



智富能源金融(集團)有限公司*

Smart Rich Energy Finance (Holdings) Ltd.

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

2008/2009 INTERIM RESULTS ANNOUNCEMENT

GROUP RESULTS

The Board of Directors (the “Board”) of Smart Rich Energy Finance (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2008 together with the comparative figures for the six months ended 31 December 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

		For the six months ended 31 December	
	Notes	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Turnover	(2)	16,853	3,990
Cost of sales		<u>(15,262)</u>	<u>(3,108)</u>
Gross profit		1,591	882
Other operating income		2,634	1,591
Distribution costs		(943)	(741)
Administrative expenses		(27,001)	(37,274)
Loss attributable to financial assets at fair value through profit or loss		(4,796)	(2,843)
Decrease in fair value of investment properties		(6,591)	–
Impairment loss recognised in respect of an available-for-sale investment	(6a)	(103,964)	–
Share of loss of a jointly controlled entity		<u>–</u>	<u>(598)</u>
Loss before income tax	(3)	(139,070)	(38,983)
Income tax	(4)	<u>–</u>	<u>–</u>
Loss for the period		<u><u>(139,070)</u></u>	<u><u>(38,983)</u></u>
Attributable to:			
– Equity holders of the Company		(139,070)	(38,830)
– Minority interests		<u>–</u>	<u>(153)</u>
		<u><u>(139,070)</u></u>	<u><u>(38,983)</u></u>
Loss per share			
– Basic	(5)	<u><u>HK(3.72) cents</u></u>	<u><u>HK(1.08) cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	At 31 December 2008 HK\$'000 (unaudited)	At 30 June 2008 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		9,825	4,743
Investment properties		13,636	20,227
Interest in a jointly controlled entity		—	—
Available-for-sale investments	(6)	12,096	8,813
		<u>35,557</u>	<u>33,783</u>
CURRENT ASSETS			
Deposit paid for the acquisition of an available-for-sale investment	(6b)	—	3,283
Trade and other receivables	(7)	9,800	5,661
Financial assets at fair value through profit or loss		5,853	6,689
Available-for-sale investments	(6)	185,108	389,072
Pledged bank deposit		164	162
Bank balances and cash		90,089	80,441
		<u>291,014</u>	<u>485,308</u>
CURRENT LIABILITIES			
Other payables		2,984	4,040
Deposit received for disposal of an available-for-sale investment	(6a)	—	50,000
Provision for taxation		—	1,545
		<u>2,984</u>	<u>55,585</u>
NET CURRENT ASSETS		<u>288,030</u>	<u>429,723</u>
Total assets less current liabilities		323,587	463,506
Non-current liability			
Deferred taxation		170	170
NET ASSETS		<u>323,417</u>	<u>463,336</u>
CAPITAL AND RESERVES			
Share capital		37,340	37,408
Reserves		286,077	425,928
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>323,417</u>	<u>463,336</u>
Minority interests		—	—
TOTAL EQUITY		<u>323,417</u>	<u>463,336</u>

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2008.

The accounting policies and methods of computation adopted in the preparation of 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 30 June 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which also include HKASs, amendments and interpretations, that affect the Group and are adopted for the first time for the current period’s financial statements.

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these unaudited condensed consolidated interim financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective in these unaudited condensed consolidated interim financial statements:

HKFRSs (Amendment)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distribution of Non-Cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfer of Assets from Customers ⁵

¹ Effective for accounting periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.

² Effective for accounting period beginning on or after 1 January 2009.

³ Effective for accounting period beginning on or after 1 July 2009.

⁴ Effective for accounting period beginning on or after 1 October 2008.

