



009

Interim Report
2008 | 2009



CULTURECOM HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code :0343)

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheung Wai Tung (*Chairman*)
 Mr. Chu Bong Foo (*Vice-Chairman*)
 Mr. Kwan Kin Chung (*Managing Director*)
 Mr. Henry Chang Manayan
 Mr. Wan Xiaolin
 Mr. Tai Cheong Sao
 Mr. Chung Billy
 Mr. Tang U Fai
 Mr. Tang Kwing Chuen Kenneth

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Man To
 Mr. Joseph Lee Chennault
 Mr. Lai Qiang

COMPANY SECRETARY

Ms. Lee Yuk Ping

QUALIFIED ACCOUNTANT

Ms. Lee Yuk Ping

AUDIT COMMITTEE

Mr. Lai Man To
 Mr. Joseph Lee Chennault
 Mr. Lai Qiang

REMUNERATION COMMITTEE

Mr. Lai Man To
 Mr. Wan Xiaolin
 Mr. Lai Qiang

PRINCIPAL BANKERS

Bank of China (Hong Kong)
 The Hongkong and Shanghai Banking Corporation Limited
 Hang Seng Bank

SOLICITORS

Michael Li & Co.
 Appleby

AUDITORS

Grant Thornton

PUBLIC RELATION

PR Concepts Asia Limited

REGISTERED OFFICE

Canon's Court
 22 Victoria Street
 Hamilton HM 12
 Bermuda

PRINCIPAL OFFICE

Units 610C, 612-613
 Level 6, Core D
 Cyberport 3
 100 Cyberport Road
 Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda) Limited
 Rosebank Centre
 11 Bermudiana Road
 Pembroke
 Bermuda

BRANCH REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712-1716
 17th Floor, Hopewell Centre
 183 Queen's Road East
 Wan Chai
 Hong Kong

COMPANY WEBSITE

www.culturecom.com.hk

STOCK CODE

343

WARRANT CODE

453

CHAIRMAN'S STATEMENT

Business Review

The unstable global economy of the present day has affected all of us in one way or another, and this significant impact is something that should not be taken lightly. Although the past records have demonstrated that we are still capable of excelling in our work in times of hardship, our Group's motto has always been "safety is the best policy." We take pride in our prudent undertakings and our Group has always been operating on the most efficient enterprise, as reflected by our success of streamlining our core-business processes, functions, as well as organizational composition. Most recently, our Group has finished shedding the remaining operational units that were unprofitable and re-evaluating our competitiveness in the comics licensing business, while continuing to branch out to businesses with immediate return. We are also happy to report that the early positive signs of our restructuring can already be observed. In general, this is a particularly exciting time for our Group, as the various pieces of the puzzle are finally beginning to take shape one by one to become something truly magnificent.

The current unfavorable economic environment is the reason to much of our hesitation in taking great strides in our existing and future projects. Despite all, our Group's solid and healthy financial status is a true indication that we have made the right decision.

A number of our achievements in the past six months deserve some attention. In our technology-business, our Group has nearly finished unloading unprofitable and non-core businesses and is poised to grow as it seeks suitable cooperative partners to enhance and commercialize the Chinese Character Generating Engine. In the comic business, our Group continues to pursue opportunities in animation and comics licensing within mainland China while developing its brand in other media forms as well as leveraging its brand name to produce new products and develop new markets. One of the significant ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group continues to develop an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generation Engine will allow general masses to participate in the production process; lowering cost on one hand, while creating appeal to a new generation of artists as well. Besides comics, our Group's venture in the petroleum extraction business has started to take shape and acting with prudence, our Group has devoted much effort on exploration in the first half, leaving much of the oil extraction work in the second half of the year. As a result, the operation's impact to the overall financial results has been minimal but from the geology information gathered so far, our Group is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising results in the years to come.

CHAIRMAN'S STATEMENT (CONTINUED)

Prospects

Looking ahead, our Group will continue to fortify the relationships with its cooperative partners and business associates. We are always on the lookout for business opportunities with the potential to enhance shareholders' values while minimizing our exposure to risk. In particular, our Group recognizes only a limited number of oil blocks in China is available to foreign enterprises in partnership with the three large state-owned oil companies or their subsidiaries and therefore will continue to leverage off its existing cooperation with Sinopec and its subsidiaries to develop other projects as well as to foster cooperation with other state-owned enterprises that possess natural resources extraction rights.

