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正峰集團有限公司

GENVON GROUP LIMITED

正峰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2389)

**ANNOUNCEMENT OF THE INTERIM RESULTS
FOR THE PERIOD ENDED 30 JUNE 2010**

The Board of Directors (the “Board”) of Genvon Group Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 which have not been audited but have been reviewed by the Audit Committee together with the comparative figures in 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	NOTES	Six months ended 30 June	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Revenue	3	48,416	50,574
Cost of sales		<u>(42,620)</u>	<u>(45,047)</u>
Gross profit		5,796	5,527
Other income		997	5,073
Selling and distribution expenses		(2,038)	(3,406)
Administrative expenses		(21,564)	(17,877)
Fair value gain (loss) on conversion option embedded in convertible note	14	18,302	(1,382)
Finance costs	4	<u>(14,786)</u>	<u>(14,262)</u>
Loss for the period	5	(13,293)	(26,327)
Other comprehensive income (expense)			
Exchange differences arising on translation		<u>1,594</u>	<u>(234)</u>
Total comprehensive expense for the period		(11,699)	(26,561)
Loss for the period attributable to:			
Owners of the Company		(13,265)	(26,327)
Non-controlling interest		<u>(28)</u>	<u>—</u>
		<u><u>(13,293)</u></u>	<u><u>(26,327)</u></u>
Total comprehensive expense attributable to:			
Owners of the Company		(11,671)	(26,561)
Non-controlling interest		<u>(28)</u>	<u>—</u>
		<u><u>(11,699)</u></u>	<u><u>(26,561)</u></u>
Loss per share	6		
– basic and diluted (HK cents)		<u><u>(0.78)</u></u>	<u><u>(3.86)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	NOTES	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	92,871	95,263
Prepaid lease payments		24,322	24,453
Intangible assets		4,911	4,260
		<u>122,104</u>	<u>123,976</u>
Current assets			
Inventories		16,823	12,994
Properties under development held for sale	8	300,265	236,111
Trade and other receivables	9	41,368	56,093
Deposit paid for acquisition of land use rights	10	206,327	—
Prepaid lease payments		717	711
Pledged bank deposits		5,448	—
Bank balances and cash		115,634	35,198
		<u>686,582</u>	<u>341,107</u>
Current liabilities			
Trade and other payables	11	62,767	34,525
Deposits and accrued expenses		5,039	6,251
Loans from related companies		39,046	43,684
Amount due to non-controlling interest	12	5,731	—
Bank and other borrowings			
– due within one year	13	128,381	43,157
Conversion option embedded in convertible note	14	—	18,302
Liability component of convertible note	14	202,263	188,774
		<u>443,227</u>	<u>334,693</u>
Net current assets		<u>243,355</u>	<u>6,414</u>
		<u><u>365,459</u></u>	<u><u>130,390</u></u>
Capital and reserves			
Share capital	15	168,991	168,991
Reserves		(70,560)	(61,315)
Equity attributable to owners of the Company		<u>98,431</u>	<u>107,676</u>
Non-controlling interest		<u>72,186</u>	<u>—</u>
Total equity		<u>170,617</u>	<u>107,676</u>
Non-current liabilities			
Deferred income		22,903	22,714
Bank and other borrowing			
– due after one year	13	171,939	—
		<u>194,842</u>	<u>22,714</u>
		<u><u>365,459</u></u>	<u><u>130,390</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of annual financial statements of Genvon Group Limited (formerly known as Wang Sing International Holdings Group Limited) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

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

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

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

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

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance, are summarised as follows:

- (a) Manufacturing and trading of power tools, air tools, hand tools and other products ("Manufacturing and Trading"); and
- (b) Property Development and Trading.

