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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

- For the six months ended 30 September 2009, the Group recorded a profit of HK\$32.8 million, turning loss into profit.
- For the six months ended 30 September 2009, the earnings per share was significantly improved to HK1.78 cent per share.
- At 30 September 2009, the net asset value per share was HK\$0.114, increased by 18%.
- At 30 September 2009, the total assets went up to HK\$830.6 million, increased by 143%.
- The Board resolved to declare an interim dividend of HK\$16 for every 10,000 shares of the Company or HK0.16 cent per share. In addition, bonus shares will be issued on the basis of 1 bonus share for every 10 shares (*note*).

(Note: The Listing Division of the Stock Exchange has not granted the resumption of trading of the shares of the Company yet. As such, the Company will put the Bonus Issue Proposal on record, and the bonus shares will only be issued to shareholders after the shares of the Company can be traded on the market freely.)

The board (the “Board”) of directors (the “Director(s)”) of Styland Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		2009	2008
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
• Turnover	2	<u>167,359</u>	<u>62,592</u>
Revenue		42,759	33,642
Cost of sales		<u>(11,864)</u>	<u>(28,387)</u>
• Gross profit		30,895	5,255
Other income		1,040	2,263
Administrative expenses		(15,805)	(12,453)
Selling and distribution costs		(212)	(842)
Change in fair value of investment properties		–	(3,200)
Change in fair value of financial assets at fair value through profit or loss		598	(7,137)
Gain (loss) on disposal of listed trading securities		18,214	(1,895)
Impairment loss recognised in respect of trade receivables		(112)	(27)
Reversal of impairment loss recognised in respect of trade receivables		315	152
Impairment loss recognised in respect of loan receivables		(171)	–
Reversal of impairment loss recognised in respect of loan receivables		121	223
Bad debt recovery of loan receivables		15	–
Bad debt written-off		<u>(425)</u>	<u>–</u>
• PROFIT (LOSS) FROM OPERATIONS		34,473	(17,661)
Finance costs		<u>(188)</u>	<u>(265)</u>
• PROFIT (LOSS) BEFORE TAXATION	3	34,285	(17,926)
Income tax expenses	4	<u>(1,500)</u>	<u>(71)</u>
• PROFIT (LOSS) FOR THE PERIOD		<u>32,785</u>	<u>(17,997)</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		33,252	(17,729)
Minority interests		<u>(467)</u>	<u>(268)</u>
• PROFIT (LOSS) FOR THE PERIOD		<u>32,785</u>	<u>(17,997)</u>
• EARNINGS (LOSS) PER SHARE	6		
Basic		<u>HK1.78 cent</u>	<u>(HK0.95 cent)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
• PROFIT (LOSS) FOR THE PERIOD	32,785	(17,997)
Available-for-sale investment reserve:		
Fair value changes taken (from) to equity	<u>(31)</u>	<u>196</u>
• TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	<u>32,754</u>	<u>(17,801)</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	33,221	(17,533)
Minority interests	<u>(467)</u>	<u>(268)</u>
• TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	<u>32,754</u>	<u>(17,801)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			At 30 September 2009 (Unaudited) <i>HK\$'000</i>		At 31 March 2009 (Audited) <i>HK\$'000</i>
		<i>Notes</i>			
• NON-CURRENT ASSETS					
Plant and equipment			1,927		2,188
Investment properties			78,000		78,000
Available-for-sale investment			219		230
			80,146		80,418
• CURRENT ASSETS					
Inventories			532		156
Loan receivables		7	19,961		17,639
Trade and bills receivables		8	9,651		8,797
Other receivables, deposits and prepayments			8,417		5,477
Financial assets at fair value through profit or loss			3,966		4,973
Tax recoverable			185		114
Client trust funds		9	480,307		15,446
Pledged bank deposit			5,000		5,000
Bank balances and cash			44,378		25,507
			572,397		83,109
Interest in a joint venture held-for-sale			178,080		178,080
• CURRENT LIABILITIES					
Trade and bills payables		9	482,049		18,143
Other payables and accruals			117,668		122,196
Tax liabilities			2,834		1,334
Bank borrowings – due within one year			3,246		6,875
Obligations under finance leases – due within one year			82		78
			605,879		148,626
• NET CURRENT ASSETS					
			144,598		112,563
• TOTAL ASSETS LESS CURRENT LIABILITIES					
			224,744		192,981

