Sparkle Roll Group Limited

耀萊集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

INTERIM RESULTS

The board of directors (the "Board") of Sparkle Roll Group Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**224,730**	55,197
Cost of sales		**(237,386)**	(38,616)
Gross (loss)/profit		**(12,656)**	16,581
Other revenue and gains	*5*	**35,357**	1,290
Selling and distribution costs		**(10,613)**	(1,835)
Administrative expenses		**(15,980)**	(6,618)
Other operating expenses		**(62,223)**	-
Operating (loss)/profit	*6*	**(66,115)**	9,418
Finance costs	*7*	**(6,082)**	(135)
(Loss)/profit before income tax		**(72,197)**	9,283
Income tax expense	*8*	**(6,336)**	(1,410)
(Loss)/profit for the period		**(78,533)**	7,873
Attributable to:			
Equity holders of the Company		**(78,448)**	7,875
Minority interests		**(85)**	(2)
		(78,533)	7,873
Dividends	*9*	**15,512**	2,169
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the period	*10*		
- Basic		**HK(5.9) cents**	HK0.8 cent
- Diluted		**N/A**	HK0.8 cent

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	30 September 2008 HK$'000 (Unaudited)	31 March 2008 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**16,825**	13,591
Prepaid lease payments		**-**	8,184
Goodwill	*12*	**673,625**	141,194
Other intangible assets		**6,814**	10,551
Deferred tax assets		**3,786**	4,388
Deposits		**-**	50,000
		701,050	227,908
Current assets			
Prepaid lease payments		**-**	174
Inventories		**70,692**	59,874
Film rights		**35,067**	46,307
Trade receivables	*13*	**16,578**	19,729
Deposits, prepayments and other receivables		**100,944**	23,004
Amounts due from related companies		**41,345**	-
Derivative financial instruments		**1,597**	2,428
Tax recoverable		**588**	775
Pledged bank deposits		**3,312**	4,406
Cash at banks and in hand		**117,432**	27,172
		387,555	183,869
Current liabilities			
Trade payables	*14*	**16,491**	9,943
Receipts in advance, accrued charges and other payables		**160,911**	35,687
Amount due to a shareholder		**510**	-
Derivative financial instruments		**1,589**	2,317
Provision for tax		**10,023**	1,180
Bank borrowings		**7,929**	930
		197,453	50,057
Net current assets		**190,102**	133,812
Total assets less current liabilities		**891,152**	361,720
Non-current liabilities			
Other payables		**3,762**	2,148
Deferred tax liabilities		**36**	686
Convertible notes	*15*	**226,018**	-
		229,816	2,834
		661,336	358,886
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**3,102**	2,172
Reserves		**653,075**	349,278
		656,177	351,450
Minority interests		**5,159**	7,436
Total equity		**661,336**	358,886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. GENERAL INFORMATION

Sparkle Roll Group Limited (the “Company”) is an exempted company with limited liability incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church House, Hamilton HM11, Bermuda and the principal place of business is Rooms 2028-36, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) are the publications and distributions of comic books and multimedia development in Hong Kong and the People’s Republic of China, excluding Hong Kong and Macau (the “PRC”). In the current period, the Group has commenced a business of the dealership of luxury goods, mainly automobiles in the PRC and watches in Hong Kong and the PRC.

On 26 August 2008, the Company announced that the name of the Company has been changed from “Jade Dynasty Group Limited 玉皇朝集團有限公司” to “Sparkle Roll Group Limited 耀萊集團有限公司” with effect from 27 August 2008.

The condensed consolidated financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Publication Accountants (“HKICPA”) The condensed consolidated financial statements of the Group are unaudited and have been reviewed by the Company’s Audit Committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are stated at fair values. The Group has adopted all the new and amended standards and Interpretations (“New HKFRSs”) issued by the HKICPA which are first effective during the period and relevant to the Group. The adoption of the New HKFRSs did not result in significant changes in the Group’s accounting policies. Save as the above, the principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 March 2008.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early adopted the new and amended standards and interpretations that have been issued but are not yet effective. The directors of the Company is currently assessing the impact of these new or amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group’s financial statements.