In addition to venturing in the resource business, our Group believes that the restructuring steps and new initiatives taken so far will continue to come to fruition as they mature over the years. Our Group is particularly excited about the prospect of bringing an animation generating engine on-line that has the potential to allow general masses to become animation creators. This will truly revolutionize the way animation/comic is created. Now and more than ever, our Group is confident of its existing businesses and optimistic of its future direction. We will continue to remain prudent in its investment decisions and explore business opportunities with great potential.

Appreciation

I would like to express my sincere gratitude to the Board of Directors, our management and to all our staff for their dedicated efforts during this period; as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support of our Group.

INTERIM RESULTS

The board of Directors (the "Directors") of Culturecom Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2008 together with comparative figures for the corresponding period of 2007 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Notes	Six months ended 30 September	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Revenue	3	25,914	22,029
Cost of sales		(15,729)	(14,749)
Gross profit		10,185	7,280
Other income		1,493	8,698
Administrative expenses		(25,664)	(45,111)
(Decrease)/Increase in fair value of held-for-trading investments		(46,029)	1,537
Share of loss of associates		(1,494)	(4,663)
Finance costs	4	(174)	(166)
Allowances for amounts due from an associate		–	(20,715)
Loss before income tax	5	(61,683)	(53,140)
Income tax expense	6	1,439	–
Loss for the period attributable to equity holders of the Company		(60,244)	(53,140)
Loss per share attributable to equity holders of the Company during the period – basic	7	HK0.85 cents	HK1.08 cents
Dividends		–	–

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Notes	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	33,219	31,172
Prepaid lease payments		19,029	19,281
Investment properties		130,816	130,816
Interests in associates		29,142	25,758
Intangible assets	9	205,749	211,506
		417,955	418,533
Current assets			
Inventories		234	223
Trade receivables	10	17,218	11,632
Prepaid lease payments		504	504
Other receivables, deposits and prepayments		50,362	36,913
Amounts due from fellow subsidiaries of an associate		254	236
Amounts due from associates		61	12
Tax recoverable		45	45
Held-for-trading investments		64,482	75,098
Bank balances and deposits with financial institutions		219,020	311,302
		352,180	435,956
Current liabilities			
Trade payables	11	5,177	4,926
Other payables and accrued charges		30,145	32,430
Other borrowings	12	–	24,966
Amounts due to fellow subsidiaries of an associate		1,233	1,233
Obligations under finance leases – due within one year	13	43	32
Tax payable		250	244
		36,848	63,831
Net current assets		315,332	372,125
Total assets less current liabilities		733,287	790,658

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2008

	Notes	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	709,526	709,526
Reserves		(40,789)	15,260
Total equity		668,737	724,786
Non-current liabilities			
Obligations under finance leases – due after one year	13	157	40
Deferred tax liabilities		64,393	65,832
		64,550	65,872
		733,287	790,658

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Attributable to equity holders of the Company									Total HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Contribution surplus HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Capital redemption reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Share option reserve HK\$'000 (unaudited)	Investment property revaluation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	
At 1 April 2007	410,698	730,418	171,671	25,773	446	(261)	12,998	-	(1,126,776)	224,967
Exchange differences on translation of overseas operations recognised directly in equity	-	-	-	-	-	(1)	-	-	-	(1)
Loss for the period	-	-	-	-	-	-	-	-	(53,140)	(53,140)
Total recognised expenses during the period	-	-	-	-	-	(1)	-	-	(53,140)	(53,141)
Placing of shares	80,000	87,095	-	-	-	-	-	-	-	167,095
Recognition of convertible bonds	-	-	-	34,251	-	-	-	-	-	34,251
Conversion of convertible bonds	36,000	(71)	-	(34,251)	-	-	-	-	-	1,678
Exercise of share options	19,010	190	-	-	-	-	-	-	-	19,200
Exercise of warrants	29,980	21,586	-	-	-	-	-	-	-	51,566
Transfer from other reserve share premium due to exercise of warrants	-	10,968	-	(10,968)	-	-	-	-	-	-
Share issue expenses	-	(15)	-	-	-	-	-	-	-	(15)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	28,547	-	-	28,547
	164,990	119,753	-	(10,968)	-	-	28,547	-	-	302,322
At 30 September 2007	575,688	850,171	171,671	14,805	446	(262)	41,545	-	(1,179,916)	474,148