		At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
	<i>Notes</i>		
• NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		10,988	11,936
Obligations under finance leases – due after one year		226	269
		11,214	12,205
• NET ASSETS		213,530	180,776
• CAPITAL AND RESERVES			
Share capital		18,712	18,712
Reserves		156,454	123,233
Equity attributable to equity holders of the Company		175,166	141,945
Minority interests	10	38,364	38,831
• TOTAL EQUITY		213,530	180,776

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements 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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies.

The accounting policies adopted in preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2009.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2009 except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”) that are adopted for the first time for the current period’s financial information.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 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
HKFRSs (Amendments)	Improvements to HKFRS May 2008 except the amendments to HKFRS 5
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7	Disclosures: Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
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	Transfer of Assets from Customers

The adoption of the new HKFRS had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs May 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁷
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 (Amendment)	Classification of Right Issues ⁸
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ³
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs ⁶
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-Settled Share-based Payment Transactions ⁶
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 9	Financial Instruments ⁹
HK(IFRIC) – Interpretation (“INT”) 9 and HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners ³

¹ Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.

³ Effective for annual periods beginning on or after 1 July 2009.

⁴ Effective for annual periods ending on or after 30 June 2009.

⁵ Effective for transfers of assets from customers received on or after 1 July 2009.

⁶ Effective for annual periods beginning on or after 1 January 2010.

⁷ Effective for annual periods beginning on or after 1 January 2011.

⁸ Effective for annual periods beginning on or after 1 February 2010.

⁹ Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

2. Segmental 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 on the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to these 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 not resulted in a re-designation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The following tables present revenues and results of the Group's business segments for the six months ended 30 September 2009 and 2008 respectively:

	General import and export trading HK\$'000	Securities dealing and broking HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2009									
Segment revenue									
External sales	8,548	31,786	2,136	289	-	-	-	-	42,759
Inter-segment sales	-	86	-	-	600	-	9,488	(10,174)	-
Total revenue	8,548	31,872	2,136	289	600	-	9,488	(10,174)	42,759
Trading of securities	-	-	-	124,600	-	-	-	-	124,600
Total turnover	<u>8,548</u>	<u>31,872</u>	<u>2,136</u>	<u>124,889</u>	<u>600</u>	<u>-</u>	<u>9,488</u>	<u>(10,174)</u>	<u>167,359</u>
Segment results	(705)	15,881	1,476	18,503	186	(1,131)	18,057	(18,354)	33,913
Change in fair value of financial assets at fair value through profit or loss	-	-	-	598	-	-	-	-	598
Impairment loss recognised in respect of trade receivables	(112)	-	-	-	-	-	-	-	(112)
Reversal of impairment loss recognised in respect of trade receivables	315	-	-	-	-	-	-	-	315
Impairment loss recognised in respect of loan receivables	-	-	(171)	-	-	-	-	-	(171)
Reversal of impairment loss recognised in respect of loan receivables	-	-	121	-	-	-	-	-	121
Bad debt recovery of loan receivables	-	15	-	-	-	-	-	-	15
Bad debt written-off	(425)	-	-	-	-	-	-	-	(425)
Unallocated income									219
Finance costs									(188)
Profit before taxation									34,285
Income tax expenses									(1,500)
Profit for the period									<u>32,785</u>

