



華 厦 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

INTERIM REPORT

for the six months ended 30th September 2009

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Directors

Mr. John Ho

Mr. Ng Kwok Tung

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith

Mr. Chan Woon Kong

Mr. Soo Hung Leung, Lincoln

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)

Mr. John Ho

Mr. Ng Kwok Tung

Mr. Chan Woon Kong

Mr. Soo Hung Leung, Lincoln

REMUNERATION COMMITTEE

Mr. Soo Hung Leung, Lincoln
(*Chairman*)

Mr. Lam Hon Keung, Keith

Mr. John Ho

Mr. Ng Kwok Tung

Mr. Chan Woon Kong

COMPANY SECRETARY

Mr. Chu Wing Man, Raymond

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee

Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRARS

Hongkong Managers and
Secretaries Limited
Unit 3401-2, 34th Floor, AIA Tower
183 Electric Road
North Point, Hong Kong
Telephone: (852) 3528 0290
Fax: (852) 2887 2054

REGISTERED OFFICE

Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2527 1821
Fax: (852) 2861 3771

STOCK CODES

The Stock Exchange of Hong Kong Limited
278
Reuters
0278.HK

WEBSITE

<http://www.wahha.com>

The Board of Directors of Wah Ha Realty Company Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") and its associated companies for the six months ended 30th September 2009, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2009

		Six months ended 30th September	
	<i>Note</i>	2009 HK\$	2008 HK\$
Revenues	5	5,120,851	6,038,880
Changes in fair value of investment properties		6,650,000	6,620,000
Net fair value gains/(losses) on financial assets at fair value through profit or loss		38,222,512	(27,854,875)
Fair value gains on derivative financial instruments		1,830,946	2,933,953
Other (losses)/gains – net	7	(3,391)	346,289
Direct outgoings in relation to properties that generate income	6	(298,661)	(286,699)
Staff costs		(1,921,829)	(1,926,321)
Other operating expenses		(611,244)	(1,252,314)
Operating profit/(loss)		48,989,184	(15,381,087)
Share of profits less losses of associated companies (including share of fair value gain on investment properties net of related tax of HK\$23,301,769 (2008:HK\$24,225,904))		33,717,721	35,509,321
Profit before income tax		82,706,905	20,128,234
Income tax (expense)/credit	8	(7,145,848)	1,729,156
Profit attributable to equity holders of the Company		75,561,057	21,857,390
Total comprehensive income attributable to equity holders of the Company		75,561,057	21,857,390
Earnings per share (Basic and diluted)	9	62.5 cents	18.1 cents
Dividends	10	3,628,800	2,419,200

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th September 2009

	30th September 2009	31st March 2009
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS		
Non-current assets		
Investment properties	57,200,000	50,550,000
Investments in associated companies	295,124,773	261,407,052
Amounts due from associated companies	52,507,929	55,623,929
Available-for-sale financial assets	250,448	250,448
Deferred income tax assets	154,454	150,969
	405,237,604	367,982,398
Current assets		
Completed properties held for sale	5,650,584	5,674,938
Amounts due from associated companies	46,784,187	51,223,187
Trade and other receivables	1,421,835	1,108,336
Tax recoverable	–	328,193
Short-term investments	81,367,500	43,162,010
Cash and cash equivalents	225,246,464	213,253,287
	360,470,570	314,749,951
Total assets	765,708,174	682,732,349
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	78,624,000	78,624,000
Retained profits	3,628,800	–
– Interim dividend	–	4,838,400
– Proposed final dividend	649,805,248	577,872,991
– Others	–	–
Total equity	732,058,048	661,335,391

	30th September 2009	31st March 2009
<i>Note</i>	HK\$	HK\$
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	8,228,153	814,037
Current liabilities		
Amounts due to associated companies	22,804,933	17,962,433
Trade and other payables	2,499,660	2,591,083
Tax payable	117,380	29,405
	25,421,973	20,582,921
Total liabilities	33,650,126	21,396,958
Total equity and liabilities	765,708,174	682,732,349
Net current assets	335,048,597	294,167,030
Total assets less current liabilities	740,286,201	662,149,428