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Attributable to equity holders of the Company									Total HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Contribution surplus HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Capital redemption reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Share option reserve HK\$'000 (unaudited)	Investment property revaluation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	
At 1 April 2008	709,526	926,532	171,671	24,733	446	1,722	63,619	1,275	(1,174,738)	724,786
Exchange differences on translation of overseas operations recognised directly in equity	-	-	-	-	-	4,195	-	-	-	4,195
Loss for the period	-	-	-	-	-	-	-	-	(60,244)	(60,244)
Total recognised expenses during the period	-	-	-	-	-	4,195	-	-	(60,244)	(56,049)
At 30 September 2008	709,526	926,532	171,671	24,733	446	5,917	63,619	1,275	(1,234,982)	668,737

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Net cash used in operating activities	(62,695)	(4,162)
Net cash used in investing activities	(7,734)	(43,354)
Net cash (used in)/generated from financing activities	(25,157)	273,594
Net (decrease)/increase in cash and cash equivalents	(95,586)	226,078
Cash and cash equivalents at 1 April	311,302	37,154
Effect of foreign exchange rate changes	3,304	(1)
Cash and cash equivalents at 30 September	219,020	263,231
Analysis of the balances of cash and cash equivalents		
Bank balances and deposits with financial institutions	219,020	263,231

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIC OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standards ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in compliance with the Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HKAS-Int") issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment properties, held-for-trading investment and certain financial assets and financial liabilities which are stated at fair value.

The accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008 except for the adoption of new standards, amendments to standards and interpretations which are effective for accounting periods beginning on or after 1 April 2008 as set out below:

(a) Impact of new and amended HKFRSs and HKASs

The Group has adopted, for the first time, the following new interpretations which are effective for the Group's financial year beginning on 1 April 2008.

HK (IFRIC) – Interpretation 12	Service Concession Arrangements
HK (IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new interpretations have no material impact to the Group's unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Impact of issued but not yet effective HKFRSs and HKASs

The Group has not applied the following new and revised HKFRSs and HKASs, that have been issued but not yet effective, in these interim financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 (Amendment)	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items ³
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combination ³
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes ²
HK (IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate ¹
HK (IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2008

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

⁴ Effective for annual periods beginning on or after 1 October 2008

The Group is in the process of making an assessment of what the impact of these new amendments, new standards and new interpretation is expected to be in the period of initial application. So far, it has concluded that the adoption of the above policies may result in new or amended disclosures, they are unlikely to have a significant impact on the Group's result of operations and financial position.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION

Primary reporting format – Business segments

The Group is currently organised into four main business segments:

Publishing	– publishing of comics and related business
Chinese information infrastructure	– sales of Chinese operating system, processor, eTextbook and application software
Property Investment	– rental income from investment properties
Crude oil exploration services	– services income from crude oil exploration services

Income statement for the period ended 30 September 2008

	Publishing HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Crude oil exploration services HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Turnover	18,537	–	3,475	3,902	25,914
Segment results	2,417	(4,092)	398	(4,658)	(5,935)
Unallocated expenses					(54,080)
Share of loss of associates					(1,494)
Finance costs					(174)
Loss before income tax					(61,683)
Income tax expense					1,439
Loss for the period					(60,244)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

Income statement for the period ended 30 September 2007

	Publishing HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Property Investment HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Turnover	19,237	10	2,782	22,029
Segment results	545	(2,957)	(712)	(3,124)
Unallocated expenses				(24,472)
Share of loss of associates				(4,663)
Allowance for amount due from an associate				(20,715)
Finance costs				(166)
Loss before income tax				(53,140)
Income tax expense				-
Loss for the period				(53,140)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

Secondary reporting format – Geographical segments

The Group's operations are located in Hong Kong, Macau and other regions in the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by location of markets, irrespective of the origin of the goods/services:

	Revenue	
	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Hong Kong	22,012	22,019
PRC	3,902	–
Macau	–	10
	<u>25,914</u>	<u>22,029</u>

4. FINANCE COSTS

	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Interest charges on:		
Finance leases	3	2
Other borrowings wholly repayable within one year	171	–
Convertible bonds (all issued and converted into share capital during the period)	–	164
	<u>174</u>	<u>166</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

5. LOSS BEFORE INCOME TAX

	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs, including directors emoluments	7,265	7,839
Recognition of equity-settled share-based payment	–	28,547
Amortisation of prepaid lease payments	252	169
Amortisation of intangible assets	5,757	–
Loss on disposal of property, plant and equipment	31	–
Depreciation of property, plant and equipment	1,765	672
Interest income	(1,095)	(2,259)
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been provided in the financial statements as the Group had no estimated assessable profit for the period (2007: nil). The Group also had no assessable profits in other jurisdiction in both periods.