	General import and export trading HK\$'000	Securities dealing and broking HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2008									
Segment revenue									
External sales	27,385	3,498	2,725	34	-	-	-	-	33,642
Inter-segment sales	-	176	-	-	600	-	4,061	(4,837)	-
Total revenue	27,385	3,674	2,725	34	600	-	4,061	(4,837)	33,642
Trading of securities	-	-	-	28,950	-	-	-	-	28,950
Total turnover	<u>27,385</u>	<u>3,674</u>	<u>2,725</u>	<u>28,984</u>	<u>600</u>	<u>-</u>	<u>4,061</u>	<u>(4,837)</u>	<u>62,592</u>
Segment results	(1,380)	(2,202)	2,511	(1,860)	22	(1,557)	(3,273)	(181)	(7,920)
Change in fair value of investment properties	-	-	-	-	(3,200)	-	-	-	(3,200)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(7,137)	-	-	-	-	(7,137)
Impairment loss recognised in respect of trade receivables	(27)	-	-	-	-	-	-	-	(27)
Reversal of impairment loss recognised in respect of trade receivables	152	-	-	-	-	-	-	-	152
Reversal of impairment loss recognised in respect of loan receivables	-	-	223	-	-	-	-	-	223
Unallocated income									248
Finance costs									(265)
Loss before taxation									(17,926)
Income tax expenses									(71)
Loss for the period									<u>(17,997)</u>

3. Profit (loss) before taxation

Profit (loss) before taxation is arrived at after charging:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	239	290
Staff costs	5,705	5,422
	<u>5,944</u>	<u>5,712</u>

4. Income tax expenses

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the current period.

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision for the period	1,500	71
	<u>1,500</u>	<u>71</u>

5. Dividends

The Board recommended an interim scrip dividend for the six months ended 30 September 2008, which will be wholly paid and satisfied by allotment and issue of scrip shares credited as fully paid without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment (the "Old Scheme"). The Old Scheme was approved by shareholders on 18 August 2009 but still subject to the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the scrip shares to be issued.

The Group recorded a profit of HK\$32.8 million for the current period, turning loss into profit. The earnings per share was significantly improved to HK1.78 cent per share for the current period while the net asset value per share rose from HK\$0.097 at 31 March 2009 to HK\$0.114 at 30 September 2009, representing an increase of 18%.

The Directors have resolved to declare an interim dividend of HK\$16 for every 10,000 shares of the Company or HK0.16 cent per share to shareholders whose names appear on the register of members of the Company on 31 December 2009 (the "Record Date") with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash (the "New Scheme"). In addition, the Directors proposed the bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders on the Record Date (the "Bonus Issue Proposal"). *(Note: The Listing Division of the Stock Exchange has not granted the resumption of trading of the shares of the Company yet. As such, the Company will put the Bonus Issue Proposal on record, and the bonus shares will only be issued to shareholders after the shares of the Company can be traded on the market freely.)*

Both the New Scheme and the Bonus Issue Proposal are conditional on the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the scrip shares and bonus shares to be issued. A circular containing details of the New Scheme and the Bonus Issue Proposal will be sent to the shareholders of the Company as soon as practicable.

For those shareholders who have relatively low shareholding in the Company may encounter certain technical difficulty, for example, the dividends and the value of bonus shares they are going to receive may be unable to cover the handling charges to the brokers or banks. As trading in shares of the Company has been suspending for more than five years, the Company hereby calls on brokers or banks to waive the handling charges in respect of the two dividend schemes and the Bonus Issue Proposal. For enquiry or any special arrangement, please contact the following company:

Company name: Ever-Long Securities Company Limited
Address: 18/F, Dah Sing Life Building, 99-105 Des Voeux Road, Central, Hong Kong

6. Earnings (loss) per share

The calculation of the basis earnings (loss) per share is based on the profits (loss) attributable to equity holders of the Company of HK\$33,252,000 for the six months ended 30 September 2009 (2008: loss of HK\$17,729,000) on 1,871,188,679 (2008: 1,871,188,679) ordinary shares in issue during the period.

No diluted earnings (loss) per share has been presented for the periods ended 30 September 2009 and 2008 as there were no potential ordinary shares outstanding for both periods.