⁵ Effective for transfers of assets from customers received on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three (2007: two) operating divisions as detailed below. These divisions are the bases on which the Group reports its primary information. An analysis of the Group's turnover and contributions to operating results is as follows:

	For the six months ended 31 December			
	2008		2007	
	Turnover	Segment	Turnover	Segment
	HK\$'000	results	HK\$'000	results
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision of financial information services	2,136	(461)	1,830	(248)
Provision of credit card security device and digital network authorisation services	1,680	(2,820)	2,157	(2,108)
Trading of electronic goods and accessories	13,037	132	–	–
Others	–	–	3	(8)
	<u>16,853</u>	<u>(3,149)</u>	<u>3,990</u>	<u>(2,364)</u>
Unallocated corporate expenses		(21,433)		(34,297)
Other operating income		863		1,119
Loss attributable to financial assets at fair value through profit or loss		(4,796)		(2,843)
Share of loss of a jointly controlled entity		–		(598)
Decrease in fair value of investment properties		(6,591)		–
Impairment loss recognised in respect of an available-for-sale investment		<u>(103,964)</u>		<u>–</u>
Loss before income tax		<u>(139,070)</u>		<u>(38,983)</u>

3. LOSS BEFORE INCOME TAX

	For the six months ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs:		
Staff costs, including directors' emoluments	20,759	21,182
Retirement benefit schemes contributions	297	315
Total staff costs	21,056	21,497
Dividend income	(99)	(18)
Interest income	(705)	(1,187)
Rental income	(512)	–
Depreciation of property, plant and equipment	735	624
Loss on disposal of property, plant and equipment	12	–
Operating lease charged on rented premises	1,002	1,233
Write back of provision for bad and doubtful debts	(1,068)	–
Exchange difference, net	(10)	(23)
Cost of inventories recognised as an expense	12,807	–

4. INCOME TAX

For the six months ended 31 December 2008 and 2007, no provision for Hong Kong profits tax and taxation in other jurisdictions had been made in the unaudited condensed consolidated interim financial statements as the Group had no assessable profit.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of HK\$139,070,000 (six months ended 31 December 2007: HK\$38,983,000) and the weighted average number of 3,735,333,239 ordinary shares (six months ended 31 December 2007: 3,614,361,244 ordinary shares) in issue during the period.

No diluted loss per share has been presented for the six months ended 31 December 2008 and 2007 as the share option outstanding during both period had an anti-dilutive effect on the basic loss per share.

6. AVAILABLE-FOR-SALE INVESTMENTS

		At 31 December 2008 HK\$'000 (unaudited)	At 30 June 2008 HK\$'000 (audited)
	<i>Notes</i>		
Unlisted equity securities, at cost			
W-Phone, Inc.		3,420	3,420
Madagascar Petroleum International Limited ("MPIL")	(a)	–	487,741
Easy Link Card Business Services Limited		8,813	8,813
Fossick Rudder Software Technology Co. Ltd ("Fossick")	(b)	3,283	–
		15,516	499,974
Listed equity securities, at cost			
Sino Union Petroleum & Chemical International Limited ("SUNPEC")	(a)	289,072	–
Total equity securities, at cost		304,588	499,974
Less: Impairment loss recognised		(107,384)	(102,089)
		197,204	397,885
Analysed for reporting purposes as:			
Non-current assets		12,096	8,813
Current assets		185,108	389,072
		197,204	397,885

Notes:

- (a) On 17 April 2008, the Company entered into an agreement with a wholly-owned subsidiary of SUNPEC, the shares of which are traded on the Stock Exchange. Pursuant to the agreement, the Company has conditionally agreed to dispose of its 36% equity interests ("Disposal") in MPIL at a total consideration of HK\$810 million to be satisfied by HK\$100 million in cash and HK\$710 million by the issue and allotment by SUNPEC of 253,571,428 consideration shares at HK\$2.8 per consideration share. On 22 May 2008, the Company has duly received the HK\$50,000,000 deposit from SUNPEC in connection with the Disposal.

On 7 August 2008 ("Completion Date"), as all of the conditions precedent to the completion have been satisfied, the Disposal was completed. The Company has duly received the remaining portion of the cash consideration amounted to HK\$50,000,000 and 253,571,428 new shares of SUNPEC at a published share price of HK\$1.14 per share as at the Completion Date.

Based on the published share price of SUNPEC as at the balance sheet date, impairment loss of approximately HK\$103,964,000 was recognised in the condensed consolidated income statement for the period ended 31 December 2008.

- (b) On 24 January 2008, Star Financial Limited ("SFL"), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with an independent third party (the "Vendor") to acquire 7% equity interests of Fossick, a company established under the laws of PRC. The Group has paid RMB3,000,000 (equivalent to HK\$3,283,000) as deposit for the acquisition of an available-for-sale investment during the year ended 30 June 2008.