	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Current tax	–	–
Deferred tax		
Revaluation of intangible assets	(1,439)	–
	<u> </u>	<u> </u>
	<u>(1,439)</u>	<u> </u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the loss for the period of HK\$60,244,000 (2007: HK\$53,140,000) and the weighted average number of 7,095,259,642 (2007: 4,910,613,975) ordinary shares in issue during the period.

No diluted loss per share has been presented for both periods because the exercise of the Company's outstanding share options and warrants would reduce loss per share.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired equipment amounting to HK\$3,024,000 (2007: HK\$13,000).

At 30 September 2008, the directors considered the carrying amount of the Group's leasehold land and buildings carried at revalued amounts and estimated that the carrying amounts does not differ significantly from that which would be determined fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

The Group's investment properties were fair-value by the director at 30 September 2008. There was no change in fair value on the investment property as at 30 September 2008.

9. INTANGIBLES ASSETS

	Club memberships	Exploration and production services rights	Total
	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1 April 2008 (audited)	1,385	210,121	211,506
Amortisation	–	(5,757)	(5,757)
Carrying amount at 30 September 2008 (unaudited)	<u>1,385</u>	<u>204,364</u>	<u>205,749</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

10. TRADE RECEIVABLES

	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
Trade receivables	19,990	14,395
Less: Impairment of trade receivables	(2,772)	(2,772)
	17,218	11,632

The following is the ageing analysis (based on invoice date) of trade receivables at the balance sheet date:

	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
0 – 60 days	5,959	6,066
61 – 90 days	508	1,003
Over 90 days	10,751	4,554
	17,218	11,623

Credit periods granted to customers of publishing, investment properties and crude oil exploration services are normally 30 to 90 days, 30 days and 180 days to 360 days respectively.

The carrying amounts of trade receivables approximate to their fair values.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE PAYABLES

The following is an ageing analysis of trade payables at the balance sheet date:

	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
0 – 60 days	3,647	2,290
61 – 90 days	893	908
Over 90 days	637	1,728
	<u>5,177</u>	<u>4,926</u>

The carrying amounts of trade payables approximate to their fair values.

12. OTHER BORROWINGS

	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
Unsecured	–	24,966

Other borrowings were obtained from independent individuals, bear the fixed interest rate at 10% per annum and have been repaid during the period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

13. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease Payments		Present value of minimum lease payments	
	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
Amounts payable under finance leases:				
Within one year	52	37	43	32
In the second to fifth years inclusive	189	45	157	40
	<u>241</u>	<u>82</u>	<u>200</u>	<u>72</u>
Less: Future finance charges	(41)	(10)	-	-
Present value of lease obligations	<u>200</u>	<u>72</u>	<u>200</u>	<u>72</u>
Less: Amounts due within one year			(43)	(32)
Amounts due after one year			<u>157</u>	<u>40</u>

The balances are secured by the lessor's charge over the leased assets.

The lease term in respect of the vehicles, furniture and equipment held under the finance lease is 5 years. For the period ended 30 September 2008, the average effective borrowing rate was 5.25%. Interest rate is fixed at the contract date.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

14. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 March and 30 September 2008	10,000,000	1,000,000
Issued and fully paid:		
At 31 March and 30 September 2008	7,095,260	709,526

Note:

On 6 October, 2008, the Company announced a proposed Share Consolidation. The Share has been consolidated of every ten (10) shares of HK\$0.10 each into one (1) Consolidated Share of HK\$1.00 each. At the special general meeting of the Company held on 3 November 2008, the Share Consolidation were duly passed by the shareholders and following the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the Consolidated Shares. The Share Consolidation became effective on 4 November 2008. Upon the Share Consolidation becoming effective, the authorized share capital of the Company remain at HK\$1,000,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$1.00 each.

15. WARRANTS

On 31 October 2007, the Company entered into a conditional placing agreement with a placing agent in relation to the private placing of 1,140,000,000 warrants ("2010 Warrants") conferring rights to subscribe up to approximately HK\$157,320,000 in cash for shares of HK\$0.10 each in the share capital of the Company at an initial subscription price of HK\$0.138 per share during the period from 7 January 2008 to 6 January 2010, both days inclusive. The placing of 2010 Warrants was completed on 4 January 2008. The net proceeds of the placing of the 2010 Warrants approximately HK\$23,105,000 were used for general working capital of the Group.

During the period, no registered holders of the 2010 Warrants exercised their rights to subscribe for shares.