4. SEGMENT INFORMATION

Primary reporting segment - business segments

The Group is currently organised into four (six months ended 30 September 2007: two) operating divisions, namely, publications and distributions of comic books, multimedia development, trading of automobiles and related parts and accessories and provision of after-sale services and trading of branded watches. These four business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented as below:

For the six months ended 30 September

	Publications and distributions of comic books		Multimedia development		Trading of automobiles and related parts and accessories and provision of after-sale services		Trading of branded watches		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenues :										
Sales to external customers	**48,684**	51,197	**32,544**	4,000	**134,823**	-	**8,679**	-	**224,730**	55,197
Other revenue	**317**	399	**283**	-	**16,158**	-	**-**	-	**16,758**	399
	49,001	51,596	**32,827**	4,000	**150,981**	-	**8,679**	-	**241,488**	55,596
Segment results	**(54,486)**	9,058	**(42,808)**	3,008	**22,407**	-	**2,164**	-	**(72,723)**	12,066
Unallocated income									**18,599**	891
Unallocated expenses									**(11,991)**	(3,539)
Finance costs									**(6,082)**	(135)
(Loss)/profit before income tax									**(72,197)**	9,283
Income tax expense									**(6,336)**	(1,410)
(Loss)/profit for the period									**(78,533)**	7,873

Secondary reporting segment - geographical segments

The Group's operations are located in three (six months ended 30 September 2007: three) main geographical areas. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods and services.

Sales to external customers by geographical markets:

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**39,684**	50,009
PRC	**182,351**	875
Others	**2,695**	4,313
	224,730	55,197

5. OTHER REVENUE AND GAINS

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising income	**26**	227
Interest income	**202**	891
Exchange gain, net	**226**	-
Gain on disposals of property, plant and equipment	**18,171**	-
Government grants	**283**	-
Other income from car dealership	**16,158**	-
Others	**291**	172
	35,357	1,290

6. OPERATING (LOSS)/PROFIT

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating (loss)/profit is arrived at after charging/(crediting):		
Allowance for impairment of film rights#	**10,000**	-
Allowance for impairment of goodwill**	**54,000**	-
Allowance for impairment of intangible assets**	**7,994**	-
Allowance for impairment of inventories#	**29,434**	-
Amortisation of film rights#	**1,617**	-
Amortisation of intangible assets##	**1,569**	475
Amortisation of prepaid lease payments###	**58**	87
Depreciation of property, plant and equipment*	**1,901**	455
Fair value loss on derivative financial instruments**	**102**	-
Retirement benefits scheme contributions for employees	**611**	520
Other staff costs, including directors' emoluments	**37,343**	26,059
Total staff costs	**37,954**	26,579
Amount capitalised in inventories	**(8,439)**	(7,253)
Total staff costs charged to income statement	**29,515**	19,326

\# *The amounts have been included in cost of sales.*

\## *Amortisation of intangible assets of HK$1,442,000 (six months ended 30 September 2007: HK$475,000) has been expensed in cost of sales and HK$127,000 (six months ended 30 September 2007: Nil) in other operating expenses.*

\### *The amount has been included in administrative expenses.*

* *Depreciation of HK$530,000 (six months ended 30 September 2007: Nil) has been expensed in cost of sales, HK$580,000 (six months ended 30 September 2007: Nil) in selling expenses and HK$791,000 (six months ended 30 September 2007: HK$455,000) in administrative expenses.*

** *The amounts have been included in other operating expenses.*

7. FINANCE COSTS

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest charges on bank overdrafts and loans wholly repayable within 5 years	**30**	114
Effective interest expense on convertible notes *(Note 15)*	**6,052**	21
	6,082	135

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2007: 17.5%) on estimated assessable profit for the period. Taxation in overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the locations in which the Group operates.