The following is an analysis of the Group's revenue and results by operating segments for the periods under review:

Six months ended 30 June 2010

	Manufacturing and Trading			Property Development and Trading	
	Europe HK\$'000	USA HK\$'000	Other countries HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue					
– external	<u>13,460</u>	<u>32,529</u>	<u>2,427</u>	<u>–</u>	<u>48,416</u>
RESULTS					
Segment profit	<u>1,455</u>	<u>4,049</u>	<u>292</u>	<u>(2,776)</u>	<u>3,020</u>
Unallocated corporate income					20,726
Unallocated corporate expenses					(22,253)
Finance costs					<u>(14,786)</u>
Loss for the period					<u><u>(13,293)</u></u>

Six months ended 30 June 2009

	Manufacturing and Trading			Property Development and Trading	
	Europe HK\$'000	USA HK\$'000	Other countries HK\$'000	Trading HK\$'000	Total HK\$'000
Segment revenue					
– external	<u>18,990</u>	<u>20,259</u>	<u>11,325</u>	<u>–</u>	<u>50,574</u>
RESULTS					
Segment profit	<u>2,313</u>	<u>2,346</u>	<u>868</u>	<u>–</u>	<u>5,527</u>
Unallocated corporate income					3,691
Unallocated corporate expenses					(21,283)
Finance costs					<u>(14,262)</u>
Loss for the period					<u><u>(26,327)</u></u>

4. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings wholly repayable within five years	5,093	1,502
Amount due to a director	–	1,029
Imputed interest expense on convertible note	13,489	11,731
	<u>18,582</u>	<u>14,262</u>
Less: interest capitalised in properties under development held for sale (<i>Note 8</i>)	(3,796)	–
	<u>14,786</u>	<u>14,262</u>

5. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	3,633	3,193
Release of prepaid lease payments	359	64
Amortisation of intangible assets (included in cost of sales)	1,482	706
Cost of inventories recognised as an expense	42,620	45,047
Gain on disposal of property, plant and equipment	(431)	–
	<u>48,063</u>	<u>49,010</u>

6. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30 June 2010 is based on the loss for the period attributable to owners of the Company of HK\$13,265,000 (six months ended 30 June 2009: HK\$26,327,000) and the number of 1,689,910,000 (six months ended 30 June 2009: approximately 681,388,000) ordinary shares in issue.

The number of ordinary shares for the purpose of basic loss per share for the six months ended 30 June 2009 had been adjusted for the open offer completed on 29 July 2009.

The computation of diluted loss per share for the six months ended 30 June 2010 and 2009 does not assume the conversion of the Company's outstanding convertible note as the exercise would result in reduction in loss per share for the six months ended 30 June 2010 and 2009.

The computation of the diluted loss per share for the six months ended 30 June 2010 and 2009 does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market price for shares for both periods.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired property, plant and equipment of approximately HK\$859,000 (for the six months ended 30 June 2009: HK\$1,379,000).

At 30 June 2010, the Group has pledged property, plant and equipment with the aggregate carrying value of approximately HK\$54,874,000 (31 December 2009: HK\$55,206,000) to secure general banking facilities granted to the Group.

8. PROPERTIES UNDER DEVELOPMENT HELD FOR SALE

The amount represents a parcel of land being developed into its residential properties for sale in the ordinary course of business upon completion. It is situated in the Mainland China (the "PRC") and held under a long lease. The constructions work is expected to be completed by end of 2011.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60-120 days to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Within 30 days	8,344	8,114
Between 31 to 60 days	12,885	6,193
Between 61 to 90 days	1,920	1,288
Between 91 to 120 days	26	844
Over 120 days	<u>63</u>	<u>416</u>
	23,238	16,855
Other receivables	3,406	3,556
Deposits and prepayments	<u>14,724</u>	<u>35,682</u>
	<u>41,368</u>	<u>56,093</u>

10. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

On 11 January 2010, Shanghai Zhuanfeng Land and Building Development Limited (“Shanghai Zhengfeng”), a wholly-owned subsidiary of the Company, won a tender at an open auction to acquire the land use right of a parcel of land (the “Jiangsu Land”) at a consideration of RMB445,480,000 (equivalent to approximately HK\$503.4 million) and entered into a confirmation letter with Bureau of Land Resources, Haian County, the PRC at that date. A deposit of HK\$206,327,000 (equivalent to RMB180,000,000) was paid in this connection. The parcel of land will be used for development of residential properties for sale in the ordinary course of business upon completion.