Exercise in full of all the outstanding warrants as at 30 September 2008 would, under the present share capital structure of the Company as of 30 September 2008, result in the issue of 1,140,000,000 additional shares of HK\$0.10 each in the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

16. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with certain related parties:

	Rental income received from related companies		Management fee received from related companies		Other income received from related companies		Other expense paid to related companies		Amounts due from related companies	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Associates	330	391	-	-	301	49	242	235	61	7,328
Fellow subsidiaries of associates	-	-	-	-	18	18	18	70	1,233	217
Related companies by common directors	113	113	60	60	-	-	-	40	-	-

17. POST BALANCE SHEET EVENT

i) Share Consolidation

With respect to the Share Consolidation, as approved in Special Annual Meeting of the Company dated 3 November 2008, the subscription price of the Warrants has been adjusted as a result of the Share Consolidation from HK\$0.138 per Shares to HK\$1.38 per Consolidated Share and the total number of the Shares to be issued upon exercise of the subscription rights thereunder has been adjusted from 1,140,000,000 Share to 114,000,000 Consolidated Shares. Pursuant to the terms of the Share Option Schemes adopted by the Company, the exercise price of the Share Options and the number of Shares to be allotted and issued upon full exercise of the subscription rights has been adjusted. For further details, please refer to the announcements dated 6 October and 3 November, 2008 and the circular dated 16 October 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year period 30 September 2008, the Group's overall turnover increased by approximately 17.6% to HK\$25,914,000, of which approximately HK\$18,537,000, nil, HK\$3,475,000, and HK\$3,902,000 (2007: HK\$19,237,000, HK\$10,000, HK\$2,782,000 and nil) were attributable to our business of publication, Chinese information infrastructure, property investment and crude oil exploration services respectively.

The Group's consolidated net loss attributable to the shareholders of the Company changed from HK\$53,140,000, or HK1.08 cents per share in 2007 to approximately HK\$60,244,000, or HK0.85 cents per share in this period and this was primarily due to the fair value decline of HK\$46,029,000 (2007: increase of HK\$1,537,000) in the portfolio of investment as valuation of all asset classes underwent a steep decline globally. Being a prudent investor, the Group invested the excess liquidity carried-forward from prior period in financially sound instruments and specifically avoided many of the toxic financial instruments and derivatives that brought down the global financial market.

Also, as of 30 September 2008, the Group's net asset value was HK\$668,737,000 and net asset value per weighted average number of 7,095,259,642 shares of the Company was approximately HK\$0.09 (31 March 2008: HK\$0.13).

Liquidity and Financial Resources

As at 30 September 2008, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK\$219,020,000 and held-for-trading investments of approximately HK\$64,482,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 30 September 2008, the Group had a net current asset of approximately HK\$315,332,000 (31 March 2008: HK\$372,125,000) and a current ratio of 9.56 (31 March 2008: 6.83). The Group's total liabilities as of 30 September 2008 amounted to approximately HK\$101,398,000 and represented approximately 15.16% (31 March 2008: 17.89%) to shareholders' equity.

Upon consideration of the above, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations, as reflected by its healthy financial status with a wealth of cash flow and other resources. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity. Any future net proceeds from the fund raising and exercise of warrants and share options would certainly strengthen the positive outlook of the Group and propel it to an even stronger financial position.

Share Consolidation

At the special general meeting of the Company held on 3 November 2008, the shareholders of the Company approved the share consolidation of every ten shares of HK\$0.10 each into one consolidated share of HK\$1.00 each. The share consolidation became effective on 4 November 2008. Upon the share consolidation, the authorized and issued share capital of the Company were HK\$1,000,000,000 divided into 1,000,000,000 shares of HK\$1.00 each and HK\$709,525,964 divided into 709,525,964 shares of HK\$1.00 each respectively.

Employment and Remuneration Policies

As of 30 September 2008, the Group had a total of 90 employees of which 38 are based in Hong Kong, 28 in Macau and 24 in the PRC. Total staff costs incurred during the period amounted to approximately HK\$7,265,000 (2007: HK\$7,839,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2008 (2007: nil).

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the listed securities in the Company during the six months ended 30 September 2008.

SHARE OPTION SCHEMES

The Company has terminated its share option scheme adopted on 15 June 1993 (the "1993 Scheme") and adopted a new share option scheme (the "2002 Scheme") on its 2002 Annual General Meeting held on 21 August 2002.