7. Loan receivables

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Securities dealing and broking services:		
– Secured margin loans	27,483	25,312
Less: Impairment loss recognised	(9,588)	(9,587)
	17,895	15,725
Financing business:		
– Total loans	19,806	19,604
Less: Impairment loss recognised	(17,740)	(17,690)
	2,066	1,914
Total	19,961	17,639

No significant movement in the impairment of loan receivables during the period under review. For financing business, the balance of secured loans was HK\$893,000 at 30 September 2009 (At 31 March 2009: nil).

No aged analysis on margin loans is disclosed as, in the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing. The aged analysis of the Group's loan receivables net of impairment for the financing business is as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within 6 months	1,130	189
Between 7 to 12 months	126	838
Over 1 year	810	887
	<u>2,066</u>	<u>1,914</u>

8. Trade and bills receivables

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Trade receivables	11,174	9,797
Bills receivables	–	725
	<u>11,174</u>	<u>10,522</u>
Less: Impairment loss recognised	(1,523)	(1,725)
	<u>9,651</u>	<u>8,797</u>
Balance in relation to:		
– Securities dealing and broking	3,293	2,094
– General trading	6,358	6,703
	<u>9,651</u>	<u>8,797</u>

An aged analysis of the Group's trade and bills receivables net of impairment is as follows:

Within 6 months	9,451	8,208
Between 7 to 12 months	188	448
Over 1 year	12	141
	<u>9,651</u>	<u>8,797</u>

No significant movement in the impairment of trade and bills receivables during the period under review.

9. Trade and bills payables

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Balance in relation to:		
Securities dealing and broking (<i>note</i>)	480,197	16,428
General trading	1,852	1,715
	<u>482,049</u>	<u>18,143</u>

An aged analysis of the Group's trade and bills payables is as follows:

Within 6 months	481,647	13,016
Between 7 to 12 months	–	1,708
Over 1 year	402	3,419
	<u>482,049</u>	<u>18,143</u>

Note: During the six months ended 30 September 2009, the Group managed the fund flows of approximately HK\$7.6 billion for its brokerage business. The Board has tried their best to oversee the operation which has been strictly following the Securities and Futures Ordinance (the "SFO"). The Group has four responsible officers registered under the SFO, who are responsible for monitoring the compliance with the SFO of its brokerage operation. In addition, the Group has four qualified accountants, two of them are independent non-executive Directors who provide the Board the valuable advices on the matters of internal control system. Due to the effective internal control procedure, the Group has maintained the record of zero complaint over the past years. Thanks are offered to our clients for their trust in our internal control and services that they placed their funds in their trading accounts with the Group, and this is the main reason for the increase in the balance of client trust accounts. The Company also appreciates the Board (including the independent non-executive Directors) for their prudent approach taken in the running of the business. Accordingly, the corresponding balance was recognised as payables at the end of the reporting period.

10. Minority interests

The minority interests representing the interests shared by the minority shareholders in Sheng Da Investment Holding (HK) Limited ("Sheng Da"), a non-wholly owned subsidiary of the Company which makes investment in a toll road in Wuhan (the "Toll Road"). Please refer to the sub-section of Infrastructure under the Management Discussion and Analysis for details of the Toll Road. To the best interests of the Group, the Group is considering to dispose of its interests in Sheng Da and will consult financial advisers and lawyers about the disposal.

11. Operating lease arrangements

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the rental premises which fall due are as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within one year	1,247	1,030
In the second to fifth years, inclusive	317	431
	<u>1,564</u>	<u>1,461</u>

12. Contingent liabilities

As at 30 September 2009, the Group had no material contingent liability other than those outstanding litigations as set out below.