Income tax of Shanghai Sanding Animation Creation Company Limited, a subsidiary of the Company, is calculated at the rates of income tax prevailing in the PRC. It was charged at progressive rates ranging from 18% to 33% on deemed profits calculated at 10% on turnover.

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong:		
- Current period	**2,583**	588
- Under-provision in prior years	**-**	9
Overseas:		
- Current period	**3,801**	-
	6,384	597
Deferred tax		
- Current period	**(256)**	813
- Under-provision in prior years	**49**	-
- Attributable to changes in tax rates	**159**	-
	(48)	813
Income tax expense	**6,336**	1,410

9. DIVIDENDS

The directors have determined that an interim dividend of HK1.0 cent per share (six months ended 30 September 2007: HK0.2 cent per share) amounting to HK$15,512,000 (six months ended 30 September 2007: HK$2,169,000) be payable on 16 January 2009 *(six months ended 30 September 2007: 24 January 2008)* to the shareholders of the Company whose names appear in the Register of Members on 2 January 2009 *(six months ended 30 September 2007: 10 January 2008)* ("Book Close Date").

	Six months ended30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend to existing shareholders	**15,512**	2,081
Interim dividend to convertible notes holders *(Note 1)*	**-**	6
Interim dividend to Acquisition Shares holder *(Note 2)*	**-**	82
	15,512	2,169

During the six months ended 30 September 2008, no dividend (six months ended 30 September 2007: HK0.2 cent per share, amounting to HK$2,081,000) was paid to shareholders as the final dividend for the immediate preceding financial year.

Note:

(1) Subsequent to 30 September 2007, certain convertible notes were exercised and 3,054,400 ordinary shares (the "New Shares") were issued. The holders of the New Shares were also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK$6,000 was paid to the holders of the New Shares.

(2) Subsequent to 30 September 2007, 40,800,000 ordinary shares (the "Acquisition Shares") were issued for the acquisition of 51% issued share capital of Super Win Limited which has a wholly owned subsidiary, Suzhou Hongyang Cartoon Production Company Limited, and exclusive entitlement to all of the economic benefits and rights to control, manage and operate Nanjing Hongying Anmie-cartoon Entertainment Company Limited and Shanghai Sanding Animation Creation Company Limited. The holder of the Acquisition Shares was also entitled to an equivalent amount of interim dividend per share pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of approximately HK$82,000 was paid to the holder of the Acquisition Shares.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK$78,448,000 for the six months ended 30 September 2008 (six months ended 30 September 2007: profit of HK$7,875,000) and on the weighted average of 1,319,841,375 (six months ended 30 September 2007: 997,968,220) ordinary shares in issue during the period.

(b) Diluted

The diluted earnings per share for the six months ended 30 September 2008 are not presented as the potential ordinary shares had anti-dilutive effect on loss per share.

The calculation of diluted earnings per share for the six months ended 30 September 2007 was based on the profit attributable to equity holders of the Company of HK$7,875,000 plus effective interest expenses on convertible notes of HK$21,000. The weighted average number of ordinary shares used in the calculation of diluted earnings per share was calculated based on the weighted average of 997,968,220 ordinary shares in issue during the period as used in the calculation of the basic earnings per share plus the weighted average of 1,499,073 ordinary shares deemed to be issued at no consideration as if all the Company's share options had been exercised and the weighted average of 5,589,919 ordinary shares deemed to be converted as if all the Company's convertible notes had been exercised.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK$10,444,000, of which approximately HK$3,706,000 was acquired upon acquisition on subsidiaries (six months ended 30 September 2007: HK$214,000). The Group disposed of the buildings with net carrying amount of HK$5,607,000 during the period (six months ended 30 September 2007: Nil).