In addition, on 15 January 2010, Shanghai Zhuanfeng and Shanghai Lankai Property Development Company Limited, an independent third party, entered into a cooperation joint venture agreement to establish a joint venture company as the project company for the development of residential properties on the Jiangsu Land. Under the cooperation joint venture agreement, Shanghai Zhuanfeng and Shanghai Lankai Property Development Company Limited have 70% and 30% equity interest, respectively, in the joint venture company. The joint venture company was established in March 2010, and named as Jiangsu Zhuanfeng Properties Services Co., Limited (“Jiangsu Zhuanfeng”). Jiangsu Zhuanfeng is a 70% owned subsidiary of the Company.

On 3 June 2010, Jiangsu Zhengfeng entered into a contract with the Bureau of Land Resources, Haian County, pursuant to which the remaining consideration for the acquisition of the Jiangsu Land is required to be settled on 8 November 2010 and completion of the land transfer of the Jiangsu Land is expected to take place by 7 December 2010.

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Within 30 days	11,853	12,040
Between 31 to 60 days	15,283	4,615
Between 61 to 90 days	2,990	2,140
Between 91 to 120 days	306	1,031
Over 120 days	25,029	5,820
	55,461	25,646
Other payables	7,306	8,879
	62,767	34,525

12. AMOUNT DUE TO NON-CONTROLLING INTEREST

The amount is unsecured, interest free and repayable on demand.

13. BANK AND OTHER BORROWINGS

During the current period, the Group obtained new bank borrowings amounting to HK\$187,913,000 including new loans of HK\$15,934,000 which carry interest at variable market rates of 5.8% to 6.4% per annum and are repayable within one year and a new bank loan of HK\$171,939,000 which carries interest at the People's Bank of China base interest rate less 5% per annum (effective interest rate of 5.04% per annum) and will be repayable in 2013. This loan is principally used to finance the construction of the properties under development held for sale in the PRC (Note 8).

The Group also obtained other loans of HK\$80,237,000 which are unsecured, interest bearing at the prevailing market rate of commercial banks in the PRC and repayment within one year.

The Group has pledged its property, plant and equipment, prepaid lease payments and properties under development held for sale with carrying values of approximately HK\$54,874,000 (2009: HK\$55,026,000), HK\$24,215,000 (2009: HK\$24,283,000) and HK\$300,265,000 (2009: 236,111,000) respectively and bank deposits of HK\$5,448,000 (2009: Nil) to secure general banking facilities granted to the Group.

14. CONVERTIBLE NOTE

The Company issued a zero coupon convertible note in the aggregate principal value of HK\$195,500,000 on 15 July 2008 to Grand Vision Group Limited which is wholly owned by Mr. Wang Zheng Chun, as part of consideration paid for the acquisition of the piece of land referred to in note 8. The convertible note was denominated in Hong Kong dollars. The note entitled the holders to convert it into ordinary shares of the Company at any time between the date of having obtained the state-owned land use rights certificate and the physical possession and actual occupation in respect of the property in the name of Shanghai Zhuanfeng and its settlement date on 14 July 2010 at a conversion price of HK\$0.46 per share, which was subsequently adjusted to HK\$0.29 per share as a result of open offer completed on 27 July 2009. If the convertible note has not been converted, they will be redeemed on 14 July 2010 at 104% of the principal amount.

The convertible note contained two components, liability component and conversion option derivative. The effective interest rate of the liability component determined on initial recognition was 13.9%. The conversion option derivative was measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

The movement of the liability component and conversion option derivative of the convertible note for the period is set out as below:

	Liability Component <i>HK\$'000</i>	Conversion option derivative <i>HK\$'000</i>
As at 31 December 2009	188,774	18,302
Interest charge	13,489	—
Gain arising on changes of fair value	—	(18,302)
As at 30 June 2010	<u>202,263</u>	<u>—</u>

The convertible note was redeemed by the Company on 14 July 2010. Details are set out in note 18.

15. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2009 and 30 June 2010	<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 31 December 2009 and 30 June 2010	<u>1,689,910</u>	<u>168,991</u>

16. CAPITAL COMMITMENTS

	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of property, plant and equipment	<u>52</u>	<u>50</u>

17. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company operates a share option scheme (the “Share Option Scheme”) for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Share Option Scheme became effective on 26 April 2002 and, unless otherwise cancelled or amended, the options will remain in force for 10 years from its date of grant of the share options.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share option in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company’s shares as at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The following table discloses the movements of the Company's share options granted under the share option scheme:

Options granted on 18 August 2006

Category	Adjusted exercise price per share HK\$	Estimated fair value per share option at the date of grant HK\$	Exercisable period	Number of share options at 1/1/2010 and at 30/6/2010
Directors	0.124	0.0319	<i>note (i)</i>	1,064,516
Employees	0.124	0.033	<i>note (ii)</i>	<u>4,032,254</u>
				<u><u>5,096,770</u></u>

There is no share option granted prior to 18 August 2006.

Notes:

- i. The share options are exercisable one year after 18 August 2006 until 10 April 2012.
- ii. One-fifth of the share options granted to the employees will be vested annually in the next five years from 18 August 2006. The share options are exercisable once they become vested until 10 April 2012.

Options granted on 10 January 2008

Category	Adjusted exercise price per share HK\$	Estimated fair value per share option at the date of grant HK\$	Exercisable period	Number of share options at 1/1/2010 and 30/6/2010
Other service provider	0.521	0.4648	note (i)	<u>16,161,228</u>

Note:

- (i) The first 50% of the share options will be vested one year after 10 January 2008. The remaining 50% of the share options will be vested two years after 10 January 2008. The share options are exercisable once they become vested until 9 January 2018.

Options granted on 7 March 2008

Category	Adjusted exercise price per share HK\$	Estimated fair value per share option at the date of grant HK\$	Exercisable period	Number of share options at 1/1/2010	Number of share options lapsed during this period	Number of share options at 30/6/2010
Employees	0.285	0.2935	note (i)	<u>7,585,960</u>	<u>(161,403)</u>	<u>7,424,557</u>

Note:

- (i) One-fifth of the share options granted to the employees will be vested annually in the next five years from 7 March 2008. The share options are exercisable once they become vested until 6 March 2018.

Options granted on 5 May 2008

Category	Adjusted exercise price per share HK\$	Estimated fair value per share option at the date of grant HK\$	Exercisable period	Number of share options at 1/1/2010 and 30/6/2010
Other service provider	0.2	0.1769	note (i)	<u>5,635,000</u>

Note:

- (i) The share options are exercisable immediately after 5 May 2008 to 4 May 2018.

Options granted on 6 November 2009

Category	Exercise price per share HK\$	Estimated fair value per share option at the date of grant	Exercisable period	Number of share options at 1/1/2010 and 30/6/2010
Director	0.229	0.1487	<i>note (i)</i>	26,000,000
Employees and other service provider	0.229	0.1487	<i>note (i)</i>	<u>22,000,000</u>
				<u><u>48,000,000</u></u>

Note:

- (i) One-third of the share options granted will be vested annually in the next three years from 6 November 2010. The share options are exercisable until 5 November 2019.

The fair value was calculated using The Black-Scholes pricing models or the Binomial option pricing model (“Models”). The inputs into the models were as follow:

	Options granted on				
	18 August 2006	10 January 2008	7 March 2008	5 May 2008	6 November 2009
Closing share price at the date of grant	HK\$0.2	HK\$0.76	HK\$0.44	HK\$0.305	HK\$0.229
Exercise price	HK\$0.2	HK\$0.842	HK\$0.45	HK\$0.322	HK\$0.229
Volatility	56.78%	74.84%	76.02%	75.40%	79.04%
Expected life	10 years	10 years	10 years	10 years	10 years
Risk-free rates	4.289%	3.155%	2.739%	2.730%	2.225%

The variables and assumptions used in computing the fair values of the share options are based on the directors’ best estimate. The value of an option varies with different variables of certain subjective assumption.

The exercise price per share and the number of share options per above have been adjusted following the completion of the Company’s open offer at July 2009. The exercise price per share are further adjusted after the period end following the completion of the Company’s right issue. Details please refer to note 19.