Subsequent to the termination of the 1993 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 1993 Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

SHARE OPTION SCHEMES (CONTINUED)

Details of the movement of the share options granted to the Directors and employees of the Company under the 1993 Scheme during the six months ended 30 September 2008 are as follows:

	Date of Grant	At 1 April 2008	Number of share options			At 30 September 2008	Exercise price per share	Exercisable Period
			Granted during the period	Exercised during the period	Lapsed/Cancelled during the period			
								HK\$
(a) Directors								
Mr. Cheung Wai Tung	3 March 2000	4,565,000	-	-	-	4,565,000	1.680	3 March 2000 to 2 March 2010
Mr. Chu Bong Foo	(i) 27 August 1999	10,000,000	-	-	-	10,000,000	0.264	27 August 1999 to 26 August 2009
	(ii) 3 March 2000	2,000,000	-	-	-	2,000,000	1.680	3 March 2000 to 2 March 2010
Mr. Henry Chang Manayan	(i) 27 August 1999	1,000,000	-	-	-	1,000,000	0.264	27 August 1999 to 26 August 2009
	(ii) 3 March 2000	500,000	-	-	-	500,000	1.680	3 March 2000 to 2 March 2010
Mr. Wan Xiaolin	3 March 2000	1,000,000	-	-	-	1,000,000	1.680	3 March 2000 to 2 March 2010
Mr. Tai Cheong Sao	3 March 2000	3,000,000	-	-	-	3,000,000	1.680	3 March 2000 to 2 March 2010
Mr. Tang U Fai	3 March 2000	1,000,000	-	-	-	1,000,000	1.680	3 March 2000 to 2 March 2010
(b) Employees	3 March 2000	8,900,000	-	-	-	8,900,000	1.680	3 March 2000 to 2 March 2010

SHARE OPTION SCHEMES (CONTINUED)

Details of the movement of the share options granted under the 2002 Scheme during the six months ended 30 September 2008 are as follows:

	Date of Grant	Number of share options				At 30 September 2008	Exercise price per share <i>HK\$</i>	Exercisable Period
		At 1 April 2008	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period			
(a) Directors								
Mr. Cheung Wai Tung	19 December 2003	4,000,000	-	-	-	4,000,000	0.265	19 December 2003 to 18 December 2013
Mr. Kwan Kin Chung	(i) 7 July 2006	8,000,000	-	-	-	8,000,000	0.101	7 July 2006 to 6 July 2016
	(ii) 29 June 2007	1,000,000	-	-	-	1,000,000	0.237	29 June 2007 to 28 June 2017
	(iii) 6 November 2007	8,000,000	-	-	-	8,000,000	0.156	6 November 2007 to 5 November 2017
Mr. Henry Chang Manayan	19 December 2003	1,000,000	-	-	-	1,000,000	0.265	19 December 2003 to 18 December 2013
Mr. Wan Xiaolin	19 December 2003	3,000,000	-	-	-	3,000,000	0.265	19 December 2003 to 18 December 2013
Mr. Tai Cheong Sao	(i) 19 December 2003	2,000,000	-	-	-	2,000,000	0.265	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	1,500,000	-	-	-	1,500,000	0.295	24 March 2005 to 23 March 2015
Mr. Tang U Fai	(i) 19 December 2003	1,000,000	-	-	-	1,000,000	0.265	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	16,000,000	-	-	-	16,000,000	0.295	24 March 2005 to 23 March 2015
	(iii) 7 July 2006	1,000,000	-	-	-	1,000,000	0.101	7 July 2006 to 6 July 2016

SHARE OPTION SCHEMES (CONTINUED)

	Date of Grant	Number of share options				At 30 September 2008	Exercise price per share	Exercisable Period
		At 1 April 2008	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period			
							HK\$	
(b) Employees	(i) 19 December 2003	30,400,000	-	-	-	30,400,000	0.265	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	51,500,000	-	-	-	51,500,000	0.295	24 March 2005 to 23 March 2015
	(iii) 7 July 2006	9,500,000	-	-	-	9,500,000	0.101	7 July 2006 to 6 July 2016
	(iv) 29 June 2007	106,500,000	-	-	-	106,500,000	0.237	29 June 2007 to 28 June 2017
	(v) 6 November 2007	127,000,000	-	-	-	127,000,000	0.156	6 November 2007 to 5 November 2017
(c) Others	(i) 19 December 2003	17,700,000	-	-	-	17,700,000	0.265	19 December 2003 to 18 December 2003
	(ii) 24 March 2005	200,500,000	-	-	-	200,500,000	0.295	24 March 2005 to 23 March 2015
	(iii) 3 October 2005	30,000,000	-	-	-	30,000,000	0.212	3 October 2005 to 2 October 2015
	(iv) 7 July 2006	129,400,000	-	-	-	129,400,000	0.101	7 July 2006 to 6 July 2016
	(v) 29 June 2007	292,500,000	-	-	-	292,500,000	0.237	29 June 2007 to 28 June 2017
	(vi) 6 November 2007	417,000,000	-	-	-	417,000,000	0.156	6 November 2007 to 5 November 2017

Notes:

- The number of options granted and the exercise price of the options were adjusted when the Share Consolidation became effective on 4 November 2008. For further details, please refer to the announcements of the Company dated 6 October and 3 November, 2008 and the circular dated 16 October 2008.
- The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2008, all options have been vested.