12. GOODWILL

	30 September 2008 *HK$'000* **(Unaudited)**	31 March 2008 *HK$'000* (Unaudited)
Net carrying amount at beginning of the period/year	**141,194**	124,539
Acquisition of subsidiaries	**583,724**	16,655
Acquisition of remaining interests in a subsidiary	**2,707**	-
Allowance for impairment of goodwill charged to income statement	**(54,000)**	-
Net carrying amount at end of the period/year	**673,625**	141,194

13. TRADE RECEIVABLES

The Group grants an average credit period ranging from 30 days to 60 days to its trade customers. An aged analysis of trade receivables after impairment provision is as follows:

	30 September 2008 *HK$'000* **(Unaudited)**	31 March 2008 *HK$'000* (Audited)
0-30 days	**10,143**	11,167
31-60 days	**2,643**	4,200
61-90 days	**2,827**	915
Over 90 days	**965**	3,447
	16,578	19,729

14. TRADE PAYABLES

The following is an aged analysis of trade payables as at 30 September 2008:

	30 September 2008 *HK$'000* **(Unaudited)**	31 March 2008 *HK$'000* (Audited)
0-30 days	**8,737**	2,842
31-60 days	**1,570**	1,873
61-90 days	**2,512**	2,218
Over 90 days	**3,672**	3,010
	16,491	9,943

15. CONVERTIBLE NOTES

Convertible notes of the Group were issued on 19 October 2004 upon completion of the purchase of 49% equity interests in Jade Dynasty Holdings Limited. The convertible notes were convertible into ordinary shares of the Company at a price of HK$0.5 (subject to adjustments) and had already been matured on 18 October 2007.

Convertible notes (the "Notes") of the Group were issued on 26 June 2008 upon completion of the acquisition of the exclusive entitlements to all of the economic benefits derived from the dealership of Bentley cars, Lamborghini cars and Rolls-Royce cars and rights to control, manage and operate Beijing Mei He Zhen Yong Motors Trading Limited and Beijing De Te Motors Trading Limited. The Notes are convertible into 1,200,000,000 ordinary shares of the Company at a price of HK$0.22 (subject to pro-rata adjustments on capital structure changes), bearing 4% interest and will be matured on 26 June 2010 ("Maturity Date"). Unless previously converted, the Company will redeem the convertible bonds on Maturity Date.

The Notes bear interest on the outstanding principal from the date of issue to the date of redemption or conversion at a rate of 4% per annum payable in arrears semi-annually.

The convertible notes recognised in the balance sheet are calculated as follows:

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Balance at beginning of the period/year	**-**	5,603
Issuance of Convertible Notes of the Company	**235,492**	-
Conversion to shares of the Company	**(12,756)**	(5,503)
Effective interest expenses *(Note 7)*	**6,052**	6
Over-provision of effective interest expenses in prior years	**-**	(101)
Interest paid	**(2,770)**	(5)
Balance at end of the period/year	**226,018**	-

Interest expenses on the Notes are calculated using the effective interest method by applying the effective interest rate of 10.1% to the adjusted liability component of the Notes.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend in respect of the current period of HK1.0 cent (six months ended 30 September 2007: HK0.2 cent) per share. The interim dividend will be paid on 16 January 2009 to members whose name appears on the Register of the Members of the Company on 2 January 2009.

CLOSURE OF REGISTER OF MEMBER

The Register of Members of the Company will be closed from 31 December 2008 to 2 January 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 30 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The revenue of the Group for the six months ended 30 September 2008 of approximately HK$224.7 million represented a significant increase of approximately 307% compared to approximately HK$55.2 million recorded in the corresponding period of last year. The significant increase in turnover and gross profit was a result of the completion of acquisition of automobile dealerships of Bentley, Lamborghini and Rolls-Royce and watch dealership of Richard Mille in June and July 2008, respectively. However, in view of the currently deteriorating economic conditions around the globe, impairments have been made on certain assets of the Group which are related to the Group's comics and animation business including: (i) goodwill; (ii) copyrights; (iii) film rights; and (iv) work-in-progress. As a result of the aggregate impairment losses of approximately HK$101.5 million, a net loss of HK$78.4 million was resulted for the six months ended 30 September 2008.

