

INNOVATIVE & ENGAGING INTERIM REPORT 2008



Golden Harvest Entertainment (Holdings) Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 1132)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman & Executive Director
WU Kebo

Executive Directors
Winnie CHAN Suet Yin
(appointed on 1 September 2008)
Fiona CHOW Sau Fong
WU Keyan
(alternate to WU Kebo)
WANG Wei
(resigned on 1 January 2009)
LAU Pak Keung
(resigned on 31 August 2008)

Non-executive Directors
SHEN De Min
(re-designated on 1 September 2008)
Takashi ARAKI
(resigned on 20 November 2008)
Eric Norman KRONFELD
(not re-elected on 20 November 2008)
CHOW Siu Hong
(re-designated on 1 September 2008
and resigned on 20 November 2008)

Independent Non-executive Directors
LEUNG Man Kit
George HUANG Shao-Hua
Prince Chatrichalerm YUKOL
(resigned on 20 November 2008)

COMPANY SECRETARY

CHEUNG Wing Leung

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

16th Floor
The Peninsula Office Tower
18 Middle Road
Tsimshatsui
Kowloon
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Charter Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM08
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

<http://www.goldenharvest.com>
<http://www.irasia.com/listco/hk/goldenharvest>

STOCK CODE

1132

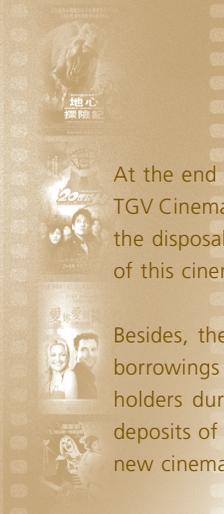
MANAGEMENT DISCUSSION AND ANALYSIS

Group Operation and Financial Highlights

The Company and its subsidiaries (the “Group”) reported a profit of HK\$73 million for the period, which was contributed by the stronger profits posted from operations in Hong Kong, Mainland China, Taiwan and Singapore, in parallel to the gain on disposal of the Malaysia cinema circuit. The operating results of the Group for the period were fairly encouraging despite the challenge of severe global economic downturn triggered by the sub-prime mortgage related credit crisis in the United States. Group revenues amounted to HK\$398 million, compared with HK\$248 million of the same period of last year. Gross profit from continuing operations, with margin maintaining at about 53% plus, was HK\$214 million versus that of HK\$129 million reported last year. During the period, the Group continued its effort in improving the cost structure and such exercise has significantly reduced our headquarter expenses. The strong results were however partly offset by the unfavourable exchange adjustment for the period due to currency depreciation in the territories where the Group operated. Taking into account of all of these, the Group recorded a profit from operations of HK\$18 million, significantly improved from last year’s HK\$2 million. Excluding discontinued operation and gain on disposal of the Malaysia cinema circuit, the Group’s net profit was approximately HK\$10 million, compared to about HK\$3 million in respect of the same period of last year.

While much of the region’s economy was affected by the global financial crisis, the movie industry seemed to be sheltered from the downturn in most of the territories we operated, likely due to its nature as an affordable entertainment at all times. Aided also by a number of strong Hollywood blockbuster titles released during the period, such as *The Dark Knight* and *Journey to the Centre of the Earth*, both exhibition and distribution businesses across the territories we operated were strong and continued their upward trend.

The Group continues to be a major and leading cinema operator in Asia, operating 22 cinemas with 181 screens across Hong Kong, Mainland China, Taiwan and Singapore. In the coming years, the Group will continue to put our focus in developing new cinema projects in Mainland China, as well as expand our businesses in other locations strategically.



At the end of July 2008, the Group completed the disposal of its Malaysia cinema circuit TGV Cinemas Sdn. Bhd. and recorded a one-off gain of approximately HK\$62 million. After the disposal, the Group carries no investment in Malaysia and therefore, the contribution of this cinema circuit was classified as discontinued operation.