On 19 December 2008, Credit Card DNA Security System (Shenzhen) Limited ("CCDNA(SZ)"), a wholly-owned subsidiary of the Company established under the laws of PRC, entered into a supplemental agreement with the Vendor to acquire the relevant investment directly by CCDNA(SZ) in order to cope with and simplify the procedural requirement in obtaining the legal title. On 23 December 2008, CCDNA(SZ) obtained the legal title of the relevant investment and the respective deposit was transferred to available-for-sale investments accordingly.

7. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers. Included in trade and other receivables are trade debtors with the following ageing analysis:

	At 31 December 2008 HK\$'000 (unaudited)	At 30 June 2008 HK\$'000 (audited)
0-60 days	2,918	3,350
61-90 days	3	56
Over 90 days	1	12
Trade receivables	2,922	3,418
Other receivables	7,456	3,889
Less: Allowance for bad and doubtful debts	(578)	(1,646)
	6,878	2,243
	9,800	5,661

8. CONTINGENT LIABILITIES

As at 31 December 2008, a number of lawsuits and claims arising from acquisition of subsidiaries were lodged against and by the Group which remains outstanding as at the date of these financial statements as follow:

- (a) On 7 March 2008, Guoye PRC Inc. (“Guoye”) brought an action in High Court of Hong Kong under HCA 364 of 2008 against Triple Winner International Limited (“Triple Winner”) and the Company for damages for breach of the Framework Agreement dated 23 October 2007 together with interest and/or further relief and costs (the “1st Damages”). The writ was served on the Company on 11 March 2008 and on Triple Winner on 6 June 2008. Accordingly, Acknowledgement of Services was filed by the Company on 20 March 2008 and by Triple Winner on 2 July 2008. On 27 August 2008, the statement of claims was served on the Company and Triple Winner for the 1st Damages.

On 11 August 2008, the Company and Triple Winner brought an action in High Court of Hong Kong under HCA 1492 of 2008 against Guoye for recovery of the deposit of US\$3,000,000 which was paid to Guoye under the agreement dated 23 October 2007, with interests, damages and/or relief and costs.

With the advices by the Group’s legal adviser, the directors of the Company are of the opinion that the Group has proper and valid defence to Guoye’s action, accordingly, no provision has been provided for the six months ended 31 December 2008 in respect of the 1st Damages and any legal costs associated with this litigation.

- (b) On 23 April 2008, Ms. Susan So (“Ms. So”), a director of Guoye, brought an action in High Court of Hong Kong under HCA 699 of 2008 against the Company for damages for breach of the consultancy service agreement to be assessed, interest and other relief and costs (the “2nd Damages”). The Company has already filed a defence on 3 June 2008. On 11 August 2008, the Company brought an action in High Court of Hong Kong under HCA 1493 of 2008 against Ms. So for the 2nd Damages.

The legal advisers of the Group on these claims are of opinion that the Group has a reasonably good chance to resist the claim of Ms. So and has a valid claim against Ms. So. No provision has been provided for the six months ended 31 December 2008 in respect of the 2nd Damages and legal costs associated with this litigation.

9. POST BALANCE SHEET EVENTS

- (a) On 30 January 2009, Star EPS.com (HK) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Fast Sky Investments Limited (“Fast Sky”) to acquire 36.67% of the issued share capital of Smart Tycoon Limited (“Smart Tycoon”), a company incorporated in the British Virgin Islands (the “Acquisition”). Save and except for the 30% of the issued share capital of Easy Link Card Business Services Limited (“Easy Link”), Smart Tycoon has no other assets or business.

Upon the completion of the Acquisition on 30 January 2009, the Group indirectly increased its beneficial interest in Easy Link from 19% to 30%. The consideration of the acquisition is HK\$13,900,000, which has been satisfied in cash upon signing of the agreement.

Details of the Acquisition are set out in the announcement of the Company dated 30 January 2009.

- (b) In light of the unique investment opportunities presented by the recent financial turmoil, the Directors see that there are a lot of investment opportunities offering attractive valuation in both the local and overseas market. Unfortunately, the Group has limited cash reserve.