Operational review

Automobile Dealership

On 26 June 2008, the Group has completed the acquisition of the exclusive entitlements to all of the economic benefits derived from the dealership of Bentley cars, Lamborghini cars and Rolls-Royce cars and rights to control, manage and operate Beijing Mei He Zhen Yong Motors Trading Limited and Beijing De Te Motors Trading Limited and 37 Bentley automobiles, 12 Lamborghini automobiles and 22 Rolls-Royce automobiles were sold in Beijing since then and up to 30 September 2008. From 1 January 2008 to 25 June 2008 inclusive, 48 Bentley cars, 17 Lamborghini cars and 25 Rolls-Royce cars were sold in Beijing and the profit derived from which were accounted to the Group.

Watch Dealership

On 9 July 2008, the Group has acquired the dealership of Richard Mille watches and on 8 August 2008, the Group has acquired the Shanghai Richard Mille Shop. 13 pieces of watches were sold during the period.

Comic Publications

During the period, the Group published and sold 10 local Chinese comics on a weekly, bi-weekly or monthly basis and approximately 23 Japanese comics on a monthly basis.

Multimedia Development

During the period, multimedia development is continuously developing.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 30 September 2008, the Group had 685 employees (31 March 2008: 663, 30 September 2007: 222). Employees' cost charged to the condensed consolidated financial statements (including directors' emoluments) amounted to approximately HK$29.5 million for six months ended 30 September 2008 (six months ended 30 September 2007: HK$19.3 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

There has been no change to the terms of the share option scheme adopted by the Company on 7 October 2002. No new share options were granted during the current period. No share options was exercised during the period and there were no outstanding share options granted to directors, employees, consultants, advisors, customers, shareholders and business associates as at 30 September 2008 (31 March 2008: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 September 2008 were approximately HK$1,088.6 million (31 March 2008: HK$411.8 million) which were financed by the shareholders' fund and total liabilities of HK$656.2 million (31 March 2008: HK$351.5 million) and HK$427.3 million (31 March 2008: HK$52.9 million) respectively.

The directors consider that the Group has sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

The Group had limited exposure to fluctuations in exchange rates and its borrowings, bank balances and cash were mainly denominated in Hong Kong dollars and Renminbi.

CAPITAL STRUCTURE

On 26 June 2008, 400,000,000 new ordinary shares together with convertible notes of an aggregate principal amount of HK$264.0 million were issued as consideration to a vendor for the acquisition of subsidiaries. Among which, convertible notes with principal amount of HK$14.3 million were converted into 65.0 million new ordinary shares of HK$0.002 each at HK$0.22 per share.

The Group's gearing ratio computed as total borrowings over shareholders' fund was 35.7% as at 30 September 2008 (31 March 2008: 0.3%).

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong dollars and Renminbi and the production cost is mainly denominated in Hong Kong dollars and Renminbi. Therefore, the Group is not exposed to any material foreign currency exchange risk.

CHARGES ON ASSETS

As at 30 September 2008, certain assets of the Group with an aggregate amount approximately of HK$3.3 million, (31 March 2008: HK$18.6 million) represented by HK$3.3 million of pledged deposits (31 March 2008: HK$4.4 million, together with buildings and prepaid lease payments of HK$14.2 million), were pledged to secure general banking facilities granted to the Group.

PROSPECTS

In face of worsened market conditions, we have issued a profit warning statement dated 12 November 2008 to alert our shareholders and potential investors to expect that the interim results would experience a significant deterioration as compared with the same period in the prior financial year and a net loss. In spite of that, the Group has taken a prudent approach and decided to write down certain assets by of HK$101.5 million related to our comics and animations business including goodwill, intangible assets comprising comic books royalty, animations work-in-progress, film rights as well as intellectual properties. As the aforementioned impairment losses were non-cash in nature, the Group's cash flow condition remains sound and unaffected. In fact, as at 30 September 2008, the Group had ample net cash balance in the amount of HK$109.5 million, including cash proceed of HK$32,000,000 generated from disposal of the industrial premises in Hong Kong owned by the Group for comics and animations production to an independent third party under a sale-and-leaseback arrangement with a 3-year lease.