DISCLOSURE OF INTERESTS

(a) Interests of the Directors

As at 30 September 2008, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) 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 he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Interests in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate percentage of issued share capital
Mr. Chu Bong Foo	(i) Beneficial owner	Personal interest	160,180,000	3.99%
	(ii) Interest of a controlled corporation	Corporate interest	122,872,000 (note)	
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	2,000,000	0.03%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	500,000	0.01%

Note: 122,872,000 shares are held by Bay-Club Enterprises Inc., the entire issued share capital of which is beneficially owned by Mr. Chu Bong Foo.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS (CONTINUED)

(a) Interests of the Directors (continued)

Interests in share options of the Company

Name of Director	Capacity	Nature of interests	Number of share options	Exercise price per share	Exercisable period	Approximate percentage of issued share capital	
				HK\$			
Mr. Cheung Wai Tung	(i)	Beneficial owner	Personal interest	4,565,000	1.680	3 March 2000 to 2 March 2010	0.12%
	(ii)	Beneficial owner	Personal interest	4,000,000	0.265	19 December 2003 to 18 December 2013	
Mr. Chu Bong Foo	(i)	Beneficial owner	Personal interest	10,000,000	0.264	27 August 1999 to 26 August 2009	0.17%
	(ii)	Beneficial owner	Personal interest	2,000,000	1.680	3 March 2000 to 2 March 2010	
Mr. Kwan Kin Chung	(i)	Beneficial owner	Personal interest	8,000,000	0.101	7 July 2006 to 6 July 2016	0.24%
	(ii)	Beneficial owner	Personal interest	1,000,000	0.237	29 June 2007 to 28 June 2017	
	(iii)	Beneficial owner	Personal interest	8,000,000	0.156	6 November 2007 to 5 November 2017	
Mr. Henry Chang Manayan	(i)	Beneficial owner	Personal interest	1,000,000	0.264	27 August 1999 to 26 August 2009	0.04%
	(ii)	Beneficial owner	Personal interest	500,000	1.680	3 March 2000 to 2 March 2010	
	(iii)	Beneficial vowner	Personal interest	1,000,000	0.265	19 December 2003 to 18 December 2013	
Mr. Wan Xiaolin	(i)	Beneficial owner	Personal interest	1,000,000	1.680	3 March 2000 to 2 March 2010	0.06%
	(ii)	Beneficial owner	Personal interest	3,000,000	0.265	19 December 2003 to 18 December 2013	

DISCLOSURE OF INTERESTS (CONTINUED)

(a) Interests of the Directors (continued)

Interests in share options of the Company (continued)

Name of Director	Capacity	Nature of interests	Number of share options	Exercise price per share	Exercisable period	Approximate percentage of issued share capital	
				HK\$			
Mr. Tai Cheong Sao	(i)	Beneficial owner	Personal interest	3,000,000	1.680	3 March 2000 to 2 March 2010	0.09%
	(ii)	Beneficial owner	Personal interest	2,000,000	0.265	19 December 2003 to 18 December 2013	
	(iii)	Beneficial owner	Personal interest	1,500,000	0.295	24 March 2005 to 23 March 2015	
Mr. Tang U Fai	(i)	Beneficial owner	Personal interest	1,000,000	1.680	3 March 2000 to 2 March 2010	0.27%
	(ii)	Beneficial owner	Personal interest	1,000,000	0.265	19 December 2003 to 18 December 2013	
	(iii)	Beneficial owner	Personal interest	16,000,000	0.295	24 March 2005 to 23 March 2015	
	(iv)	Beneficial owner	Personal interest	1,000,000	0.101	7 July 2006 to 6 July 2016	

Notes:

- The number of options granted and the exercise price of the options were adjusted when the Share Consolidation became effective on 4 November 2008. For further details, please refer to the announcements of the Company dated 6 October and 3 November 2008, and the circular dated 16 October 2008.
- The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2008, all options have been vested.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS (CONTINUED)

(a) Interests of the Directors (continued)

Interests in share options of the Company (continued)