Besides, the Group is essentially operated debt-free since it had fully repaid all its bank borrowings and the outstanding convertible notes were converted fully into shares by note holders during the period. As at the end of December 2008, the Group had cash and deposits of approximately HK\$350 million, providing a solid capital base for financing our new cinema projects in Greater China.

Business Review

Film Exhibition

The Group served over 10 million theatre guests during the period, and box office income improved 5.4% across the Group on a full and aggregated basis to approximately HK\$491 million. Confectionary sales income showed an encouraging and healthy increase of 5.2% also, reflecting positive results from both the enhanced confectionary product mix and prices, in addition to the improved attendance level.

Hong Kong

Hong Kong market as a whole recorded a box office receipts of HK\$584 million, which was a 6% increase compared to the same period of last year. Apart from strong Hollywood line-up, the Group has also introduced 3D stereoscopic equipment at different cinema sites to deliver more interesting and engaging theatrical experience to the audience. Our cinemas in Hong Kong achieved an encouraging result for the period with theatre takings of close of HK\$80 million, and maintained a market share of more than 13%. Moving forward, the Group will continue to look for new cinema sites with good potential, and in that respect, we are pleased to have secured one in Tsuen Wan for a 5-screen multiplex, and it is expected to be opened during the second half of 2009.

Mainland China

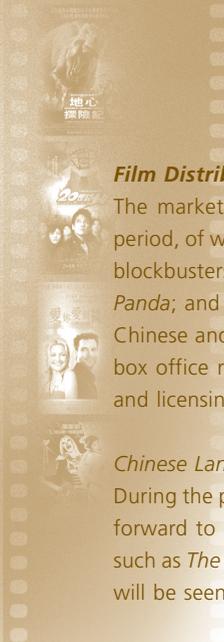
Shenzhen, the city in which we operate our flagship cinema, saw a strong surge of market box office by 49% last year. That was largely due to increased supply of new cinemas over the past two years as well as the stronger consumer spending. The Group's 7-screen cinema located at MIXC Mall City Crossing continued to maintain its theatre takings at a high level despite intensified competition in the city and achieved a 20% market share in Shenzhen. It was at the same time staying strongly competitive in China nationally. In 2008, for a consecutive 3 years, our Shenzhen multiplex continued to be ranked as the 2nd highest box-office cinema in China – with admissions grew by almost 10%, as well as theatre takings improved close to 11% and grossed RMB27 million for the period. The Group has planned to open 5 more screens in MIXC Mall City Crossing in the 2nd quarter of 2009. Our presence in China is expected to be further and significantly strengthened by our planned opening of new multiplexes in Beijing, Wuxi, Suzhou and other locations within the next 12 to 24 months.

Taiwan

Taiwan exhibition market, somehow affected by certain political events, has not seen much growth over the past 5 years. The market box office in Taiwan for the period was reduced by 3% as compared to that of last year. Capitalizing on its leading market position, our cinema circuit Vie Show however managed to go against the tide successfully and recorded a 4% growth in admission as well as a 2% improvement on gross theatre takings. Moreover, Vie Show is planning to open a new cinema multiplex with 9 screens by the last quarter of 2009. Operationally, not taking into account the effect of currency fluctuation, the Group saw an increase of about 1.4% in net profit shared from Vie Show.

Singapore

Singapore's market box office grew 5.6% to S\$76 million for the period. Due to opening of new cinemas by competitors, market share of GVM was slightly affected and declined to 43% during the period. Gross theatre takings of GVM for the period amounted to S\$33 million and improved by 2% from last year's, contributed mostly by the slight increase in the ticket price. After taking the effect of currency fluctuation, the Group maintained a share of net profit of HK\$12 million for the period.