Asian economies ease substantially as a global slowdown erodes demand for their exports, consumer confidence falters and banks restrain lending amid the credit crunch. Worries about a deep and prolonged global recession clouded the economy and dampened the market sentiment.

The Board nevertheless remains optimistic about the luxury market in China, as the appetites for luxury goods of the emerging riches are not seriously affected by financial crisis triggered by the US. The Chinese government still has room to ease monetary policy to stabilize financial conditions and provide support to address downside risks.

During the period under review, the Group continually made solid progress in the luxury goods business in the PRC after the Group's pivotal expansion in the luxury goods market in the PRC in the year 2008. Comprehensive business plans were in place to further drive up sales of the world-class brands goods and invite more top-notch brands to join our alliance.

The luxury car dealerships business has attained remarkable growth and became the Group's major profit engine during the financial period as it contributed to over 80% of the Group's profit before provision. In face of expected economic slowdown and erosion of consumer confidence, putting the worst scenario in consideration, the Group is placed at a sure-win position with the profit guarantee of not less than HK$55 million and HK$65 million for the two years ending 31 December 2008 and 2009 respectively as provided in the Formal Sales and Purchase Agreement mentioned in the circular dated 20 March 2008 (the "Agreement"). That said, subject to audit, the Group recognised in the total amount of HK$31 million representing pre-acquisition profit from the single largest shareholder Mr. Qi's companies in accordance with the terms of the Agreement, the amount of which has been attributed to the Group by enhancing the net asset value. We are also pleased to acknowledge a post-acquisition profit of around HK$19 million.

The Group will continue to put effort to expand luxury goods distributorship business. It will continue to further identify other luxury brand dealerships opportunities to strengthen the position as a leading luxury goods distributor in China and tap a diversified range of luxury goods for higher profitability. On top of the dealerships of the three luxury car brands- Bentley, Lamborghini and Rolls-Royce, it has in July 2008 acquired the dealership of a super deluxe branded watch "RICHARD MILLE" and became its exclusive dealer in China for 5 years with an option to renew for another 3 years . On 8 August 2008, the Group's indirect wholly owned subsidiary Sparkle Roll Watch & Jewelry Limited ("Sparkle Roll Watch & Jewelry") entered into the sale and purchase agreement and license agreement with Richard Mille (Asia) Limited. Under the sale and purchase agreement, Sparkle Roll Watch & Jewelry purchased the entire registered capital of Richard Mille (Shanghai) Trading Company Limited at an aggregate consideration of HK$5 million. Under the license agreement, Sparkle Roll Watch & Jewelry has also been granted an exclusive and non-transferable license to use the intellectual property, *w*hich consists of the "RICHARD MILLE" trademark, brand, logos and designs, in China at a one-time royalty in the amount of HK$6 million. Since then, the Group has commenced the dealership operations of the "RICHARD MILLE" branded watches starting from Shanghai and Beijing. The Group has just signed a lease agreement with European-style 5-star hotel namely Legendale Hotel Wangfujing Beijing that situated in Jinbao Street in the capital city, a renowned top class hotel in Beijing for opening the flagship boutique under the brand name of "RICHARD MILLE" in or about the first quarter of 2009.

Our international animations landmark project, Jackie Chan Animations is in full gear and the first 26 episodes of "Jackie Chan's Fantasia" is possible to be launched in the near future.

The entire series of the 52 episodes of the Group's signature animations "Shen Bing Kids" have been widely broadcasted in national channels throughout the PRC with excellent audience ratings.

The Group considered producing an additional of 52 episodes in view of the positive viewing rating.

The Group's comics publications business has recorded deficit during the financial period under review due to a continuous increase in books return rate.