18. RIGHTS ISSUE AND EVENT AFTER THE END OF THE REPORTING PERIOD

On 13 June 2010, the Company announced that, among others, the Company had entered into an Underwriting Agreement with Grand Vision Group Limited (the “Underwriter”) and Mr. Wang Zheng Chun on 11 June 2010 in relation to the Rights Issue (the “Rights Issue”). The Company proposes to carry out the Rights Issue on the basis of three shares (“Rights Shares”) for every two shares held on 21 July 2010 (the “Record Date”). The Rights Issue involves the issue of not less than 2,534,865,000 Rights Shares but not more than 2,576,601,166 Rights Shares at a price of HK\$0.15 per Rights Share, subject to any issue of new Shares by the Company on or before the Record Date as a result of the exercise of the Exercisable Share Options by the holders thereof. The Rights Issue is only available to the Qualifying Shareholders and such Qualifying Shareholders are not entitled to apply for any Rights Shares which are in excess of their assured entitlements.

Results of the Rights Issue

The Rights Issue has become unconditional on 10 August 2010. Six valid acceptances of provisional allotments have been received for an aggregate of 301,462,000 Rights Shares, representing approximately 11.9% of the total number of 2,534,865,000 Rights Shares offered under the Rights Issue and approximately 7.1% of the enlarged issued share capital of the Company of 4,224,775,000 Shares immediately after completion of the Rights Issue.

The Underwriting Agreement became unconditional at 4:00 p.m. on 10 August 2010. As a result of the under-subscription of the Rights Shares, the Underwriter is obliged to subscribe for 2,233,403,000 Rights Shares that have not been validly subscribed for (the “Untaken Rights Shares”). The aggregate Subscription Price of HK\$335,010,450 payable by the Underwriter in respect of the Untaken Rights Shares has been settled as to HK\$203,320,000 by setting off against the entire Shareholder’s Loan and as to the balance of HK\$131,690,450 by payment in cash.

Shareholding Structure of the Company

The following is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Mr. Wang and his associates				
Underwriter (<i>Note 1</i>)	35,000,000	2.07	2,268,403,000	53.69
Hillfame Holdings Limited (<i>Note 2</i>)	795,718,000	47.09	795,718,000	18.84
Madam Shen Ling Zhao (<i>Note 3</i>)	<u>70,148,000</u>	<u>4.15</u>	<u>70,148,000</u>	<u>1.66</u>
Subtotal	900,866,000	53.31	3,134,269,000	74.19
Mr. Zhang Xiu He, an executive Director	4,620,000	0.27	11,550,000	0.27
Mr. Ho Hao Veng, a non-executive Director	2,396,000	0.14	2,396,000	0.06
Public Shareholders	<u>782,028,000</u>	<u>46.28</u>	<u>1,076,560,000</u>	<u>25.48</u>
Total	<u><u>1,689,910,000</u></u>	<u><u>100.00</u></u>	<u><u>4,224,775,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued share capital of the Underwriter is wholly and beneficially owned by Mr. Wang.
2. Hillfame Holdings Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Wang.
3. Madam Shen Ling Zhao is the spouse of Mr. Wang.

Adjustments to the exercise prices and number of shares to be issued upon exercise of the outstanding share options

As at the Record Date, the Company had 82,317,555 share options outstanding. As a result of the completion of the Rights Issue, the exercise prices and number of shares to be issued upon exercise of the outstanding share options have been adjusted as follows:

Existing exercise prices (per share)	Number of shares to be issued upon exercise of the outstanding share options as at the Record Date	Adjusted exercise prices (per share) as a result of the completion of the Rights Issue	Adjusted number of shares to be issued upon exercise of the outstanding share options as at the Record Date as a result of the completion of the Rights Issue
HK\$0.124	5,096,770	HK\$0.114	5,574,593
HK\$0.2	5,635,000	HK\$0.183	6,163,281
HK\$0.229	48,000,000	HK\$0.21	52,500,000
HK\$0.285	7,424,557	HK\$0.261	8,120,612
HK\$0.521	16,161,228	HK\$0.477	17,676,343