13. Litigations

- (1) Reference is made to the note 40(a) to the financial statements for the year ended 31 March 2009. The Directors are of the opinion that the Group is not liable for any debt arising from the lawsuit and the claim from Hainan Wanzhong Shiye Touzi Co. Ltd. (海南萬眾實業投資有限公司) has no ground. The Directors consider that the lawsuit does not have material impact on the Group and no provision has been made at 30 September 2009. However, to the best interests of the Group, the Group is considering to dispose of its interests in Sheng Da.
- (2) Reference is also made to the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009, in which it disclosed that the Company, as one of defendants, and certain of its current and former directors have been served a petition by the Securities and Futures Commission in relation to certain past transactions of the Company. The petition was first heard on 17 December 2008. After the submission of affirmations by respondents, the hearing will be restored on 16 December 2009. According to the petition, the petitioner prays, among others, an order that the Company shall bring proceedings against defendants as the court considers appropriate. As such, the Company is seeking for legal advices on the possible settlement between the Company and the defendants instead of lengthy legal proceedings.

14. Subsequent event

On 27 October 2009, the Group entered into a sale and purchase agreement to dispose of its interest in City Faith Investments Limited, a wholly-owned subsidiary of the Company and holding an investment property, at a consideration of HK\$25 million. For more details, please refer to the announcement of the Company dated 4 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

When the global economic markets as well as Hong Kong's were significantly impacted by the financial tsunami, the Group is pleased that it had not involved in Lehman Minibonds or made any investment in any Accumulator product that it can preserve its strength for the market recovery. For the six months ended 30 September 2009, the Group recorded a profit of HK\$32.8 million (2008: loss HK\$18.0 million) and a turnover of HK\$167.4 million (2008: HK\$62.6 million).

Review of operations

Brokerage: As a result of the fiscal and monetary stimulus packages by governments globally in the first quarter of 2009, investor confidence has been rebounded and the economic reality has bottomed out in the second quarter of this year. To capitalise on improved market condition, the Group has therefore strengthen its sales and marketing ability, targeted at both new and existing customers bases, to boost its brokerage and margin financing business. As a result of such efforts, the brokerage commission incomes have increased 7.7 times as compared to the corresponding period last year.

The Group has put in place the effective internal control for its operations; in particular, it has fully followed the SFO for brokerage business, thus it could smoothly managed the fund flows of approximately HK\$7.6 billion for the half year with zero complaint.

Financing: Following the recovery of market sentiment, initial public offerings and share placements make a comeback in the stock market. The Group, during the period under review, actively participated in the financing of initial public offerings and share placements. For the money lending business, in order to minimize its exposure to the uncertainty of the market environment before the real economy is fully picked up, the Group will continue to adopt the prudent strategy towards this segment operation. As such, the Group will focus on its existing trustworthy customers. Thanks to its strict credit control policies, the Group has improved the reliability of its loan receivables and the possibility of their impairment will become low.

Property Investment: Residential properties in Hong Kong have recorded vigorous recovery since December 2008 and continue the upward trend this year. In light of the revitalizing property market, the Group was considering to realise one of its investment properties or redevelop its precious property which is located at Fei Ngo Shan and has a gross site area of approximately 17,000 square feet.

According to the a valuation report of an independent valuer, the fair value of the property at Fei Ngo Shan, on redevelopment basis, was HK\$80 million, representing HK\$24 million more than the book value. To reflect the higher value of the property, the Group has resolved to redevelop it and will invite the redevelopment proposal by a public tender.

On 27 October 2009, the Group entered into a sale and purchase agreement to dispose of its interest in a subsidiary which is holding an investment property at a consideration of HK\$25 million. As a result of the disposal, the Group is expected to record a gain of approximately HK\$2.3 million and net proceeds of approximately HK\$20 million after repaying the mortgage loan. The proceeds would further enhance the Group's cash position.

Infrastructure: As disclosed in the Company's announcement dated 27 February 2004, the PRC joint venture (the "JV") partner (the "JV Partner") in the Toll Road had unilaterally decided to relocate the toll station of the Toll Road, which resulted in significant drop in traffic flows of the Toll Road. The Group kept negotiating with the JV Partner for compensation for the losses since then. As both parties had not been able to come to an agreed sum for the compensation, the Group applied for arbitration through the Wuhan Arbitration Commission ("WAC") in China in October 2004.