In order to seize the opportunity to increase its cash reserve, on 26 February 2009, Credit Card DNA Security System Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement with Fast Sky to dispose of its entire interest in Star EPS.com Limited at a consideration of HK\$23,800,000 which shall be satisfied in cash upon the completion of the transaction.

Details of the disposal are set out in the announcement of the Company dated 26 February 2009.

- (c) On 27 February 2009, the Company entered into a Convertible Notes Placing Agreement (“CN Placing Agreement”) with Kingston Securities Limited (the “Placing Agent”). The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the Convertible Notes which are proposed to be issued in a maximum aggregate principal amount of HK\$160,480,000. The Placing Agent will receive a placing commission of 2.5% of the amount equal to the aggregate principal amount of the Convertible Notes subscribed or procured to be subscribed by the Placing Agent, which was arrived at after arm’s length negotiations between the Company and the Placing Agent.

The Convertible Notes will carry a right to convert into Conversion Shares at the conversion price of, subject to adjustment, HK\$0.034 per Conversion Share from the date of issue of the Convertible Notes up to 30 June 2010, HK\$0.035 per Conversion Share from 1 July 2010 to 30 June 2011, and HK\$0.036 per Conversion Share from 1 July 2011 to 30 June 2012, the maturity date.

Details of the CN Placing Agreement are set out in the announcement of the Company dated 27 February 2009.

- (d) To further increase the Group’s cash level, on 3 March 2009, Star Cyberpower V.F. Limited (“Cyberpower VF”), a wholly-owned subsidiary of the Company, entered into a conditional agreement with Go Up Group Limited (“Go Up”) to dispose of its entire interest in Star Cyber DNA Limited (“Cyber DNA”). Pursuant to the agreement, Go Up has agreed to acquire (i) 100% of the issued share capital of Cyber DNA at a consideration of HK\$1.00; and (ii) the 100% beneficial ownership of the inter-company receivables of Cyberpower VF due from Cyber DNA and its subsidiaries and associates at a consideration of HK\$18,000,000. The consideration shall be satisfied in cash upon the completion of the transaction.

Details of the disposal are set out in the announcement of the Company dated 3 March 2009.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2008 (six months ended 31 December 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The turnover of the Group for the six months ended 31 December 2008 has increased by over 300% from HK\$3.99 million to approximately HK\$16.85 million. The growth is mainly contributed by the growth of the Group's business in trading of electronic goods and accessories which was commenced in March 2008. Gross profit from operation for the first six months under review was approximately HK\$1.59 million, comparing to a gross profit of HK\$0.88 million for the corresponding period in 2007. Loss attributable to shareholders for the first six months under review was increased by 257% to HK\$139.07 million as compared with the corresponding period in 2007. Such increase of loss was mainly caused by (a) the diminution in fair value of HK\$104 million recognised in relation to the 254 million shares of Sino Union Petroleum Chemical International Limited (stock code: 346) ("SUNPEC") held by the Company as an available-for-sale investment based on the published share price of SUNPEC share as at 31 December 2008; and (b) the diminution in fair value of the financial assets and investment properties held by the Group. The Group has not slowed down in searching for business opportunities in other countries which are rich in natural resources. However, in light of the current market conditions, the Directors are also cautious on the expenses incurred by the Group. For the six months ended 31 December 2008, the Group managed to reduce its administrative expenses from HK\$37.27 million to HK\$27 million.

Business review

The year of 2008 is definitely a year to be remembered in history. The collapse of giant financial institutions has caused an unprecedented turmoil in the global financial market. A lot of companies went down overnight and more are struggling for survival. With hindsight, the Group has fortunately made a decisive move to realise its investments in Madagascar Petroleum International Limited to protect the shareholders' interest.

During the period under review, except for the new business in trading of electronic goods and accessories commenced in March 2008, there is no material change in the principal activities of the Group.

The trading of electronic goods and accessories business commenced in March 2008 and has contributed a turnover of approximately HK\$13.04 million for the six months ended 31 December 2008, which accounted for 77% of the total turnover of the Group.

During the six months ended 31 December 2008, the Group's financial information service (WINFCS) recorded a turnover of HK\$2.14 million (2007: HK\$1.83 million) which accounted for 13% of the total turnover. A loss of HK\$0.46 million was incurred in this division of business, representing an increase of 86% when compared with a loss of HK\$0.25 million for the same period of 2007.