Film Distribution

The market box office receipts in Hong Kong amounted to HK\$584 million during the period, of which non-Chinese language films took up 81% or HK\$471 million. Non-Chinese blockbusters included *The Dark Night*, *Journey to the Centre of the Earth* and *Kung Fu Panda*; and Chinese blockbusters included *Red Cliff* and *Ip Man*. As a distributor for both Chinese and non-Chinese language films, the Group held a 13% market share in terms of box office receipts. Moving ahead, the Group will continue to expand the film financing and licensing businesses in Hong Kong, Mainland China and Taiwan.

Chinese Language Films

During the period, the Group distributed only 3 small-scale Chinese language films. Looking forward to 2009 however, the Group has obtained the distribution rights of bigger titles such as *The Storm Warriors 2* and *Look for a Star*, and it is expected that higher contribution will be seen from the Chinese film distribution.

The Group owns a film library of approximately 130 Chinese film titles for worldwide distribution which continuously generates steady income to the Group. During the period, the library generated an income of approximately HK\$4 million for the Group from its royalty licensing activity.

Non-Chinese Language Films

The Group distributed 9 non-Chinese language films in Hong Kong during the period, including *Journey to the Centre of the Earth*, *Detroit Metal City* and *Suspect X*. Thanks to our brilliant distribution team, our 3-D feature release *Journey to the Centre of the Earth* was a great success and was one of the top three movies in term of box office takings for the period. The total box office of non-Chinese films distributed by the Group sharply increased to HK\$68 million, representing about 14% of market share.

Prospects

The Group has dedicated its efforts in strengthening and growing both the exhibition and distribution networks in territories with higher market potential and better returns. Given the continued opening of film market in Mainland China as well as growing influence of Chinese language films in the international film industry, we strongly believe that more focus should be placed onto opportunities related to the market of Mainland China. In addition to the planned opening of more screens in Shenzhen and other principal cities such as Beijing, Hangzhou, Suzhou and Wuxi, the Group is also actively looking into expansion of our distribution business in Mainland China.

Like most industries, we are facing a challenging year ahead with the recent global economic downturn caused by the sub-prime mortgage related credit crisis in the United States. We are however cautiously optimistic in respect to the prospects of our industry and in the territories we operated. Hong Kong will continue to be the base of the Group's operations with increased resources put in Mainland China. We will continue to adopt stringent measures to control the general and administrative expenses.

Financial Resources and Liquidity

During the period, the remaining convertible notes in aggregate amount of HK\$30 million have been converted into ordinary shares of the Company, creating a total of approximately 13.6 million new ordinary shares at a conversion price of HK\$2.2 per share. The Group has no outstanding convertible note as at 31 December 2008.

In addition, with the surplus fund received from the disposal of Malaysia TGV, the Group had fully repaid all outstanding bank loans of HK\$20 million during the period. As at 31 December 2008, the Group recorded no bank borrowing.

As at 31 December 2008, the Group's cash balance was HK\$350 million (30 June 2008: HK\$266 million), representing an increase of 32% as compared with that of June 2008. Currently, the Group has no financial leverage while the gearing ratio for the year ended 30 June 2008 was 5%, calculated on the basis of external borrowings (including the convertible notes) over total assets. Management will continue to monitor the gearing structure and make adjustments if necessary in light of changes in the Group's developments and economic conditions.



The Group's assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments in Mainland China, Taiwan and Singapore. The overseas joint ventures of the Group are operating in their local currencies and subjected to minimal exchange risk on their own. While for the Hong Kong operations, due to the volatility of the currency market, management decided to maintain higher level of deposits in Hong Kong dollars and the pegged US dollars, thus lowering the exposure to exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimize the risk at reasonable cost.

The Group did not have any significant contingent liabilities as of 31 December 2008.