Adhering to the Group's stable dividend policy, the Board is pleased to declare an interim dividend of one cent per share for year 2008 which is the highest in recent years to share the fruits of our success with our shareholders.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30 September 2008, the interests of the directors and their associates in the shares and convertible notes of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the shares and underlying shares of the Company

Name of director	**Capacity**	**Number of shares**	**Approximate % of the issued share capital of the Company** *(Note 3)*
Mr. Tong Kai Lap ("Mr. Tong") *(Note 1)*	Founder of discretionary trust	10,274,400 ordinary shares	0.66%
Mr. Tong	Beneficial owner	4,760,000 ordinary shares	0.31%
Mr. Tong *(Note 2)*	Interest of spouse	2,551,466 ordinary shares	0.16%
Mr. Zheng Hao Jiang	Beneficial owner	10,640,000 ordinary shares	0.69%
Mr. Wong Chun Keung	Beneficial owner	3,464,000 ordinary shares	0.22%

Notes:

(1) Interest of issued shares shown in this row is beneficially owned by Rapid Alert International Limited, a company controlled by a discretionary trust of which Mr. Tong is the founder. Accordingly, Mr. Tong is deemed to be interested in these securities. The total interest of issued shares of Mr. Tong are 17,585,866 shares.

(2) Interest of issued shares shown in this row is beneficially owned by Ms. Wong Miu Ling, Patricia, the spouse of Mr. Tong. Accordingly, Mr. Tong is deemed to be interested in these securities.

(3) The denominator used is 1,551,152,850 shares, being the total number of shares in issue as at 30 September 2008.

(4) Other than as disclosed above and in the section headed "Share Options Scheme" below, none of the directors nor their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 September 2008.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of the providing incentives and rewards to eligible participants who contribute to the success of the Group's business. Eligible participants of the Scheme include any director (including executive, non-executive and independent non-executive director), any employee, or any consultant, advisor, customer, shareholder and business associate. The Company's Scheme was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 7 October 2002.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	**Capacity**	**Number of shares**		**Approximate % of the issued share capital of the Company** *(Note 4)*
Sparkle Roll Holdings Limited ("SRHL")	Beneficial owner	1,600,000,000	(L)	103.15%
Mr. Qi Jian Hong ("Mr. Qi") *(Note 1)*	Held by controlled corporation	1,600,000,000	(L)	103.15%
Ms. Zhu Shuang ("Ms. Zhu") *(Note 1)*	Interest of spouse	1,600,000,000	(L)	103.15%
Super Empire Investments Limited ("Super Empire")	Beneficial owner	273,435,100	(L)	17.63%
Mr. Wong Chun Loong ("Mr. Wong") *(Note 2)*	Held by controlled corporation	273,435,100	(L)	17.63%
Hong Ying Universe Company Limited ("Hong Ying") *(Note 3)*	Held by controlled corporation	130,800,000	(L)	8.43%
Mr. Hsieh Tai Chun ("Mr. Hsieh") *(Note 3)*	Beneficial owner	130,800,000	(L)	8.43%
Ms. Liu Su ("Ms. Liu") *(Note 3)*	Interest of spouse	130,800,000	(L)	8.43%

Notes:

(1) SRHL is a company wholly owned and controlled by Mr. Qi. Accordingly, Mr. Qi is deemed to be beneficial holders of shares held by SRHL. Ms. Zhu is wife of Mr. Qi. Accordingly, Ms. Zhu is deemed to be beneficial holders of shares held by SRHL and Mr. Qi.

(2) Super Empire is a company controlled by Mr. Wong. Accordingly, Mr. Wong is deemed to be beneficial holders of shares held by Super Empire.

(3) Hong Ying is a company controlled by Mr. Hsieh. Accordingly, Mr. Qi is deemed to be beneficial holders of shares held by Hong Ying. Ms. Liu is wife of Mr. Hsieh. Accordingly, Ms. Liu is deemed to be beneficial holders of shares held by Hong Ying and Mr. Hsieh.

(4) The denominator used is 1,551,152,850 shares, being the total number of shares in issue as at 30 September 2008.

