completed on 26 February 2010.

13. Trade and other receivables

At 30 June 2010, included in trade and other receivables are trade receivables of approximately HK$3,492,000 (31.12.2009: approximately HK$4,500,000).

The credit period granted to the Group's trade receivables generally ranges from 30 days to 120 days. The following is an aged analysis of trade receivable net of allowance for doubtful debts presented based on the invoice date at the reporting date.

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Within 3 months	**2,297**	1,406
4 to 6 months	**36**	2,192
Over 6 months	**1,159**	902
Total	**3,492**	4,500

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience and the financial standings of these customers, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered full recoverable. The Group does not hold any collateral over these balances.

14. Trade and other payables

At 30 June 2010, included in trade and other payables are trade payables of approximately HK$28,127,000 (31.12.2009: approximately HK$31,124,000).

An aging analysis of the trade payables is as follows:

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
More than 2 years	**28,127**	31,124

15. Bank borrowings

During the current period, the Group entered into 2 loan agreements with a bank for total facilities amounting to HK$61,500,000. Such bank borrowings were secured by the Group's property, plant and equipment of approximately HK$32,708,000 and the equity interests of a subsidiary incorporated in PRC. Also, a substantial shareholder of the Company, Mr. Liang Wenguan ("Mr. Liang"), provided a personal guarantee to the bank for the repayment of the above bank borrowings.

During the year ended 31 December 2009, the Group entered into a loan agreement with a bank for facilities amounting to RMB89,000,000 (approximately HK$100,907,000). Such bank borrowing was secured by the Group's investment property and bank balances amounting to approximately HK$347,126,000 (31.12.2009: approximately HK$331,066,000) and HK$3,379,000 (31.12.2009: approximately HK$3,258,000) respectively. Mr. Liang also provided a personal guarantee to the bank for the repayment of the entire bank borrowing.

16. Material related party transactions

(a) During the current period, Mr. Liang, provided a personal guarantee to the bank for the repayment of the bank loans of HK$61,500,000 (31.12.2009: approximately HK$100,907,000) *(note 15)*.

(b) During the current period, Madex Holdings Company Limited, a subsidiary of a substantial shareholder of the Company, made advance of HK$5,700,000 to the Group (31.12.2009: Nil). The above advance was unsecured and interest free and was fully repaid by the Group during the current period.

(c) During the current period, the remuneration for key management personnel of the Group, including the Company's directors, was approximately HK$984,000 (six months ended 30.6.2009: approximately HK$2,393,000).

17. Operating lease commitments

At 30 June 2010 and 31 December 2009, the Group's total future minimum lease payments under non-cancellable operating leases in respect of land and buildings were payable as follows:

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Within one year	**62**	647
In the second to fifth years, inclusive	**–**	40
	62	687

18. Events after the reporting period

(a) On 2 July 2010, a wholly-owned subsidiary of the Company (the "Subsidiary") entered into a joint venture agreement with an independent third party ("JV Partner") for the establishment of a joint venture, which will be principally engaged in property investment in the PRC, such as property development and provision of management services. The joint venture is held as to 49% and 51% by the Subsidiary and the JV Partner. Pursuant to the joint venture agreement, the joint venture and a 51% owned subsidiary of the JV Partner entered into a management agreement and a loan agreement. Details of the above transactions were set out in an announcement of the Company dated 2 July 2010.

(b) On 12 August 2010, a wholly-owned subsidiary of the Company (the "Vendor"), entered into an agreement with an independent third party (the "Purchaser") to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire issued share capital of a subsidiary (the "Target") incorporated in the PRC and the amount due from the Vendor to the Target for a consideration of HK$1. Details of the above transaction were set out in an announcement of the Company dated 12 August 2010.

BUSINESS REVIEW AND PROSPECTS

During the period under review, the Company's principal activity continued to be investment holding, whilst its subsidiaries were mainly engaged in property investment and development in the PRC.

For the six months ended 30 June 2010, the Group recorded a turnover of HK$13,231,000, representing an increase of 24% from HK$10,669,000 for the corresponding period last year.