Employees and Remuneration Policies

As at 31 December 2008, the Group had 265 (30 June 2008: 311) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

INTERIM RESULTS

The Board of Directors (the "Board") of Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008. The consolidated results have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

		(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000 *
Continuing operations			
Turnover	2	397,925	247,600
Cost of sales		(183,843)	(118,463)
Gross profit		214,082	129,137
Other income		18,523	33,267
Selling and distribution costs		(182,852)	(121,602)
General and administrative expenses		(26,639)	(32,066)
Other operating expenses		(5,247)	(6,743)
Profit from operations		17,867	1,993
Finance costs	3(a)	(553)	(6,218)
Share of profits less losses of associates		-	10,939
Gain on disposal of interest in a jointly controlled entity	8	61,852	-
Profit before taxation	3	79,166	6,714
Income tax	4	(6,898)	(3,161)
Profit for the period from continuing operations		72,268	3,553
Discontinued operation			
Profit/(loss) for the period from discontinued operation	8	1,198	(417)
Total profit for the period		73,466	3,136

CONSOLIDATED INCOME STATEMENT (continued)

		(Unaudited) Six months ended 31 December 2008 <i>Note</i> HK\$'000	(Unaudited) Six months ended 31 December 2007 <i>HK\$'000</i> *
Attributable to:			
Equity holders of the Company		73,370	3,050
Minority interests		96	86
		73,466	3,136
Dividends attributable to equity holders of the Company	5	18,327	–
Earnings/(losses) per share	6		
Basic			
– Continuing operations		39.87 cents	2.73 cents
– Discontinued operation		0.66 cents	(0.33) cents
		40.53 cents	2.40 cents
Diluted			
– Continuing operations		39.47 cents	2.72 cents
– Discontinued operation		0.65 cents	(0.33) cents
		40.12 cents	2.39 cents

* The consolidated income statement for the six months ended 31 December 2007 has been reclassified to conform with the current period's presentation of the discontinued operation (note 8).

The notes on pages 16 to 32 form part of these interim consolidated financial statements.

CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 31 December 2008 HK\$'000	(Audited) As at 30 June 2008 HK\$'000
Non-current assets			
Fixed assets		326,651	367,395
Investment property		1,952	–
Amounts due from jointly controlled entities		22,387	32,285
Prepaid rental		6,742	8,015
Club memberships		3,590	3,590
Rental and other deposits		50,867	54,006
Trademarks		79,421	79,421
Deferred tax assets		1,547	358
Pledged bank deposits		12,258	10,133
		505,415	555,203
Current assets			
Inventories		2,497	2,417
Film rights		27,916	27,503
Trade receivables	7	20,954	27,045
Other receivables, deposits and prepayments		59,086	49,355
Amounts due from jointly controlled entities		13,110	50,277
Deposits and cash		349,868	266,307
		473,431	422,904
Assets of a jointly controlled entity held for sale	8	–	141,037
		473,431	563,941
Current liabilities			
Trade payables	9	64,866	68,609
Other payables and accrued charges		117,268	129,472
Customer deposits		6,497	3,675
Bank loans	10	–	12,480
Convertible notes	11	–	31,066
Loans from joint venture partners		12,500	22,144
Taxation payable		15,450	9,618
		216,581	277,064

CONSOLIDATED BALANCE SHEET (continued)

		(Unaudited) As at 31 December 2008 <i>HK\$'000</i>	(Audited) As at 30 June 2008 <i>HK\$'000</i>
	Note		
Liabilities of a jointly controlled entity held for sale	8	-	101,135
		216,581	378,199
Net current assets		256,850	185,742
Total assets less current liabilities		762,265	740,945
Non-current liabilities			
Bank loans	10	-	7,800
Loans from joint venture partners		15,137	42,505
Loan from minority shareholder		471	696
Deposits received		3,837	4,248
Deferred tax liabilities		15,343	16,540
		34,788	71,789
NET ASSETS		727,477	669,156
Capital and reserves			
Share capital	12	183,274	169,638
Reserves		542,793	498,097
Total equity attributable to equity holders of the Company		726,067	667,735
Minority interests		1,410	1,421
TOTAL EQUITY		727,477	669,156