In April 2006, the WAC arbitrated that the Group could transfer its interests in the JV to the JV Partner at a consideration of RMB157,298,300 and is entitled to the arbitration costs of RMB1,000,968. In April 2007, the Group received RMB75,000,000 from Wuhan Communications Commission (武漢市交通委員會). The Group is using its best endeavor in negotiation with the relevant parties to receive the balance sum.

Capital structure

Though trading in shares of the Company has been suspending since 2004, the Group can still raise its operating results. During the period of suspension, it continues to be supported by the investing public who have respectively subscribed for the share options, convertible bonds and new shares of the Company.

On 7 June 2007, the Company issued 370,000,000 options ("Options") to an independent third party at the exercise price of HK\$0.024 per share. The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement. The long stop date for fulfillment of such conditions precedent has been extended 31 December 2009. Exercise in full of the Options would result in issue of 370,000,000 additional shares with an aggregate subscription value of HK\$8,880,000. The new shares are rank pari passu with the existing shares of the Company.

On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of the convertible bonds in the aggregate principal amount of HK\$9,880,000 due 2012. The convertible bonds shall not carry any interest. Each of the subscribers will have the right to covert the convertible bonds into shares of the Company at the price of HK\$0.026. Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the fulfillment of the conditions as set out in the subscription agreements. The long stop date for fulfillment of such conditions has been extended to 31 December 2009.

On 15 November 2007, the Company entered into eight subscription agreements to issue 600,000,000 shares of the Company at the price of HK\$0.08 per share which involved the total subscription price of HK\$48,000,000. Subsequently, five of the subscribers mutually agreed with the Company to release each other from the respective subscription agreements to subscribe for an aggregate of 300,000,000 subscription shares. The long stop date for fulfillment of conditions precedent for the completion of the remaining 300,000,000 shares has been extended to 31 March 2010.

Staff

At 30 September 2009, the Group had 49 employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefit plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Social responsibility

To support the 2009 ORBIS Pin Campaign to provide hope for millions of needlessly blind people worldwide, the Directors encouraged its staff to make donation voluntarily and to recruit sponsors. The Company is pleased that more than 60% of employees of the Group have taken part of the campaign, and the funds raised were sent to ORBIS on 28 August 2009.

Being a caring enterprise, over the past thirty years we have been providing a caring environment to staff. Also, to ensure a healthy and safe workplace, the Group upgrades office PC from time to time and to maintain a tidy floor area. To promote closer relationship between employees, we also organize regular staff parties or gatherings. Benefiting from such sense of belonging, the Group has a low turnover.

The Company also gives weights to shareholders' interests. The Company requested for temporary suspension of trading of its shares to release an announcement in 2004, but the Listing Division of the Stock Exchange has not granted the resumption of trading after that. Notwithstanding the fact that the trading in the shares of the Company has suspended since then, the Directors and staff continue to try every effort to get their job done and the Directors had frequently proposed dividends and gift distributions. The Old Scheme in relation to the interim scrip dividend for the six months ended 30 September 2008 was approved by shareholders on 18 August 2009. For the third gift distribution scheme, we are pleased that there were numbers of shareholders taking part in the third gift distribution scheme, and the gifts were despatched to them in August 2009.

Investments

The Group made no material investment during the six months ended 30 September 2009.

Credit policies

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required or letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

For the securities dealings & broking and financing businesses, the Group is strictly in compliance with the SFO. Loans will be granted to customers based on individual assessment to financial status, repayment records and the liquidity of collaterals placed by a customer and the applicable interest rate will be determined thereon. Loans will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

To follow the prudent credit control measures, the bad debts provision was therefore kept at a low level.