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2009

	Six months ended	
	30th September	
	2009	2008
	HK\$	HK\$
Total equity at beginning of period	661,335,391	660,321,675
Profit for the period	75,561,057	21,857,390
Dividends	<u>(4,838,400)</u>	<u>(4,838,400)</u>
Total equity at end of period	<u><u>732,058,048</u></u>	<u><u>677,340,665</u></u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September 2009*

	Six months ended 30th September	
	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Net cash from operating activities	4,434,077	3,010,170
Net cash from investing activities	12,397,500	10,527,085
Net cash used in financing activities	<u>(4,838,400)</u>	<u>(4,838,400)</u>
Net increase in cash and cash equivalents	11,993,177	8,698,855
Cash and cash equivalents at beginning of period	<u>213,253,287</u>	<u>138,912,314</u>
Cash and cash equivalents at end of period	<u><u>225,246,464</u></u>	<u><u>147,611,169</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Group and its associated companies are investment holding and property investment and management in Hong Kong.

The unaudited condensed consolidated interim financial statements ("interim financial statements") are presented in Hong Kong dollars (HK\$), unless otherwise stated. These interim financial statements have been approved for issue by the Board of Directors on 11th December 2009.

2. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2009 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those applied in the annual financial statements for the year ended 31st March 2009, except as stated below.

The adoption of new/revised standards, amendments to existing standards and interpretation

The Group adopted the new/revised accounting standards, amendments and interpretation of HKFRS below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HKICPA's improvement to certain	HKFRS published in October 2008
– HKAS 1 (Amendment)	Presentation of Financial Statements
– HKAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors
– HKAS 10 (Amendment)	Events after the Reporting Period
– HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
– HKAS 28 (Amendment)	Investments in Associates
– HKAS 34 (Amendment)	Interim Financial Reporting
– HKAS 36 (Amendment)	Impairment of Assets
– HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
– HKAS 40 (Amendment)	Investment Property
– HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new/revised standards, amendments and interpretation and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the presentation of the consolidated statement of comprehensive income under HKAS 1 (Revised).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

Standards, amendments to existing standards and interpretations that are not yet effective

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC) – Int 17	Distributions on Non-cash Assets to Owners	1st July 2009
HK(IFRIC) – Int 18	Transfers of Assets from Customers	1st July 2009
HKAS 7 (Amendment)	Statement of Cash Flows	1st January 2010
HKAS 17 (Amendment)	Leases	1st January 2010
HKAS 36 (Amendment)	Impairment of Assets	1st January 2010
HKFRS 8 (Amendment)	Operating Segments	1st January 2010
HKFRS 9	Financial Instruments	1st January 2013

The Group has not early adopted the above standards, amendments and interpretations, which are relevant to its operations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will result.

3. FINANCIAL RISK MANAGEMENT

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements for the year ended 31st March 2009.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions applied in the preparation of the interim financial statements are consistent with those used in the annual financial statements for year ended 31st March 2009.

5. REVENUES AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holding, property investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property investment and management and investments.

Segment assets consist of investment properties, short-term investments, receivables and completed properties held for sale and exclude items such as cash and cash equivalents, tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and deferred income tax liabilities.

Revenues represent turnover recognised during the period and comprises the following:

	Six months ended	
	30th September	
	2009	2008
	HK\$	HK\$
Rental income	1,546,731	1,273,398
Management fee income	588,653	545,684
Interest income	729,403	2,014,090
Dividend income		
Listed investments	2,105,550	1,058,464
Unlisted investments	14	1,025,444
Construction supervision fee income	150,500	121,800
	5,120,851	6,038,880

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
5. REVENUES AND SEGMENTAL INFORMATION (Continued)

The segment results for the six months ended 30th September 2009 are as follows:

	Property investment and management <i>HK\$</i>	Investments <i>HK\$</i>	Total <i>HK\$</i>
Revenues	2,285,884	2,834,967	5,120,851
Segment results	7,965,726	42,885,034	50,850,760
Unallocated costs			(1,861,576)
Operating profit			48,989,184
Share of profits less losses of associated companies	33,717,721	-	33,717,721
Profit before income tax			82,706,905
Income tax expense			(7,145,848)
Profit attributable to the equity holders of the Company			75,561,057
Changes in fair value of investment properties	6,650,000	-	6,650,000
The segment assets and liabilities at 30th September 2009 are as follows:			
Segment assets	163,462,609	81,719,874	245,182,483
Associated companies	295,124,773	-	295,124,773
Unallocated assets			225,400,918
Total assets			765,708,174
Segment liabilities	25,067,560	-	25,067,560
Unallocated liabilities			8,582,566
Total liabilities			33,650,126

The segment results for the six months ended 30th September 2008 are as follows:

	Property investment and management <i>HK\$</i>	Investments <i>HK\$</i>	Total <i>HK\$</i>
Revenues	1,940,882	4,097,998	6,038,880
Segment results	7,618,022	(20,499,885)	(12,881,863)
Unallocated costs			(2,499,224)
Operating loss			(15,381,087)
Share of profits less losses of associated companies	35,509,321	–	35,509,321
Profit before income tax			20,128,234
Income tax credit			1,729,156
Profit attributable to the equity holders of the Company			21,857,390
Changes in fair value of investment properties	6,620,000	–	6,620,000

The segment assets and liabilities at 31st March 2009 are as follows:

Segment assets	164,336,688	43,256,160	207,592,848
Associated companies	261,407,052	–	261,407,052
Unallocated assets			213,732,449
Total assets			682,732,349
Segment liabilities	20,416,516	–	20,416,516
Unallocated liabilities			980,442
Total liabilities			21,396,958

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
6. DIRECT OUTGOINGS IN RELATION TO PROPERTIES THAT GENERATE INCOME

	Six months ended 30th September	
	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Direct costs	274,307	262,345
Amortisation on leasehold land	24,354	24,354
	<u>298,661</u>	<u>286,699</u>

7. OTHER (LOSSES)/GAINS – NET

	Six months ended 30th September	
	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Net exchange (losses)/gains	(3,391)	147,651
Sundries	–	198,638
	<u>(3,391)</u>	<u>346,289</u>

8. INCOME TAX (EXPENSE)/ CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended 30th September	
	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong profits tax		
Provision for the period	(88,003)	(87,682)
Over-provision in prior years	352,786	80,845
Deferred income tax	(7,410,631)	1,735,993
	<u>(7,145,848)</u>	<u>1,729,156</u>

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$75,561,057 (2008: HK\$21,857,390) and on 120,960,000 shares (2008: 120,960,000 shares) in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

10. DIVIDENDS

	Six months ended 30th September	
	2009	2008
	HK\$	HK\$
Interim dividend declared of HK3 cents (2008: HK2 cents) per share	3,628,800	2,419,200

The Board of Directors has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th September 2009 (2008: HK2 cents) payable on Tuesday, 26th January 2010 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 19th January 2010.

11. TRADE AND OTHER RECEIVABLES

	30th September	31st March
	2009	2009
	HK\$	HK\$
Trade receivables		
Within 3 months	300,410	180,526
Between 4 and 6 months	40,297	46,245
Over 6 months	477,472	481,110
	818,179	707,881
Other receivables	410,146	102,072
Prepayments and utility deposits	193,510	298,383
	1,421,835	1,108,336

Trade receivables represent rental and management fee receivables which are normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)
12. SHORT-TERM INVESTMENTS

	30th September 2009 HK\$	31st March 2009 HK\$
Financial assets at fair value through profit or loss		
Listed shares – Hong Kong	79,284,000	41,862,100
Listed shares – Overseas	2,083,500	1,282,887
Unlisted quoted investment fund	–	17,023
	<u>81,367,500</u>	<u>43,162,010</u>

13. SHARE CAPITAL

	30th September 2009 HK\$	31st March 2009 HK\$
<i>Authorised:</i>		
150,000,000 ordinary shares of HK\$0.65 each	<u>97,500,000</u>	<u>97,500,000</u>
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares of HK\$0.65 each	<u>78,624,000</u>	<u>78,624,000</u>

14. RETAINED PROFITS

	<i>HK\$</i>
At 31st March 2008	581,697,675
Profit for the period	21,857,390
Dividends	<u>(4,838,400)</u>
At 30th September 2008	598,716,665
Loss for the period	(13,586,074)
Dividends	<u>(2,419,200)</u>
At 31st March 2009	582,711,391
Profit for the period	75,561,057
Dividends	<u>(4,838,400)</u>
At 30th September 2009	<u><u>653,434,048</u></u>

15. TRADE AND OTHER PAYABLES

	30th September 2009 <i>HK\$</i>	31st March 2009 <i>HK\$</i>
Trade payables		
Within 90 days	168	195
Other payables	904,714	845,514
Amount due to a related company	2,100	28,456
Rental and utility deposits received	582,098	579,398
Accrued expenses	<u>1,010,580</u>	<u>1,137,520</u>
	<u><u>2,499,660</u></u>	<u><u>2,591,083</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the period:

	Six months ended	
	30th September	
	2009	2008
	HK\$	HK\$
Related company		
Estate agency fee income (<i>Note</i>)	75,000	75,000
Key management compensation		
Directors' emoluments	120,000	120,000

Note: The Group provided estate agency services to a related company at a fixed annual fee.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30th September 2009 (2008: HK2 cents) payable on Tuesday, 26th January 2010 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 19th January 2010.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Wednesday, 13th January 2010 to Tuesday, 19th January 2010, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 12th January 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group's revenues for the period ended 30th September 2009 amounted to HK\$5.1 million, representing a decrease of about 15.2% from the corresponding period in 2008. The main reason of this moderate decrease was the drop of interest income by HK\$1.3 million although it was partly offset by the mild increase in rental income of HK\$0.3 million.

For the period under review, the Group's unaudited consolidated profit attributable to equity holders amounted to HK\$75.6 million, representing about 3.5 times of the corresponding period in 2008. This encouraging result was mainly attributable to the outstanding performance of the Group's investment portfolio following the rebound of the securities market. The aggregate net profit in this respect was HK\$36.4 million, compared with the corresponding aggregate net loss of HK\$18.4 million in 2008. The fair value gains on the Group's and its associated companies' investment properties net of related deferred taxation was comparable to that of last year and a slight decrease of HK\$0.9 million was recorded. Last year, deferred taxation of HK\$1.6 million was written back as a result of the reduction of tax rate by 1%.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

Property Investment and Management

During the period under review, improvement was seen in the Group's Rental Business. Higher unit rates were achieved on new or renewal of tenancies. The contribution from this business to the Group's net profit was HK\$0.8 million greater than that of last year.

As reported earlier in the 2009 Annual Report, the upgrading works of the 25-storey Horizon Plaza at Ap Lei Chau are still in progress and is due to be completed by early 2010. The premises are now fully occupied. Barring unforeseen circumstances, the Group is optimistic about the performance of its Rental Business.

During the period under review, even though no significant improvement was observed in the operating environment of the Group's Property Management Business, a slight improvement was achieved by the concerted efforts of our colleagues. A slight increase of 7.9% in turnover was recorded.

Investments

During the period under review, the Group's Investment Business benefited from the global improving securities market. Our usual benefit of virtually debt-free position which led to higher interest income in times of rising interest rate had gone and a reduction of interest income of HK\$1.3 million was recorded in the exceptionally low interest rate environment.

The global economy had stabilized after enormous capitals had been injected by most central banks. Asset prices, both realty and financial assets, were boosted up. The prices of the Group's investment portfolio had surged and most of the previous diminution in value was recouped. Consequently, the performance of this business was outstanding and the aggregate net profit was HK\$36.4 million versus last year's aggregate net loss of HK\$18.4 million.

Prospects

For the period under review, signs of improvement were seen in the local economy since the outbreak of the financial tsunami. Year-on-year 2009 3rd Quarter GDP declined by 2.4%, compared with a decline of 7.8% in the 1st Quarter. A year-on-year private consumption expenditure growth of 0.2% was reported after four consecutive quarters' decline. Similarly, the seasonally adjusted unemployment rate stood at 5.2% which was slightly lower than the record high 5.4% since the financial tsunami.

At the beginning of the year, the general view on the outlook of the global economy was pessimistic. There were worries over recession and persistent tight credit market. However, various financial stimulus packages and quantitative easing monetary policies were implemented by the governments of various major economies. Pace of economic downturn seems to have slowed down and market confidence, to certain extent, is resumed. This is evidenced by the general rebound of the global securities markets. Assets prices surge as a result of the continuous influx of funds and anticipated inflation under the global quantitative easing monetary policies.