The notes on pages 16 to 32 form part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008 – unaudited

	Share capital HK\$'000	Share premium HK\$'000	Share option redemption reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Convertible notes HK\$'000	Revaluation reserve HK\$'000	*Reserve funds HK\$'000	**Surplus reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 July 2008	169,638	179,062	1,548	6,422	80,000	242	4,024	1,866	480	22,796	196,876	4,781	667,735
Exchange difference on transition of financial statements of	-	-	-	-	-	-	-	-	-	(5,512)	-	-	(5,512)
- overseas subsidiaries	-	-	-	-	-	-	-	-	-	(17,557)	-	(4,781)	(22,338)
- overseas jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	(107)	(22,445)
Total income and expenses recognised directly in equity	-	-	-	-	-	-	-	-	-	(23,069)	-	(107)	(27,957)
Dividends declared and paid	-	-	-	-	-	-	-	-	-	-	(18,327)	-	(18,327)
Profit for the period	-	-	-	-	-	-	-	-	-	-	73,370	96	73,466
Total income and expenses for the period	-	-	-	-	-	-	-	-	-	(23,069)	55,043	(11)	27,182
Transfer to retained profits on lapse of share options	-	-	(710)	-	-	-	-	-	-	-	710	-	-
Conversion of convertible notes	11	13,636	17,745	-	-	(242)	-	-	-	-	-	-	31,139
Transfer to/(from) reserves	-	-	-	-	-	-	-	561	(480)	-	(81)	-	-
At 31 December 2008	183,274	196,807	838	6,422	80,000	-	4,024	2,427	-	(273)	252,548	-	726,067
												1,410	727,477

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 31 December 2007 – unaudited

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Equity component of convertible notes HK\$'000	Revaluation reserve HK\$'000	*Reserve funds HK\$'000	**Surplus reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Exchange reserve of a jointly controlled entity held for sales HK\$'000	Minority interests HK\$'000	Total HK\$'000	
At 1 July 2007	128,357	125,733	5,085	4,819	80,000	880	3,974	1,139	480	1,208	185,785	-	555	538,015	
Exchange difference on translation of financial statements of	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- overseas subsidiaries	-	-	-	-	-	-	-	-	-	(1,994)	-	-	-	(1,994)	
- overseas associates	-	-	-	-	-	-	-	-	-	8,742	-	-	-	8,742	
- overseas jointly controlled entities	-	-	-	-	-	-	-	-	-	2,168	-	-	-	2,168	
Deferred tax credited to equity	-	-	-	-	-	-	15	-	-	-	-	-	-	15	
Total income and expenses recognised directly in equity	-	-	-	-	-	-	15	-	-	8,916	-	-	-	8,931	
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,050	-	-	3,050	
Total income and expenses for the period	-	-	-	-	-	-	15	-	-	8,916	3,050	-	-	11,981	
Repurchases of shares	(1,513)	(3,326)	-	1,513	(1,513)	-	-	-	-	-	(4,839)	-	-	(4,839)	
Issue of ordinary shares	100	409	(116)	-	-	-	-	-	-	-	-	-	-	393	
Transfer to retained profits on leap of share options	-	-	(466)	-	-	-	-	-	-	-	466	-	-	-	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to/(from) reserves	-	-	-	-	-	-	-	353	-	(3,779)	(353)	3,779	-	-	
At 31 December 2007	126,944	122,816	4,503	6,332	78,487	880	3,989	1,492	480	6,345	188,948	3,779	544,995	1,095	546,090

* In accordance with the relevant regulations in the People's Republic of China, the Company's subsidiary established in the Mainland China is required to transfer a certain percentage of its profits after tax to the reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiary's articles of association, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

** The surplus reserve represents an amount transferred from retained profits in accordance with statutory requirements and the articles of association of an associate in Taiwan. The surplus reserve may only be applied to make up any losses and for capitalisation by way of fully paid bonus issues of the shares of the associate in Taiwan.