Foreign exchange exposure

During the period under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and United States dollars and the immaterial liabilities which were denominated in Renminbi, the Group considered its foreign exchange risk was minimal. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

Operational risk

The Group has put in place the effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of Securities and Futures Commission ("SFC") licensed responsible officers and senior management, who have been acting in compliance with SFO, has been set up to monitor the settlement matters of traded securities and cashes. In order to safeguard client's interests and comply with the requirements of SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.

Liquidity and financial resources

At 30 September 2009, the Group had cash at bank and in hand of approximately HK\$44.4 million (31 March 2009: HK\$25.5 million) and net assets value of approximately HK\$213.5 million (31 March 2009: HK\$180.8 million).

Bank borrowings at 30 September 2009 amounted to approximately HK\$14.2 million (31 March 2009: HK\$18.8 million), of which approximately HK\$3.2 million (31 March 2009: HK\$6.9 million) were repayable within one year. Included in the bank borrowings were mortgage loans of HK\$12.9 million for properties with an aggregate valuation of HK\$78.0 million.

The gearing ratio, being the ratio of total bank borrowings and financial lease of approximately HK\$14.5 million to shareholders' fund of approximately HK\$175.2 million, was about 0.08 (31 March 2009: 0.14).

As at 30 September 2009, a time deposit of HK\$5.0 million and investment properties at an aggregate valuation of HK\$78.0 million were pledged to banks for their banking facilities granted to the Group.

Prospects

The Group is cautiously optimistic about the business outlooks for the rest of 2009 as the management believes that the global markets have stabilized. Nevertheless, the Group will continue to observe the development of global financial markets.

In light of the cash level at the period end and net proceeds of HK\$20 million arising from the disposal of the investment property, the Group will continue to seek investment opportunities in the market to make good use of the Group's working capital to sustain the business growth. The Group will continue its deliberate approach for its operations and to adopt prudent accounting policies. It will also stick to the founder's perseverance in running its business.

Going forward, the Group is of the view that recovery of stock market and property market is supported by the low interest rates, and the Group's business will take advantage from the positive factors. Nevertheless, the Group will continue to prudently manage its cost structure and strengthen its operation control and efficiency.

RELATED PARTY TRANSACTIONS

(a) Compensation to Directors and key management personnel of the Group

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term benefits	1,117	1,029
Post-employment benefits	37	37
	<u>1,154</u>	<u>1,066</u>

(b) During the period, the Group has entered into the following transactions with its related party:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Consultancy fee paid to Mr. Cheung Chi Shing Kenneth ("Mr Cheung")	<u>444</u>	<u>444</u>

Mr. Cheung is a substantial shareholder of the Company, the spouse of the Company's Director, Ms. Yeung Han Yi Yvonne, and the father of the Company's Director, Mr. Cheung Hoo Win.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 December 2009 to 31 December 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim scrip dividend under the New Scheme and bonus shares under the Bonus Issue Proposal, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 December 2009.

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

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

CORPORATE GOVERNANCE

To enhance the Group's corporate governance, the Group has proposed a corporate governance handbook which has been submitted to the Stock Exchange for its approval.

Other than the following major deviation, the Company has complied with all the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009.

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period, Chairman of the Company resigned in April 2009. The vacancy was not filled until July 2009, when Mr. Zhao Qingji, an independent non-executive Director of the Company, was appointed Chairman of the Company. To have clear power and authority in the Board, Mr. Cheung Hoo Win, an executive Director of the Company, was appointed as the Chief Executive Officer of the Company in July 2009.

Model code for securities transactions by directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the period.

Audit committee

The Company has an audit committee comprising four independent non-executive Directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2009 and discussed the financial related matters with the management.

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 27 November 2009

As at the date of this announcement, the executive Directors are Mr. Cheung Hoo Win, Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda, Ms. Zhang Yuyan and Ms. Chen Lili and the independent non-executive Directors are Mr. Zhao Qingji, Mr. Yeung Shun Kee Edward, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip.

** For identification purpose only*