Save as disclosed above, as at 30 September 2008, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Interests of Substantial Shareholder

As at 30 September 2008, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position 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 to be kept by the Company under Section 336 of the SFO:

Interests in the shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Wealthy Concept Holdings Limited	Beneficial owner	1,000,000,000	14.09%
Mr. Liao Chang Yuan	Interest in a controlled corporation (note 1)	1,000,000,000	14.09%
L & W Holding Limited	Beneficial owner	543,324,000	7.66%
Harvest Smart Overseas Limited	Beneficial owner and interest in a controlled corporation (note 2)	1,019,440,000	14.37%
Mr. Basilio Dizon	Interest in a controlled corporation (note 3)	1,562,764,000	22.03%
Ms. Chow Lai Wah Livia	Interest in a controlled corporation and interest of spouse (note 4)	1,562,764,000	22.03%

DISCLOSURE OF INTERESTS (CONTINUED)

(b) Interests of Substantial Shareholder (continued)

Interests in the warrants of the Company

Name	Capacity	Number of warrants (note 7)	Number of underlying ordinary shares
Harvest Smart Overseas Limited	Beneficial owner	128,700,000	128,700,000
Mr. Basilio Dizon	Interest in a controlled corporation and interest of spouse (note 5)	213,700,000	213,700,000
Ms. Chow Lai Wah Livia	Beneficial owner and interest of spouse (note 6)	213,700,000	213,700,000

Notes:

1. Mr. Liao Chang Yuan is interested in 40% of the issued share capital of the issued share capital of Wealthy Concept Holdings Limited, he is deemed to be interested in 1,000,000,000 shares in the Company under SFO.
2. Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 753,546,000 shares in the Company and is deemed to be interested in 265,894,000 shares in the Company held by Chamberlin Investments Limited ("Chamberlin") under SFO. Harvest Smart has controlling interests (36.46%) in Viagold Capital Limited ("Viagold") and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 265,894,000 shares in the Company under SFO.
3. Mr. Basilio Dizon ("Mr. Dizon") has controlling interests 35% and 90.77% in L & W Holding Limited ("L & W") and Harvest Smart respectively. Therefore, Mr. Dizon is deemed to be interested in 1,562,764,000 shares in the Company under SFO.
4. Ms. Chow Lai Wah Livia ("Ms. Chow") is a wife of Mr. Dizon and has controlling interests (65%) in L & W. Accordingly, Ms. Chow is deemed to be interested in 1,562,764,000 shares in the Company under SFO.
5. Mr. Dizon is deemed to be interested in 213,700,000 warrants in the Company under SFO as Harvest Smart and Ms. Chow are beneficially interested in 128,700,000 and 85,000,000 warrants in the Company respectively.

DISCLOSURE OF INTERESTS (CONTINUED)

(b) Interests of Substantial Shareholder (continued)

Notes: (continued)

6. Ms. Chow is beneficially interested in 85,000,000 warrants in the Company and she is deemed to be interested in 128,700,000 warrants in the Company which are held by Harvest Smart under SFO.
7. The number of warrants and the subscription price of the warrants were adjusted when the Share Consolidation became effective on 4 November 2008. For further details, please refer to the announcements of the Company dated 6 October and 3 November, 2008 and the circular dated 16 October 2008.

All interests stated above represent long positions.

Save as disclosed above, as at 30 September 2008, the Directors and the chief executive of the Company were not aware of any person who had an interest or short position 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 to be kept by the Company under Section 336 of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Tiao Chun has retired by rotation at the annual general meeting of the Company held on 9 September 2008 and did not offer himself for re-election as an independent non-executive director of the Company. Following the retirement of Mr. Wang, the total number of independent non-executive directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules.

Mr. Lai Qiang was appointed as independent non-executive director of the Company on 8 December 2008. Following the appointment of Mr. Lai, the board of directors of the Company includes three independent non-executive directors and has complied with the required of Rule 3.10(1) of the Listing Rules.

AUDIT COMMITTEE

As at 30 September 2008, the Audit Committee comprises two members, namely Mr. Lai Man To and Mr. Joseph Lee Chennault. The total number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

Mr. Lai Qiang was appointed as a member of Audit Committee on 8 December 2008. Following the appointment of Mr. Lai, the audit committee includes three members and has complied with the required of Rule 3.21 of the Listing Rules.

The Audit Committee, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Lai Man To, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2008 except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 110(A) and 190(v) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 9 September 2008 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 30 September 2008.

By Order of the Board

Cheung Wai Tung

Chairman

Hong Kong, 16 December 2008