(5) Other than as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2008.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

RE-DESIGNATION, APPOINTMENT AND RESIGNATION OF DIRECTORS

Mr. Tong Kai Lap was re-designated as executive director and chairman and member of Remuneration Committee on 16 June 2008. Mr. Wan Siu Lun was re-designated as deputy chairman on 16 June 2008 and resigned from his office as deputy chairman, executive director and member of Remuneration Committee on 16 June 2008. Mr. Wan resigned as executive director on 16 October 2008. Details of information are set out in the announcements of the Company dated 16 June 2008 and 16 October 2008.

Mr. Zheng Hao Jiang was appointed as Chief Executive Officer and re-designated as executive director, deputy chairman and member of Remuneration Committee on 16 June 2008. Mr. Wong Chun Keung resigned from his office as Chief Executive Officer and member of Remuneration Committee on 16 June 2008. Details of information are set out in the announcement of the Company dated 16 June 2008.

Mr. Kwong Chi Tak and Mr. Ko Chi Keung were resigned as executive director and non-executive director respectively on 26 August 2008. Mr. Tsui Pui Hung was resigned from his office on 26 August 2008 as independent non-executive director and member of Audit Committee and Remuneration Committee and Mr. Lee Kang Bor, Thomas was appointed on 26 August 2008 as independent non-executive director and member of Audit Committee and Remuneration Committee on 26 August 2008. Details of information are set out in the announcement of the Company dated 26 August 2008.

Mr. Zhao Xiao Dong was appointed as non-executive director and deputy chairman on 16 October 2008. Details of information are set out in the announcement of the Company dated 16 October 2008.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standard of corporate governance as the directors believe it would improve effectiveness and efficiencies in the overall business performance of the Group such that the Group could become more competitive in markets and enhancing shareholders' value in consequence.

Compliance with the "Code on Corporate Governance Practices"

During the period, the directors are of the opinion that the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules ("CG Practices") throughout the six months ended 30 September 2008.

Compliance with the "Model Code"

The Company has adopted the Model Code for Securities Transactions by directors of Listed Companies ("Model Code") contained in Appendix 10 of the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirmed that they complied with the "Model code" during the period.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Choy Sze Chung Jojo (Chairman of the Committee), Mr. Lam Kwok Cheong, and Mr. Tsui Pui Hung who resigned on 26 August 2008 and Mr. Lee Kang Bor, Thomas was appointed on 26 August 2008 with written terms of reference in line with the code provisions set out in the CG Practices. The Audit Committee has reviewed with management and the Company's auditors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the Interim Financial Statements for the six months ended 30 September 2008. The Audit Committee is not aware of any material modifications that should have been made to the Interim Financial Statements for the six months ended 30 September 2008.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely, Mr. Lam Kwok Cheong (Chairman of the Committee), Mr. Choy Sze Chung Jojo, Mr. Tsui Pui Hung who resigned on 26 August 2008 and Mr. Lee Kang Bor, Thomas was appointed on 26 August 2008 and two executive directors, namely, Mr. Wan Siu Lun resigned on 16 June 2008 and Mr. Tong Kai Lap (Chairman of the Board) was appointed on 16 June 2008, while Mr. Wong Chun Keung was resigned on 16 June 2008 and Mr. Zheng Hao Jiang (Chief Executive Officer) was appointed on 16 June 2008.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

The Nomination Committee was established on 6 October 2008 comprises three independent non-executive directors, namely, Mr. Lee Kang Bor, Thomas (Chairman of the Committee), Mr. Choy Sze Chung Jojo and Mr. Lam Kwok Cheong.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the board regarding any proposed changes, identifying individuals suitably qualified to become Board members, and select or make recommendations to the board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the Interim Financial Statements for the six months ended 30 September 2008, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the Interim Financial Statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Publication of Detailed Results Announcement on the Stock Exchange's Website

The information as required by Appendix of the Listing Rules will be published on the Stock Exchange's and the Company's website in due course.

By order of the Board
Tong Kai Lap
Chairman

Hong Kong, 5 December 2008

As at the date of this announcement, the Company has three executive Directors, one non-executive director and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang, and Mr. Wong Chun Keung. The non-executive director is Mr. Zhao Xiao Dong. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas.