PALADIN LIMITED

(incorporated in Bermuda with limited liability)
Stock Code : 495 and 642 (Preference Shares)

ANNUAL REPORT OF
A SUBSIDIARY –
SENSORS INTEGRATION TECHNOLOGY LIMITED

2008

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

The Company remains inactive during the year.

BUSINESS REVIEW AND PROSPECT

During the year, the Company has intended to expand its activities into high technology sector to develop a manufacturing facility at Wuhan East Lake high Technology Development Zone. However, because of open offer of the holding company, Paladin Limited, terminated in January 2008, the Company will not have sufficient funds for financing the proposed development. The Company is still looking for new investment opportunities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2008, net current assets of the Company were approximately HK$3 million. The current ratio was 1.05. The bank balances were approximately HK$55 million.

As at 30 June 2008, the major outstanding liabilities of the Company was amount due to a director of fellow subsidiaries of approximately HK$52 million.

The majority of the Company's assets and borrowings are denominated either in Hong Kong dollars or US dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of HK dollars and US dollars, the directors consider that the Company has no significant exposure to exchange fluctuation and does not pledge against foreign exchange risk.

The Company's gearing ratio, total debts divided by total assets, was approximately 95%.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 30 June 2008, the Company had no material acquisitions and disposals of subsidiaries.

As at 30 June 2008, the Company had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the Company did not employ any staff.

DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend (2007: nil).

ACKNOWLEDGEMENT

On behalf of my fellow directors, I wish to thank all staff and employees for their diligence and loyal support during the year under review.

By order of the Board
Chen Te Kuang Mike
DIRECTOR

Hong Kong, 23 October 2008

DIRECTORS

Mr. Oung Da Ming, aged 51, joined the Company in 2007. Previously he was the chairman between 1985 and 1989 of The E-Hsin International Corporation, a company headquartered in Taiwan engaged in manufacturing and export. In 1991, Mr. Oung became the president of Hualon Microelectronics Corporation until 2004. He became its chairman in 1995 and continues to hold this position. Hualon Microelectronics Corporation which is headquartered in Taiwan was established to engage in integrated circuit ("IC") design, wafer fabrication and the research and development of IC products. In 2001 it disposed of its wafer foundry and has concentrated its activities on fabless wafer design and the research, development and trading in IC related products. Since 2000 Mr. Oung has also been actively developing a technology capability in Russia including establishing Optolink in 2001. Mr. Oung is the uncle of Mr. Mike Chen.

Mr. Chen Te Kuang Mike, aged 30, joined the Company in 2007. He has more than 6 years' management and production experience in electronics industry.

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2008.

PRINCIPAL ACTIVITY

The Company remains inactive during the year.

RESULTS

The results of the Company for the year ended 30 June 2008 are set out in the income statement on page 7.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 12 to the financial statements.

DIRECTORS

The directors of the Company during the year, and up to the date of this report were:

Oung Da Ming
Chen Te-Kuang, Mike

In accordance with Articles 7 of the Company's Articles of Association, both directors retire, being eligible, offer themselves for re-election.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Chen Te Kuang Mike
DIRECTOR

Hong Kong, 23 October 2008

Deloitte.
德勤

TO THE DIRECTORS OF SENSORS INTEGRATION TECHNOLOGY LIMITED
感應系統科技有限公司
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Sensors Integration Technology Limited (the "Company") set out on pages 7 to 22, which comprise the balance sheet as at 30 June 2008, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements have been prepared solely for the information of the Company's management.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. All duties and liabilities (including without limitation, those arising from negligence) to any third party are specifically disclaimed. Accordingly, any other person who relies on this report does so entirely at their own risk. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2008 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Specific disclaimer

You have informed us that it is your intention to make available a copy of this report to the holders of convertible redeemable preference shares issued by Paladin Limited. For the avoidance of doubt, all duties and liabilities (including without limitation, those arising from negligence or otherwise) to the holders of convertible redeemable preference shares issued by Paladin Limited are specifically disclaimed.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 October 2008

Income Statement

For the year ended 30 June 2008

	Note	**1.7.2007 to 30.6.2008** *HK$*	6.2.2007 to 30.6.2007 *HK$*
Turnover		**–**	–
Other income		**9,375**	33
Administrative expenses		**(55,563)**	(13,600)
Loss for the year/period	7	**(46,188)**	(13,567)

Balance Sheet

At 30 June 2008

	Notes	2008 *HK$*	2007 *HK$*
Current assets			
Bank balances		**54,656,859**	20,034
Current liabilities			
Other payables and accruals		**53,873**	–
Amounts due to fellow subsidiaries	10	**–**	33,600
Amount due to a director of fellow subsidiaries	11	**52,065,107**	–
		52,118,980	33,600
Net assets (liabilities)		**2,537,879**	(13,566)
Capital and reserve			
Share capital	12	**2,597,634**	1
Accumulated losses		**(59,755)**	(13,567)
Balance (deficiency) of shareholder's fund		**2,537,879**	(13,566)

The financial statements on pages 7 to 22 were approved and authorised for issued by the Board of Directors on 23 October 2008.

Oung Da Ming	**Chen Te Kuang, Mike**
DIRECTOR	*DIRECTOR*

Statement of Changes in Equity

For the year ended 30 June 2008

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
Issue of share upon incorporation	1	–	1
Loss for the period	–	(13,567)	(13,567)
At 30 June 2007 and 1 July 2007	1	(13,567)	(13,566)
Issue of shares	2,597,633	–	2,597,633
Loss for the year	–	(46,188)	(46,188)
At 30 June 2008	2,597,634	(59,755)	2,537,879

Cash Flow Statement

For the year ended 30 June 2008

	1.7.2007 to 30.6.2008	6.2.2007 to 30.6.2007
	HK$	*HK$*
OPERATING ACTIVITIES		
Loss for the year/period	**(46,188)**	(13,567)
Adjustment for:		
Interest income	**(9,375)**	–
Operating cash flow before movements in working capital	**(55,563)**	(13,567)
Increase in other payables and accruals	**53,873**	–
(Decrease) increase in amounts due to fellow subsidiaries	**(33,600)**	33,600
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(35,290)**	20,033
CASH FROM INVESTING ACTIVITY		
Interest received	**9,375**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from a director of fellow subsidiaries	**52,065,107**	–
Proceeds from issue of new shares	**2,597,633**	1
NET CASH FROM FINANCING ACTIVITIES	**54,662,740**	1
NET INCREASE IN CASH AND CASH EQUIVALENTS	**54,636,825**	20,034
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	**20,034**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, REPRESENTING BANK BALANCES	**54,656,859**	20,034

1. GENERAL

The Company is a private limited company incorporated in Hong Kong. Its ultimate holding company is Paladin Limited, a company which is incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The addresses of registered office and principal place of business of the Company are 45th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The Company remains inactive during the year.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 30 June 2008 and for the period from 6 February 2007 to 30 June 2007 have been prepared solely for the information of the Company's management, to ascertain the results for the year/period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company has applied, for the first time, the following new standard, amendment of Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC) – INT"s) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (collectively referred to as "new HKFRSs"), which are effective for the Company's financial year beginning on 1 July 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)* – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions

* IFRIC represents the International Financial Reporting Interpretations Committee

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Company has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 "Financial instruments: Disclosure and Presentation" has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

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

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [1]
HKAS 39 & HKFRS 7 (Amendments)	Reclassification on financial assets [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 12	Service concession arrangements [4]
HK(IFRIC) – INT 13	Customer loyalty programmes [5]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [4]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [1]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [6]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective from 1 July 2008.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.
[6] Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may effect the accounting treatment 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 the other new or revised standards or interpretations will have no material impact on the results or financial position of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in accounting policies set out below.

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

Turnover

The Company did not have turnover for the year/period.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in the profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including other payables, amounts due to fellow subsidiaries and amount due to a director of fellow subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment loss

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

5. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of amount due to a director of fellow subsidiaries, amounts due to fellow subsidiaries and equity attributable to equity holders of the Company.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Company will balance its overall capital structure through new share issues as well as issue of new debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008	2007
	HK$	*HK$*
Financial assets		
Loans and receivables		
Bank balances	**54,656,859**	20,034
Financial liabilities		
At amortised cost		
Other payables	**23,873**	–
Amount due to a director of fellow subsidiaries	**52,065,107**	–
Amounts due to fellow subsidiaries	**–**	33,600

Financial risk management objectives and policies

The Company's major financial instruments include bank balances, other payables, amount due to a director of fellow subsidiaries and amounts due to fellow subsidiaries. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate the risk are set out below. Management manages and monitors the exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior period.

6. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Interest rate risk

The Company's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors of the Company consider that the Company's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed by the management to finance the Company's operations and mitigate the effects of the fluctuations in cash flows.

The following table details the Company's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	**On demand**	**Less than 3 months**	**Total undiscounted cash flows and carrying amount at 30 June**
	%	*HK$*	*HK$*	*HK$*
At 30 June 2008				
Non-derivative financial liabilities				
Other payables	N/A	–	23,873	23,873
Amount due to a director of fellow subsidiaries	N/A	52,065,107	–	52,065,107
		52,065,107	23,873	52,088,980
At 30 June 2007				
Non-derivative financial liabilities				
Amounts due to fellow subsidiaries	N/A	33,600	–	33,600

6. FINANCIAL INSTRUMENTS (Cont'd)

Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective balance sheet dates approximate their fair values.

7. LOSS FOR THE YEAR/PERIOD

	1.7.2007 to 30.6.2008	6.2.2007 to 30.6.2007
	HK$	*HK$*
Loss for the year/period has been arrived at after charging:		
Auditor's remuneration	**30,000**	–
Directors' remuneration	**–**	–
and crediting:		
Interest income	**9,375**	–

The auditor's remuneration was borne by ultimate holding company for the period from 6 February 2007 to 30 June 2007.

8. DIRECTORS' EMOLUMENTS

Particulars of the emoluments of the directors are as follows:

The emoluments paid or payable to each of the two (2007: three) directors were as follows:

	1.7.2007 to 30.6.2008		
	Oung Da Ming	**Chen Te Kuang Mike**	**Total**
	HK$	*HK$*	*HK$*
Directors' fees	–	–	–
Other emoluments:			
Salaries and other benefits	–	–	–
Retirement benefit scheme contributions	–	–	–
	–	–	–
Total	–	–	–

	6.2.2007 to 30.6.2007			
	Oung Da Ming	Chen Te Kuang Mike	Au Chik Lam, Alexander*	Total
	HK$	*HK$*	*HK$*	*HK$*
Directors' fees	–	–	–	–
Other emoluments:				
Salaries and other benefits	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–
	–	–	–	–
Total	–	–	–	–

* The director resigned during the period from 6 February 2007 to 30 June 2007.

9. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the proposed reduction in corporate profit tax by 1% to 16.5% effective from the year of assessment 2008/09. The effect of such decrease has been reflected in measuring the current year taxation for the year ended 30 June 2008.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the year/period.

Taxation for the year/period can be reconciled to loss for the year/period per the income statement as follows:

	1.7.2007 to 30.6.2008	6.2.2007 to 30.6.2007
	HK$	*HK$*
Loss for the year/period	**(46,188)**	(13,567)
Tax credit at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	**(7,621)**	(2,374)
Tax effect of tax loss not recognised	**7,621**	2,374
Taxation for the year/period	**–**	–

No deferred tax asset in respect of unutilised tax losses has been recognised due to the unpredictability of future profit streams.

10. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts were unsecured, interest-free and repaid in full during the year ended 30 June 2008.

11. AMOUNT DUE TO A DIRECTOR OF FELLOW SUBSIDIARIES

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

12. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Amount *HK$*
Authorised:			
At date of incorporation, 30 June 2007 and 1 July 2007	1.00	10,000	10,000
Subdivision of ordinary shares		990,000	–
	0.01	1,000,000	10,000
Increase in authorised share capital	0.01	258,763,430	2,587,634
At 30 June 2008	0.01	259,763,430	2,597,634
Issued and fully paid:			
At date of incorporation, 30 June 2007 and 1 July 2007	1.00	1	1
Subdivision of ordinary shares		99	–
	0.01	100	1
Issue of new shares	0.01	259,763,330	2,597,633
At 30 June 2008	0.01	259,763,430	2,597,634

The Company was incorporated on 6 February 2007 with an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1 each. On the same date, 1 ordinary share of HK$1 each was issued at par to the subscriber to provide the initial capital for the Company.

On 30 June 2008, an extraordinary general meeting was passed to approve (i) subdivision of the Company's authorised share capital of HK$10,000 into 1,000,000 ordinary shares of HK$0.01 each; and (ii) increase the authorised share capital of the Company from HK$10,000 to HK$2,597,634.30 by creation of 258,763,430 ordinary shares of HK$0.01 each to rank pari passu in all respects with the existing ordinary shares of the Company.

On 30 June 2008, the Company issued additional 259,763,330 ordinary shares of HK$0.01 each to the sole shareholder at par for general working capital purpose. All ordinary shares issued rank pari passu with the then existing ordinary shares in issue in all respects.