The Group's unaudited consolidated profit for the period under review amounted to HK$3,268,000, from loss of 12,298,000 for the corresponding period last year. The turnaround from loss to profit was mainly attributable to the change in fair value of investment property of the Group and the elimination of deferred tax in respect of fair value changes on acquisition of an intangible asset.

The Group's flagship asset, the commercial building in Harbin has been providing long-term steady rental income for the Group. The hotel management right in relation to Xiang Quan Hotel has also been generating royalty fee income for the Group on an on-going basis.

In order to streamline its operation, the Group is now in a process of disposal of some under performing assets. On 12 August 2010, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to dispose of Fairyoung (Shanghai) Properties Limited, which has been inactive since late 2008 and has been unable to generate any revenue or income to the Group. The Group does not rule out the possibility of further disposal of non-core assets in due course.

In a bid to increasing its market sharing in the property development and management sector of the PRC, the Group has formed a joint venture by entering into a joint venture agreement with an independent third party. The joint venture is expected to commence provision of property management service by the end of 2010.

CHANGE OF COMPANY NAME

The name of the Company was changed from "Dynamic Global Holdings Limited (環球動力控股有限公司)" into "Madex International (Holdings) Limited (盛明國際（控股）有限公司)" pursuant to a special resolution passed at a special general meeting of the Company held on 16 April 2010 and took effect upon the approval of the Registrar of Companies of Bermuda granted on 29 April 2010.

ASSETS AND LIABILITIES

As at 30 June 2010, the Group had total liabilities of about HK$273,667,000, of which approximately HK$21,292,000 was secured bank loans repayable within the next 12 months.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENT

As at 30 June 2010, the Group's current assets and current liabilities were HK$96,140,000 and HK$88,958,000 respectively.

As at 30 June 2010, main charges on assets of the Group were property, plant and equipment, investment properties and bank balances of approximately HK$32,708,000, HK$347,126,000 and HK$3,379,000 respectively. Moreover, the equity interests of a subsidiary incorporated in PRC were also pledged.

The Group's assets/liabilities ratio is calculated on its total liabilities divided by total assets. As at 30 June 2010, the ratio was 51.4%.

As at 30 June 2010, the Group had no material capital commitments.

The Board believes that the Group's cash holding, liquid asset value and future revenue will be sufficient to fund its capital expenditure and meet its working capital requirements.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi or HK dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

HUMAN RESOURCES

The Group has a total of approximately 50 employees, who are remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training is provided to staff from time to time. The Group currently does not have any share option scheme for employees.

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

As at 30 June 2010, the interests of directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by our Company pursuant to Section 352 of the SFO, or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Type of interests	Number of shares held	Percentage of interest
Mr. Zhong Guoxing *(Note)*	Family	550,000	0.01%

Note: Mr. Zhong is deemed to have a family interest in the said shares held by his spouse.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At as 30 June 2010, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name of substantial shareholder	No. of ordinary shares of HK$0.05 each Personal interests	Corporate interests	Total	Shareholding percentage
Mr. Liang Wenguan	125,412,000	2,084,549,171	2,209,961,171	56.19%

As at 30 June 2010, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010 except for certain deviations as follows:

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. No Board Chairman has been appointed by the Company, and decisions are made collectively by the Executive Directors. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

Appointments, Re-election and Removal of Directors

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors ("INEDs") of the Company had no fixed term of office during the period, but all of them are subject to the relevant provisions of the Bye-laws ("Bye-laws") of the Company and any other applicable laws whereby they shall vacate or retire from their office. According to the Bye-laws, at each annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, provided that no Director holding office as executive chairman or as a managing director should be subject to retirement by rotation or taken into account in determining the Directors to retire.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee comprises all Independent Non-executive Directors and is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. The Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records and external auditors and senior management.

The unaudited interim results for the period ended 30 June 2010 have been reviewed by the Audit Committee before recommendation to the Board for approval.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2010.

By Order of the Board
Zhong Guoxing
CEO & Executive Director

Hong Kong, 25 August 2010