The DNA security service and DNAPAY service contributed to approximately 10% of the Group's total turnover, amounting to approximately HK\$1.68 million compared with HK\$2.16 million for the six months ended 2007, representing a decrease of 22%. A loss of HK\$2.82 million was incurred in this division of business, representing an increase of 34% when compared with a loss of HK\$2.11 million reported in the same period of 2007.

Net asset value

As at 31 December 2008, the Group's net asset amounted to HK\$323.42 million representing a decrease of HK\$139.92 million comparing to the financial year ended 30 June 2008. Based on the total number of 3,734,033,782 ordinary shares issued as at 31 December 2008, net asset value per share was HK8.66 cents.

Liquidity and financing

The Group recorded a net cash inflow of approximately HK\$9.65 million during the period under review. As at 31 December 2008, cash and bank balances of the Group amounted to approximately HK\$90.09 million, compared to approximately HK\$80.44 million as at 30 June 2008. A bank deposit of approximately HK\$164,000 was pledged to a bank to secure a merchant account of a subsidiary as at 31 December 2008 (30 June 2008: HK\$162,000).

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 31 December 2008 (30 June 2008: nil) as the Group did not have any borrowings as at 31 December 2008.

The Group conducted most of its business in Renminbi, United States dollars and Hong Kong dollars so that it does not have any significant exposure to foreign exchange fluctuation.

Business outlook

The Board sees year 2009 a year full of challenges and opportunities. The Group is continuing with its search and assessment of business opportunities in Ghana, Indonesia and Mongolia. The Directors believe that given the current adverse market conditions, there are a lot of business opportunities which offer attractive returns. In this connection, it is of vital importance to maintain and to increase the cash reserve of the Group to prepare the Group to make decisive moves when such investment opportunities arise. Accordingly, the Group is disposing of its non-core assets and businesses, and is exploring various other options to increase our cash reserve, including the issue of convertible notes.

In relation to the businesses of the Group, we are continuing to grow our business on financial information services and our new trading business. We have launched a new i-phone application on financial information services in February 2009. It is the first i-phone application for Hong Kong stock market information. Since its launch, there are already over 8,000 downloads of our application from the Apple's App Store.

Regarding our trading business, though we see slowing down of its growth in 2009 because of the adverse market condition, the Directors believe we can continue the growth momentum of this business. However, we shall closely monitor the credit terms granted to our customers and their financial conditions.

Human Resources

As at 31 December 2008, the Group had 26 and 30 employees in Hong Kong and Mainland China respectively. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund and performance bonus.

According to the share option scheme adopted by the Company on 30 July 2004, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

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

During the six months ended 31 December 2008, the Company repurchased its own shares on the Stock Exchange. Details are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Total consideration paid HK\$
July 2008	2,570,000	0.142	0.135	352,570
August 2008	<u>4,240,000</u>	0.127	0.103	<u>489,040</u>
Total	<u><u>6,810,000</u></u>			<u><u>841,610</u></u>

The repurchased shares were subsequently cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value thereof and the nominal value of shares repurchased amounted to HK\$68,100.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance of the Code on Corporate Governance Practices of the Listing Rules

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2008, except for the deviation from the Code Provision A.4.1 in respect of the service term of directors.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to the retirement by rotation and re-election at each annual general meeting under the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made with all directors and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 31 December 2008.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises four members who are all independent non-executive directors of the Company for the six months ended 31 December 2008. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 31 December 2008.

APPRECIATION

The Board would like to thank the Group's management and staffs for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

By Order of the Board
Wah Wang Kei, Jackie
Managing Director

Hong Kong, 20 March 2009

As at the date of this announcement, the Board comprises Mr. Wong Kam Fu, Dr. Lew Mon Hung, Mr. Wah Wang Kei, Jackie, Mr. Tam Wai Keung, Billy, Mr. Wong Hong Loong, Mr. Tsui Ching Hung and Mr. Hui Richard Rui as executive directors and Mr. Wong Che Man, Eddy, Mr. Tang King Fai, Mr. Dai Zhongcheng and Mr. Tai Chun Kit as independent non-executive directors.

* *For identification purpose only*