Optima Capital Limited has certified the above adjustments to the exercise prices and number of the shares to be issued upon exercise of the outstanding share options as at the Record Date. The abovementioned adjustments became effective retrospectively on 22 July 2010, being the day next following the Record Date.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Property Development

During the recent years, significant growth was noted on the economy of China. The growth was more apparent after entry into the World Trade Organisation. For these years, the boom in the economy brought about the increase in disposable income by the people. The acceleration in the pace of urbanization and the adjustment in the economic composition facilitated the change in the ways that the economy achieves its development. These factors have contributed to the sustainable growth in the real estate market in China.

Driven by the growth in economy and population, the demand for residential properties in Jiangsu Province demonstrated an uprising trend during the recent years. Similarly, the demand of real estate market in Shanghai remained strong, and the property price stayed at a relatively high level. During the first half of 2010, notwithstanding the control measures imposed by the Central government so as to control the rapidly growing real estate market, the market price basically remains steady and there was not much fall in the market demand. The real estate market in China is still growing at a sound and steady manner.

Power tools, air tools and hand tools

During the first half of 2010, the economy in China has been growing steadily. Exports by the enterprises in the Mainland grew significantly as compared with the same period in 2009, which was then suffered from the outbreak of the financial crisis that resulted in a lower amount of exports. In the first half of 2010 growth in exports was recovering gradually.

During the period under review, the recovery of the international economy remained slow. The purchase made by international vendors in China was conservative and prudent as compared to that prior to 2009. Although the demand in emerging markets such as South Asia, East Europe, Russia and Middle East was relatively rapid, the recovery in the demand from Europe and the United States, the traditional exports destinations, was relatively slower.

Business Review

Property Development

The progress for the development of the real estate project in Shanghai was smooth. Construction work for the southern portion was already up to 10 floors for the structure. Foundation work was commenced for the northern portion. It is expected that pre-sale will begin during the fourth quarter of this year. Construction work will be fully completed by 2011.

In January 2010, a subsidiary of the Company acquired the land use right for a piece of land in Jiangsu province by way of open tender at a consideration of RMB445,480,000. The Company has established a joint venture with a real estate developer in Shanghai for the joint development of this project, and has 70% interests in the Company. Please refer to the circular dated 27 March 2010 for the details of this acquisition. On 15 April 2010, the shareholders of the Company had approved this acquisition.

The land should be delivered latest by December 2010. Construction work shall commence within six months after the land was delivered and shall be completed within three years. According to the preliminary development plan, it is expected that the lot will be developed into a residential community of approximately 550,000 square meters.

Power tools, air tools and hand tools

The Group is principally engaged in the production and sale of mid to high end alternating current (AC) and direct current (DC) power tools, garden tools and air tools. During the period under review, there were certain fluctuations for the prices of raw materials in China, with which increases were recorded to a certain extent. By mid-2010, drops were recorded from time to time. As of the end of June 2010, the prices of raw materials as a whole slightly fell when compared with the end of 2009. The pressure on product costs faced by the manufacturing enterprises was slightly mitigated, which was beneficial to the future development of the enterprises.

As the Group had integrated businesses earlier and ceased to operate a majority of those with relatively lower gross profit margin, the sales recorded by the Group reduced. But costs were saved and resources are then concentrated in the development of new customers and research of high value added products. The integration plan made significant progresses and as a result loss incurred by the tools business was reduced significantly.

During the first half of 2010, enterprise management for the Group's factories was enhanced continuously. Assurance systems such as ISO9001:2008, ISO14001: 2004 and GB/T28001-2001 were strictly executed. The fundamental ERP modules were implemented in full force at the Group's factories. Product qualities were improved in an ongoing manner. Evaluation of the Group by a number of customers showed that the Group has achieved the highest ratings among the suppliers.

During the period under review, there were signs of recovery in the United States market. Demand for power tools increased slightly as compared to two years ago. European market remained sluggish. Demand as a whole grew slowly. However, the Company is still active in acquiring new customers. Results were achieved to a certain extent upon tapping into product market. As of the first half of 2010, the Group's major customers included international renowned chain stores and major power and air tools distributors such as Bosch, TTI, Sparky and Kingfisher.

The Group's professional laboratory was also given considerable development during the period under review. As a provincial-class inspection centre, it is estimated to implement more than 30 batches of dedicated monitoring and inspection about power tools. During the period under review, it had completed 22 batches of inspection. After years of operation, the Group's professional laboratory has developed into an inspection institute with certain degree of professionalism and modernization. It has certain degree of influence to the region where the Group's factories are located.

Financial Review

Revenue and Profit Analysis

For the six months ended 30 June 2010, the Group recorded a revenue of approximately HK\$48,416,000, a decrease of 4% as compared to 2009. Loss attributable to shareholders was approximately HK\$13,293,000 in 2010 (2009: HK\$26,327,000). The decrease in revenue was mainly due to the consolidation of the power tool business while enhanced cost control has helped reducing the loss for the period.

Revenue Breakdown by Products and Geographical Locations

In terms of products, power tools were still the income source for the Group. In 2010, the sales of power tools, air tools and hand tools and other products represented 99.94%, 0.05% and 0.01% of the Group's revenue respectively (2009: power tools 90.1%, air tools 4.3% and hand tools and other products 5.6%).

Geographically, USA was the major market of the Group.

Gross Profit and Margin Analysis

For the six months ended 30 June 2010, the Group's gross profit was HK\$5,796,000, HK\$269,000 higher than last year.

Liquidity and Gearing Ratio

At 30 June 2010, the Group's cash on hand was HK\$121,082,000 (2009: HK\$35,198,000). The long term and short term debts of the Group were HK\$345,097,000 (2009: HK\$86,841,000) in aggregate. As at 30 June 2010, the gearing ratio (total borrowing/equity) was 202% (2009: 81%).

Capital Expenditure

The Group's capital expenditure in 2010 was approximately HK\$2,367,192 (2009: HK\$6,300,000), expenditure for development of mould amounted to HK\$308,312 (2009: HK\$320,000).

Working Capital Analysis

For the six months ended 30 June 2010, the Group's trade receivables turnover days were 88 days (2009: 59 days). The trade payables turnover days were 238 days (2009: 99 days) and the inventory turnover days were 72 days (2009: 50 days).

Pledge of Assets

At 30 June 2010, the Group has pledged its property, plant and equipment with net book values of approximately HK\$54,874,000 (2009: HK\$55,026,000), prepaid lease payments amounted to approximately HK\$24,215,000 (2009: 24,283,000) and properties under development held for sales amounted to approximately HK\$300,265,000 (2009: 236,111,000) to secure general banking facilities granted to the Group.

Contingent Liabilities

At 30 June 2010, the Group did not have any material contingent liabilities (2009: Nil).

Exposure to Foreign Exchange Risks

The Group's income and expenses are mainly denominated in US dollars and RMB and partly in Euro. During the period under review, the appreciation of RMB increased the Group's operating cost and raw material costs.

Employee Benefits and Training

At 30 June 2010, the Group had approximately 520 employees, of which, 40 employees were management staff and 60 employees were engineers and the total staff cost (including directors' emoluments) for the six months ended 30 June 2010 amounted to approximately HK\$4,465,000 (2009: HK\$3,781,000).

The Group focuses on the enhancement of the quality of staff through offering all kinds of staff training. During the period under review, the Group organized internal training courses for staff at all levels. Topics of the training courses included moral, ethic, languages, technical and management skill trainings. The Group also organized hundreds of on-the-job training programs in its production plant at Golden Harbour.

Rights Issue

It was announced on 13 June 2010 that the Company proposed, among other things, to carry out the Rights Issue on the basis of three Rights Shares for every two Shares at HK\$0.15 with not less than 2,534,865,000 shares and not more than 2,576,601,166 shares to be issued. The Rights Issue was approved at the extraordinary general meeting held on 21 July 2010. The Rights Issue has become unconditional on 10 August 2011 and the results of the Rights Issue was also announced on 13 August 2010. For details please refer to the Company's announcement.

