建業實業有限公司
Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

2009-10 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS (Unaudited)

	2009	2008	*Increase / Decrease*	
	HK$' M	*HK$'M*	*HK$' M*	+ / -
For the six months ended 30 September				
Turnover	**564**	305	*+259*	*+85%*
Profit after tax attributable to shareholders	**192**	30	*+162*	*+540%*
Basic earnings per share *(in HK cents)*	**34.8**	5.4	*+29.4*	*+544%*
At 30 September				
Bank borrowings less bank balances	**662**	831	*-169*	*-20%*
Gearing ratio *(note)*	**26%**	33%		*-7%*
Shareholders' funds	**1,999**	1,792	*+207*	*+12%*
Net assets per share attributable to shareholders *(in HK$)*	**3.63**	3.25	*+0.38*	*+12%*

Note:

Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + minority interests".

FINANCIAL RESULTS

For the six months ended 30 September 2009, the Group's unaudited profit attributable to shareholders was HK$192 million (2008: HK$30 million). The substantial improvement in profit was mainly attributable to property sales profit of HK$42 million (2008: HK$16 million) and revaluation gain on investment properties, net of deferred tax, of HK$113 million (2008: loss HK$4 million). The Group's turnover and basic earnings per share for this interim period respectively amounted to HK$564 million (2008: HK$305 million) and 34.8 Hong Kong cents (2008: 5.4 Hong Kong cents). Net assets per share attributable to shareholders as of 30 September 2009 were HK$3.63 (2008: HK$3.25).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

BUSINESS REVIEW

1. PROPERTY

The Group's property development and investment activities are conducted by our 54.37% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$442 million (2008: HK$147 million) and net profit after tax attributable to their shareholders of HK$286 million (2008: HK$21 million) respectively for the six months ended 30 September 2009.

1.1 Property Development and Sales

Li Wan Project 荔灣項目, Guangzhou, PRC

As the result of Central Government's relaxed monetary policy and other stimulus measures in its effect to ease the impact of global financial crisis, the general economy and in particular the property and stock markets in Mainland China have improved substantially since April 2009. The **Li Wan Project 荔灣項目** was sold by Hon Kwok for a cash consideration of HK$250 million. Sale of this 50/50 jointly-owned project was completed on 30 September 2009 and Hon Kwok's 50% share of profit is about HK$77 million.

Botanica Phases 1 & 2 寶翠園一期及二期, Guangzhou, PRC

A total of 322 out of 332 flats in **Botanica Phase 1 寶翠園一期**, which is located in the greenery zone of Tian He District, have been sold, generating total sales proceeds of about RMB347 million. Construction works were fully completed in the third quarter of 2009. Handover of the flats to purchasers has been in progress since early October this year.

Construction works for **Botanica Phase 2 寶翠園二期**, which comprises about 400 residential units, are in good progress and scheduled for completion by the end of 2010.

No. 5 Residence 北京路 5 號公館, Guangzhou, PRC

Situated at Beijing Road near Tian Zi Pier 天字碼頭 in Yue Xiu District, pre-sale of the residential flats of this project since mid April 2009 has been favorably received. All of the 145 residential flats offered for sale have been sold with total sales proceeds exceeding RMB224 million. Interior fitting-out works have been completed recently and the flats are being handed over to purchasers. Profit of this development project will be recognized in the second half of this financial year.

Yayao Oasis 雅瑤綠洲, Nanhai, PRC

The master development plans of the project have been finalized. Phase I will comprise about 18,000 sq.m. low rise apartments and commencement of construction works is scheduled in the second half of 2010.

Hon Kwok City Commercial Centre 漢國城市商業中心, Shenzhen, PRC

Detailed construction plans of this 80-storey signature building at Shen Nan Zhong Road 深南中路 in Shenzhen have been approved. Foundation works will be commenced in the second quarter of 2010. Construction works of this 128,000 sq.m. commercial/residential tower are scheduled for completion in about 3.5 years.

Property Sales in Hong Kong

Amid the liquidity-driven upward trend in the Hong Kong property market, Hon Kwok has realized an aggregate sales proceeds of over HK$50 million upon disposal of certain property stocks and carparking spaces since April 2009.

1.2 Property Investment

Chongqing, PRC

Internal renovation works of the 108,000 sq.m. retail/commercial twin-tower complex, **Chongqing Hon Kwok Centre 重慶漢國中心**, in Bei Bu Xin Qu 北部新區 have been completed. Leasing negotiations for the retail shopping mall, certain commercial and office floors with a few target anchor tenants have been nearly finalized. Through internationally renowned property agents, Hon Kwok will launch its leasing program by stages in early 2010.

Adjacent to the above completed development, the master development plans of Hon Kwok's **Phase 2 Project 重慶二期項目** are planned to be finalized in 2010. The development will comprise a grade A office tower and a 5-star hotel with serviced apartments atop of a retail podium with a total gross floor area of 133,502 sq.m.

Shenzhen, PRC

Majority of ground level retail areas of our **City Square 城市天地廣場** commercial podium have been leased. Renovation works carrying out by our tenant at level 2 for a restaurant are well in progress and its opening is scheduled for the first quarter of 2010. This will facilitate the tenants of our 64 serviced apartments at **City Suites 寶軒公寓** upstairs as well as guests of our upcoming 165-room **City Bauhinia Hotel 城市寶軒酒店** located at levels 3 to 5 of the commercial podium.

Hong Kong

As part of Hon Kwok's rental improvement plan for **The Bauhinia/Honwell Commercial Centre 寶軒及漢貿商業中心** at Des Voeux Road Central, ground floor areas have recently been leased to a bank and a restaurant. Also, the interior refurbishment works for our 171-room serviced apartment, known as **"The Bauhinia 寶軒",** have been substantially finished. Renovation works for the 42-room boutique hotel at the podium floors, known as **"The Bauhinia Hotel (Central) 中環寶軒酒店"**, are planned for completion in the first half of 2010.

For the **Knutsford Place 諾士佛廣場** (formerly known as **"Hon Kwok TST Centre 漢國尖沙咀中心"**) in Tsimshatsui, conversion of 9 upper floors to a 44-room boutique hotel, known as **"The Bauhinia Hotel (TST) 尖沙咀寶軒酒店"**, is expected to complete by the end of 2009. A new market positioning and tenant mix (including entertainment, private clubs, bars and restaurants) for other floors to enhance the overall rental yield on this upgraded property is being implemented.

Contributing from the gradual recovery of the general economy, both the rental yield and occupancy rate of the **Hon Kwok Jordan Centre 漢國佐敦中心** at Hillwood Road are expected to further improve in the coming year.

1.3 "The Bauhinia 寶軒" Group of Serviced Apartments and Hotels

Upon fully completion and in operation which will be under **"The Bauhinia 寶軒"** brand, Hon Kwok will be leasing a chain of 652 serviced apartment and hotel rooms in Hong Kong, Shenzhen and Guangzhou. All these projects will be completed by mid 2010. This set-up will cater to the accommodation needs for both short-stay visitors as well as longer term tenants. Details are summarized as follows:

	No. of Serviced Apartment/Hotel Rooms			
	Hong Kong	Shenzhen	Guangzhou	Total
Serviced Apartments				
The Bauhinia 寶軒	171	-	-	171
City Suites 寶軒公寓	-	64	-	64
	171	64	-	235
Hotels				
The Bauhinia Hotel (TST) 尖沙咀寶軒酒店	44	-	-	44
The Bauhinia Hotel (Central) 中環寶軒酒店	42	-	-	42
City Bauhinia Hotel (Shenzhen) 深圳城市寶軒酒店	-	165	-	165
City Bauhinia Hotel (Guangzhou) 廣州城市寶軒酒店	-	-	166	166
	86	165	166	417
Total	**257**	**229**	**166**	**652**

To aim for operating synergy, economies of scale and centralized control, Hon Kwok is considering to form a joint venture with a hotel operator to manage its hotels together with **City Bauhinia Hotel (Guangzhou) 廣州城市寶軒酒店** which is a leasehold property of Hon Kwok.

In addition, Hon Kwok is devising master development plans for its **Chongqing Phase 2 Project 重慶二期項目** which includes a 5-star hotel with serviced apartments.

1.4 Repurchase of Convertible Bonds due June 2011

Given a strong liquidity position, Hon Kwok bought back and cancelled in October this year an aggregate face value of HK$192 million Convertible Bonds issued by its wholly-owned subsidiary, Hon Kwok Treasury IV Limited. The Bonds were repurchased at par and represented 68.6% of the total Bonds originally issued in June 2006. The repurchase enables Hon Kwok to save interest charges (3.5% per annum) and premium on redemption (approximately 24.5% on face value) on the Bonds, totaling HK$58 million for the 21 months to maturity in June 2011.

2. GARMENT

Our wholly-owned JL Group reported a turnover of HK$122 million (2008: HK$158 million) with a net profit after tax of HK$8.4 million (2008: HK$8.8 million) for the period under review.

Last year, the global financial tsunami severely slashed asset prices and dampened consumer sentiment. JL Group, which produced fashionable garment in Mainland China for export mainly to the European market, was adversely affected with a general decline in demand from customers who became more conservative in stock replenishment under the weak retail business environment.

During the period under review, sales to European markets has been gradually stabilized. More orders were being received from the German customers. On the contrary, the US economy remains stagnant and demands from major fashion brands are likely to take a much longer time to recover. Fortunately, our turnover attributable to US customers is small and hence our business is relatively less affected. Despite the difficult economic environment, JL Group achieved improvement in gross profit margin by focusing on products with higher profit margin and is implementing stringent cost control measures. JL Group will continue to streamline and improve its production system to enhance the productivity and efficiency during this difficult period.

3. CONSTRUCTION AND TRADING

Chinney Alliance Group Limited (Stock Code: 385), a 29.1% owned associate, recorded its turnover and net profit after tax for the six months ended 30 June 2009 of HK$1,220 million (2008:HK$1,036 million) and HK$43 million (2008: HK$24 million) respectively.

The profit for the period included the fair value gains on equity investments of HK$5.2 million (2008: loss HK$5.7 million). Should these non-recurring items be excluded for both periods, the net profit for the six months ended 30 June 2009 for Chinney Alliance would be about HK$37.8 million, which represents a 27% increase against the adjusted HK$29.7 million in 2008.

Chinney Alliance Group's building construction and foundation piling business recorded substantial increase in turnover and operating profit. Contracts performed during the period included the foundation for redevelopment of two residential estates launched by the Hong Kong Housing Authority and the foundation works for three major residential developments in the private sector. All these contracts are scheduled for completion in 2009.

Though the trading of plastics and chemicals of Jacobson van den Berg (Hong Kong) Limited ("Jacobson") remained profitable, its sales and profit margins were adversely reduced as substantial portion of the customers were manufacturers for the US market which was at the epicenter of the financial tsunami. In the meantime, Jacobson continues to increase its presence in Mainland China, strategically contemplating on new business opportunities, and await the gradually recovery of world economy.

4. OTHER INVESTMENT

Benefiting from the upsurge in Hong Kong stock market for the period under review, the Group recorded in our income statement an unrealized fair value gain of HK$20 million on a listed investment, representing almost 2.2 times in share price on 30 September 2009 against six months ago.

OUTLOOK

Some countries have stabilized their economies and gradually recovered from the global financial tsunami. These include Australia and Norway which recently initiated their interest hikes to suppress inflationary pressure. However, for the world largest economy in the United States, the unemployment rate accelerated to its 26-year record high of 10.2% in October 2009, with stagnant consumer spending and new home construction dropped over 10.5% to 6-month lowest level. G20 leaders in their recent summit concluded that government stimulus packages should remain status quo until improvement in global economic fundamentals proved to be sustainable. Many analysts believe that the States' economic recovery period may last for at least a couple more years.

In the Mainland, plunge in GDP due to loss of exports has been overcome by the Central Government's massive investments in large scale infrastructure projects and urban modernization programme, coupled with aggressive monetary relaxation policies to encourage domestic consumption. New bank borrowings for the first 10 months in 2009 reached RMB8.92 trillion, representing a huge increase of RMB5.26 trillion over the same period last year. China officials recently indicated they are confident that the 2009 target annual growth in GDP of 8% will be achieved. Part of the funds from the new bank borrowings have undoubtedly parked in the stock and property markets, leading to a gradual price upsurge since early 2009. The Group captured this opportunity and successfully realized total sales proceeds exceeding HK$773 million from three of our development projects in Guangzhou (viz. **Botanica Phase 1 寶翠園一期**, **No. 5 Residence 北京路 5 號公館** and **Li Wan Project 荔灣項目**). Barring unforeseen circumstances and without significant changes in Government policies, the PRC property market is likely to grow steadily in the years ahead. Our project team has also expedited the development schedules in **Botanica Phase 2 寶翠園二期**, the residential project adjoining **No. 5 Residence 北京路 5 號公館** along Beijing Road in Guangzhou and **Yayao Oasis Phase 1 雅瑤綠洲一期** in Nanhai.

Since late 2008, large investors and hedge funds have been relocating their portfolios from places suffering economic doldrums to cities, like Hong Kong, with no exchange control, higher investment potential and low tax levies. Hong Kong Monetary Authority recently announced that an unprecedented influx of over HK$500 billion has flowed into Hong Kong from overseas since September last year. Such influx of hot money has not only driven our stock and property (especially the luxury residential flats) markets to new heights in the past year, but also helped to lower our borrowing costs substantially. Our management sees a potential capital appreciation in RMB assets in the years ahead as long as HKD remains pegged with USD. The Group therefore strategically leverages the low borrowing costs in Hong Kong to further expand our investment assets in China. Hence, in addition to retaining our completed commercial projects in Shenzhen and Chongqing for long term investment purposes, the Group continues to look for other investment opportunities in the Mainland.

For our garment business, its major customers are in Germany and Italy. Their economic recovery pace has seen to be much faster than the United States and other Eurozone countries. Though the turnover of our JL Group has dropped by about 22%, their management is able to trim down operating costs and maintain its profitable operation under this challenging year.

In Hong Kong, the overall economy has been stabilized and recovered steadily. Decline in GDP against last year has been further shrunk for a third consecutive quarter in 2009 to -2.4%. Both Consumer Price Index and Retail Sales have rebounded to positive growth since September 2009 for a year-on-year basis. Together with the gradual recovery in the property market and launch of further infrastructure projects by our Government, general economic growth should remain positive. The management believes that our foundation piling, building construction and plastic trading businesses are expected to perform well in the coming year.

Finally, I would like to extend my gratitude and appreciation for our Board and staff members for their valuable contributions, diligent efforts and team spirits for the period under review.

James Sai-Wing Wong
Chairman

Hong Kong, 10 December 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**564,062**	305,300
Cost of sales		**(452,358)**	(236,752)
Gross profit		**111,704**	68,548
Other income and gains	*3*	**9,897**	33,148
Fair value gains/(losses) on investment properties, net		**250,180**	(56,395)
Change in fair value of properties held for sale transferred to investment properties		**-**	38,188
Loss on disposal of a subsidiary		**-**	(974)
Gain on disposal of a jointly-controlled entity		**76,922**	-
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries		**-**	13,663
Fair value gain/(loss) on equity investments at fair value through profit or loss		**19,353**	(9,011)
Selling and distribution costs		**(14,514)**	(16,815)
Administrative and other operating expenses		**(43,536)**	(31,418)
Finance costs	*4*	**(11,930)**	(13,570)
Share of profits and losses of:			
Associates		**12,439**	6,876
Jointly-controlled entities		**(930)**	285
Profit before tax	*5*	**409,585**	32,525
Tax	*6*	**(65,533)**	8,191
Profit for the period		**344,052**	40,716
Attributable to:			
Equity holders of the Company		**191,963**	29,917
Minority interests		**152,089**	10,799
		344,052	40,716
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		**34.82 HK cents**	5.43 HK cents
Diluted		**31.15 HK cents**	5.17 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**344,052**	40,716
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	**3,540**	51,538
Total comprehensive income for the period	**347,592**	92,254
Attributable to:		
Equity holders of the Company	**193,784**	56,330
Minority interests	**153,808**	35,924
	347,592	92,254

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**94,303**	95,919
Properties under development		**1,666,995**	1,712,258
Prepaid land lease payments		**15,992**	16,190
Investment properties		**2,837,873**	2,563,615
Investments in associates		**101,037**	93,084
Interests in jointly-controlled entities		**31,159**	39,423
Promissory note receivable from an associate		**40,304**	40,113
Deferred tax assets		**184**	170
Loan receivables		**2,881**	3,283
Total non-current assets		**4,790,728**	4,564,055
CURRENT ASSETS			
Inventories		**15,061**	15,718
Properties held for sale		**452,147**	533,608
Prepaid land lease payments		**471**	471
Equity investments at fair value through profit or loss		**36,461**	17,109
Trade and bills receivables	*8*	**74,034**	24,489
Prepayments, deposits and other receivables		**61,597**	34,393
Amounts due from related companies		**345**	345
Amounts due from jointly-controlled entities		**145,671**	178,837
Tax recoverable		**220**	191
Cash and cash equivalents		**890,868**	366,151
Total current assets		**1,676,875**	1,171,312
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*9*	**206,381**	192,575
Customer deposits		**230,161**	76,191
Amounts due to the immediate holding company		**40,000**	40,000
Tax payable		**70,796**	64,756
Dividend payable		**22,055**	-
Interest-bearing bank borrowings		**373,364**	522,091
Total current liabilities		**942,757**	895,613

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	At 30 September 2009 (Unaudited)	At 31 March 2009 (Audited)
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**734,118**	275,699
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,524,846**	4,839,754
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,179,909**	872,227
Promissory note payable	**20,000**	20,000
Convertible bonds	**309,987**	299,475
Deferred tax liabilities	**273,637**	232,276
Total non-current liabilities	**1,783,533**	1,423,978
Net assets	**3,741,313**	3,415,776
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**137,842**	137,842
Reserves	**1,861,485**	1,667,701
Proposed final dividend	**-**	22,055
	1,999,327	1,827,598
Minority interests	**1,741,986**	1,588,178
Total equity	**3,741,313**	3,415,776

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 September 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2009 except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on or after 1 April 2009.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation*
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreement 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* [2]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008 [1]

[1] *Except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009*
[2] *Effective for transfers of assets from customers received on or after 1 July 2009*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income, with all items of income and expense recognised in income statement, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8, which replaced HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical area in which the Group operate and revenue from the Group's major customers. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

Except for the adoption of HKAS 1 (Revised) and HKFRS 8, the adoption of other new and revised HKFRSs has had no material effect on the Group's results of operation and financial position.

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

HKFRS 2 Amendments	*Group cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 5 Amendments	*Plan to sell the controlling interest in a subsidiary* [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: *Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008 and 2009 [3]

[1] *Effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 January 2010*
[3] *Except for the amendments to HKFRS 2, HKFRS 5, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company 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.

2. SEGMENT INFORMATION

The Group is principally engaged in garment manufacturing and trading, property development and property investment activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic operating unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel. The adoption of HKFRS 8 had no material effect on the presentation of segment information. An analysis of the Group's revenue and contribution to profit from operation by business segments and revenue by geographical segments is as follows:

(a) Business segments

	Six months ended 30 September 2009 (Unaudited)				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:					
Sale to external customers	**122,442**	**405,552**	**18,638**	**17,430**	**564,062**
Segment results	**9,815**	**56,420**	**245,159**	**4,254**	**315,648**
Net income from investments					**2,036**
Unallocated expenses					**(3,953)**
Fair value gains on equity investments at fair value through profit or loss					**19,353**
Finance costs					**(11,930)**
Share of profits and losses of associates	**-**	**-**	**-**	**12,439**	**12,439**
Share of profits and losses of jointly-controlled entities	**-**	**(930)**	**-**	**-**	**(930)**
Gain on disposal of a jointly-controlled entity					**76,922**
Profit before tax					**409,585**
Tax					**(65,533)**
Profit for the period					**344,052**

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Six months ended 30 September 2008 (Unaudited)				
	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Sale to external customers	157,908	100,061	27,512	19,819	305,300
Segment results	10,020	46,405	(29,481)	6,495	33,439
Net income from investments					4,390
Unallocated expenses					(2,573)
Fair value losses on equity investments at fair value through profit or loss					(9,011)
Finance costs					(13,570)
Share of profits and losses of associates	-	-	-	6,876	6,876
Share of profits and losses of jointly-controlled entities	-	285	-	-	285
Loss on disposal of a subsidiary					(974)
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries					13,663
Profit before tax					32,525
Tax					8,191
Profit for the period					40,716

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

	Six months ended 30 September 2009 (Unaudited)					
	Hong Kong ***HK$'000***	**Mainland China** ***HK$'000***	**Europe** ***HK$'000***	**North America** ***HK$'000***	**Others** ***HK$'000***	**Consolidated** ***HK$'000***
Segment revenue:						
Sales to external customers	**50,847**	**389,874**	**109,699**	**11,323**	**2,319**	**564,062**

	Six months ended 30 September 2008 (Unaudited)					
	Hong Kong *HK$'000*	Mainland China *HK$'000*	Europe *HK$'000*	North America *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Sales to external customers	141,406	2,832	116,760	35,385	8,917	305,300

3. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**562**	2,018
Other interest income	**1,286**	1,264
Dividend income from listed investments	**188**	1,108
Commission income	**187**	2,585
Gain on disposal of investment properties	**853**	22,085
Foreign exchange difference, net	**4,341**	1,294
Other	**2,480**	2,794
	9,897	33,148

4. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on Bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**30,755**	41,186
Less: Interest capitalized under property development projects	**(18,825)**	(27,616)
	11,930	13,570

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**3,290**	3,480
Amortisation of prepaid land lease payments	**236**	236
Employee benefits expense (including directors' remuneration)	**37,357**	37,053
Less: Amounts capitalized under property development projects	**(2,984)**	(2,984)
	34,373	34,069
Fair value (gains)/losses on equity investments at fair value through profit or loss	**(19,353)**	9,011
Bank interest income	**(562)**	(2,018)
Other interest income	**(1,286)**	(1,264)
Gain on disposal of investment properties	**(853)**	(22,085)
Gain on disposal of property, plant and equipment	**(118)**	-

6. TAX

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Group:		
Current – Hong Kong	**1,829**	2,631
– Outside Hong Kong	**22,357**	(463)
	24,186	2,168
Deferred	**41,347**	(10,359)
Total tax charge/(credit) for the period	**65,533**	(8,191)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, net of tax and interest capitalization of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**191,963**	29,917
Interest on convertible bonds of a subsidiary, net of tax and interest capitalization	**-**	-
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**(20,187)**	(1,437)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**171,776**	28,480

8. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables, based on the invoice date/contract date, is as follows:

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within 30 days	**45,461**	9,350
31 to 60 days	**7,998**	904
61 to 90 days	**12,598**	1,669
Over 90 days	**7,977**	12,566
Total	**74,034**	24,489

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$39,731,000 (at 31 March 2009: HK$26,412,000). An aged analysis of the trade payables, based on the invoice date, is as follows:

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within 30 days	**34,354**	15,164
31 to 60 days	**2,602**	8,377
61 to 90 days	**1,180**	2,152
Over 90 days	**1,595**	719
Total	**39,731**	26,412

10. CONTINGENT LIABILITIES

As at 30 September 2009, the Group had the following contingent liabilities:

(a) the Group has given guarantees of HK$234,158,000 (as at 31 March 2009 (audited): HK$34,556,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers; and

(b) pursuant to the share transfer agreement dated 17 August 2009 for the sale and purchase of the entire issued share capital of Rich Central Limited, an indirect jointly-controlled entity of the Group, together with the related shareholder's loan at an aggregate cash consideration of HK$250,000,000, the Group has executed a guarantee in favour of the purchaser to guarantee certain warranties given by the vendor upon completion of the share transfer agreement on 30 September 2009 for a period of 6 months. The maximum liability under the guarantee will not be greater than HK$250,000,000. In connection therewith, the joint venture partner counter indemnifies the Group for 50% of any loss suffered by the Group pursuant to the above guarantee.

11. **POST BALANCE SHEET EVENT**

On 30 September 2009, the Group committed to repurchase at par an aggregate principal amount of HK$192 million out of HK$280 million 3.5% guaranteed convertible bonds which were issued by a wholly-owned subsidiary of the Group in June 2006. The aforementioned repurchased bonds had been cancelled upon completion of the repurchases in October 2009.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to HK$1,863 million as at 30 September 2009 (as at 31 March 2009: HK$1,694 million), of which approximately 20% (as at 31 March 2009: 31%) of the debts were due and repayable within one year. Total cash and bank balances including time deposits were HK$891 million (as at 31 March 2009: HK$366 million).

Total shareholders' funds as at 30 September 2009 was HK$1,999 million (as at 31 March 2009: HK$1,828 million).

The gearing ratio of the Group, as measured by the consolidated net borrowings of HK$972 million (as at 31 March 2009: HK$1,328 million) over the shareholders' funds plus minority interests totalling of HK$3,741 million (as at 31 March 2009: HK$3,416 million), was 26% at 30 September 2009 (as at 31 March 2009: 39%).

The Group had a total of HK$410 million (as at 31 March 2009: HK$240 million) committed but undrawn banking facilities at period end available for its working capital purpose.

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2009, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Certain properties, investments with an aggregate book value of HK$3,430 million as at 30 September 2009 (as at 31 March 2009: HK$2,601 million) and shares in a subsidiary were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 1,100 people as at 30 September 2009. There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

Audit committee

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2009 has not been audited, but has been reviewed by the Audit Committee.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2009.

Compliance with the Code on Corporate Governance Practices

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

1. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and CG Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

   The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association does not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, 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), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

   The Chairman and Managing Director will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considered that the continuity of office of the Chairman and Managing Director provide the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

   All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

2. CG Code provision B.1.3 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company adopted the terms of reference of the remuneration committee on 16 December 2005 with certain deviations from the CG Code provisions. Pursuant to the terms of reference, the remuneration committee should review (as opposed to determine) and make recommendations to the Board on the remuneration of directors (as opposed to directors and senior management).

3. The terms of reference of the remuneration committee and audit committee of the Company are available from the Company Secretary on request and not yet ready on the Company's website as stipulated in CG Code provisions B.1.4 and C.3.4.

James Sai-Wing Wong
Chairman

Hong Kong, 10 December 2009

At the date hereof, the directors of the Company are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. William Chung-Yue Fan and Mr. Herman Man-Hei Fung and the independent non-executive directors are Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.