On the contrary, there are fears of the unfavourable impact upon the withdrawal of the various quantitative easing monetary policies. The current flood of funds may disappear. The current buoyancy in global securities markets does not match with the real economy. Unemployment rate is still high. Real and sustainable growth of economy is yet to be confirmed.

Undoubtedly, Hong Kong has benefited from its close economic integration with China. The prevailing low interest rate environment and forthcoming inflation cycle may have positive impact on assets prices which is favourable to the Group's core property-related business. However, the aforesaid possible negative impact from the withdrawal of the various quantitative easing monetary policies should be closely monitored. The outcome of such withdrawal is difficult to grasp with. In view of the uncertainties of the global economy and the likely impact on the local economy, the Group will remain vigilant to the possible shocks and continue to maintain adequate financial resources in order to safeguard the interest of shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employment and Remuneration Policies

As at 30th September 2009, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$1.9 million (2008: HK\$1.9 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

Liquidity and Financial Resources

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK\$225.2 million at 30th September 2009. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

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

As at 30th September 2009, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and 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 were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	-	15,150,160 <i>(Note 1)</i>	-	15,150,160	12.52
Cheung Lin Wee	14,016,800	-	238,000 <i>(Note 2)</i>	14,254,800	11.79
Cheung Ying Wai, Eric	13,672,800	-	-	13,672,800	11.30

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

Notes:

- (1) These shares were held by Biochoice Limited ("Biochoice") (in which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited ("Humphrey"). Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) The 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee ("CLW").

Save as disclosed above, as at 30th September 2009, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 30th September 2009, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong	32,162,800 <i>(Note 1)</i>	26.59
Kung So Ha, Anne	15,150,160 <i>(Note 2)</i>	12.52
Wu Suet Yi, Rita	14,254,800 <i>(Note 3)</i>	11.79
Biochoice Limited	15,150,160 <i>(Note 4)</i>	12.52
Humphrey Group Limited	15,150,160 <i>(Note 4)</i>	12.52
Hoh Kwok Hing, Corinne	13,672,800 <i>(Note 5)</i>	11.30
Person other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 <i>(Note 6)</i>	9.34
Profit-taking Company Inc.	11,295,600 <i>(Note 6)</i>	9.34
Pullfield Company Limited	11,295,600 <i>(Note 6)</i>	9.34

Notes:

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong ("CLH") was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests.
- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

(Continued)

- (3) Out of the 14,254,800 shares, 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,016,800 shares in which her spouse CLW was interested under the SFO.
- (4) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in "Corporate Interests" of CKW under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". These shares were held by Biochoice (in which CKW and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey, the registered owner of the said 15,150,160 shares.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of Mr. Cheung Ying Wai, Eric and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. ("Profit-taking") and Pullfield Company Limited ("Pullfield") respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company.

Save as disclosed above, as at 30th September 2009, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a combined balance sheet of and the Group's attributable interest in these affiliated companies as at 30th September 2009 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	Combined Balance Sheet	Group's Attributable Interests
	<i>HK\$</i>	<i>HK\$</i>
Non-current assets	897,375,554	195,417,162
Current assets	222,980,041	69,428,603
Non-current liabilities	(456,594,977)	(93,056,442)
Current liabilities	(186,372,710)	(56,367,064)
Net current assets	36,607,331	13,061,539
Net assets	477,387,908	115,422,259

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's issued shares during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provision(s)") contained in Appendix 14 to the Listing Rules throughout the six months ended 30th September 2009, except for the following deviations:

- Under the Code Provision A.2.1, the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CEO in the Company. The roles of the CEO are performed by all the Executive Directors with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

2. Under the Code Provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. All the five Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company ("AGM") in accordance with Article 103(A) of the Company's Articles of Association. There are eight Directors including five Non-executive Directors of the Company for the time being. As one-third of them shall retire from office by rotation at each AGM, each of them shall retire at least once every three years.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30th September 2009.

AUDIT COMMITTEE

The Audit Committee consists of the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (*Chairman*), Chan Woon Kong and Soo Hung Leung, Lincoln and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung. The Group's interim results for the six months ended 30th September 2009 have been reviewed by the Audit Committee of the Company and by the Company's Auditor, PricewaterhouseCoopers, in accordance with 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. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

By Order of the Board
Raymond W M Chu
Company Secretary