Outlook

Property Development

It is expected that in the second half of the year, the 141 property project at Minxing District of Shanghai will enter into the phase of pre-sale. The real estate project at Nantong, Jiangsu had commenced the preliminary design phase, and will complete the land transaction before the end of the year.

Power tools, air tools and hand tools

During the second half of 2010, external operating environment will continue to face with challenges. It is expected that prices of raw materials will rebound. The Group will actively seek to reasonably communicate with the customers and suppliers so as to tackle the situation jointly. In addition, if there is appreciation in the exchange rate of Renminbi, it will bring further pressure to the costs of the manufacturing enterprises. At present, the Group is actively seeking to adopt measures and be prepared to mitigate the upward rising pressure on costs of the enterprises.

As the Group will launch more new products during the second half of the year, it is expected that the Group will secure more customer orders. The Group at present is devoting its best endeavours to enhance the cooperation with a number of renowned brand enterprises and chain stores that the Group successfully entered into discussions for cooperation during the first half of the year. It is the intention of the parties under cooperation to commence production for the orders during the second half of the year. In future, the Group will continue to facilitate the cooperation with professional brands or retail stores and jointly develop new professional tools so as to expand customer base and explore sources of income. At the same time, the Group will commit to the expansion of emerging markets in South Asia, East Europe, Russia and Middle East.

In future the Group will continue to strengthen the standard of operation and management as well as the building of corporate culture. In addition to steadily enhancing the operation and management of the Group, the Group will focus to devote more efforts in the building of corporate culture so as to enhance the competitiveness and coherence within the enterprise. The Group will also further implement strict cost control measures, including strictly control costs over human resources and to enhance production efficiency. This will reduce the adverse effect brought by the external environment. The overall efficiency of the Group will be enhanced.

When the property projects are introduced to the market successively in future, the financial position of the Group will be improved substantially. It is expected that profit will also increase significantly. The management is optimistic about the future development of the Group and it is expected to bring satisfactory return to the shareholders.

Dividend

The Board does not recommend the payment of interim dividend for the period ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE

The Corporate Governance Report of the Board has been set out in our 2009 annual report. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2010, except for the deviations from code provisions A.2.1 and A.4.1.

Code provision A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Wang Zheng Chun, being the Chairman of the Company is also the Chief Executive Officer. The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although the independent non-executive directors of the Company have not entered into any appointment letter with the Company for a specific term, they are subject to retirement by rotation once every three years and offers themselves for re-election in accordance with the Articles of Association of the Company. Moreover, the Company in general meeting shall have power by ordinary resolutions to remove any director before the expiration of his period of office.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Code of Conduct for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company confirms that, after specific enquiry with each director, all directors have confirmed compliance with the Model Code during the period ended 30 June 2010.

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

There was no purchase, sales or redemption by the Company or any of its subsidiaries, of the Company’s listed securities during the six months ended 30 June 2010.

AUDIT COMMITTEE

The Audit Committee was established on 11 April 2002 with written terms of reference. The Board establishes formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company’s auditors.

The members of the Audit Committee comprise the non-executive director, Mr. Ho Hao Veng and three independent non-executive directors, Mr. Ang Siu Lun, Lawrence, Mr. Ma Kwai Yuen and Mr. Law Wing Tak, Jack.

The Audit Committee has reviewed and approved the financial statements for the six months ended 30 June 2010 and this interim result announcement.

On behalf of the board of
Genvon Group Limited
(formerly known as Wang Sing International Holdings Group Limited)
Wang Zheng Chun
Chairman

Hong Kong, 20 August 2010

As at the date of this announcement, the Board comprises five executive Directors namely Mr. Wang Zheng Chun, Mr. Zheng Wei Chong, Mr. Xu Wen Cong, Mr. Cheung Man and Mr. Zhang Xiu He, one non-executive Director, namely Mr. Ho Hao Veng and three independent non-executive Directors namely Mr. Ang Siu Lun, Lawrence, Mr. Ma Kwai Yuen and Mr. Law Wing Tak, Jack.