The notes on pages 16 to 32 form part of these interim consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000
Net cash generated from operating activities	34,734	18,830
Net cash generated from/(used in) investing activities	95,322	(42,139)
Net cash used in financing activities	(38,832)	(15,625)
Net increase/(decrease) in cash and cash equivalents	91,224	(38,934)
Cash and cash equivalents at 1 July	266,307	219,162
Effect of foreign exchanges rates changes	(7,663)	4,037
Cash and cash equivalents at 31 December	349,868	184,265
Analysis of balances of cash and cash equivalents		
Non-pledged short term bank deposits	81,315	132,289
Non-pledged cash and bank balances	268,553	51,976
Cash and cash equivalents at 31 December*	349,868	184,265

* Amount included cash and cash equivalents of HK\$Nil (2007: HK\$17,554,000) of a jointly controlled entity classified as held for sale (note 8).

The notes on pages 16 to 32 form part of these interim consolidated financial statements.



NOTES ON THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

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

The interim consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 30 June 2008.

The preparation of interim consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 Segment information

(a) Business segments

(Unaudited) Six months ended 31 December

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	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
Continuing operations										
<i>Segment revenue:</i>										
Sales to external customers	47,650	32,364	346,626	210,250	3,649	4,986	-	-	397,925	247,600
Inter-segment sales	7,599	2,497	-	-	1,378	544	(8,977)	(3,041)	-	-
Other income	867	600	24,359	16,640	110	150	(248)	(196)	25,088	17,194
Total	56,116	35,461	370,985	226,890	5,137	5,680	(9,225)	(3,237)	423,013	264,794
Segment results	8,964	1,140	33,963	16,106	(93)	153	-	-	42,834	17,399
Interest income									3,036	2,805
Unallocated operating expenses, net									(28,003)	(18,211)
Gain on disposal of interest in a jointly controlled entity									61,852	-
Finance costs									(553)	(6,218)
Share of profits less losses of associates	-	3,897	-	7,042	-	-	-	-	-	10,939
Profit before taxation									79,166	6,714
Income tax									(6,898)	(3,161)
Profit for the period from continuing operations									72,268	3,553

2 Segment information (continued)

(a) Business segments (continued)

(Unaudited) Six months ended 31 December

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	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
Discontinued operation										
<i>Segment revenue:</i>										
Sales to external customers	-	-	13,674	54,287	-	-	-	-	13,674	54,287
Other income	-	-	284	934	-	-	-	-	284	934
Total	-	-	13,958	55,221	-	-	-	-	13,958	55,221
Segment results	-	-	1,913	1,509	-	-	-	-	1,913	1,509
Interest income									26	278
Finance costs									(124)	(746)
Profit before taxation									1,815	1,041
Income tax									(617)	(1,458)
Profit for the period from discontinued operation									1,198	(417)
Total profit for the period									73,466	3,136

2 Segment information (continued)

(b) Geographical segments

		(Unaudited) Six months ended 31 December															
		Hong Kong		Mainland China		Taiwan		Singapore		Malaysia		Elsewhere in Asia		Others		Consolidated	
		2008	2007	2008	2007	2008	2007	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																	
Sales to external customers		124,102	106,763	37,425	34,126	133,195	104,571	102,746	-	13,674	54,731	287	1,334	170	362	411,599	301,887
Less:																	
Attributable to discontinued operation		-	-	-	-	-	-	-	-	13,674	54,287	-	-	-	-	13,674	54,287
Sale to external customers from continuing operations		124,102	106,763	37,425	34,126	133,195	104,571	102,746	-	-	444	287	1,334	170	362	397,925	247,600

3 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000
Interest on bank loans wholly repayable within five years	163	1,499
Interest on convertible notes	172	4,176
Interest on loans from joint venture partners	218	499
Finance charges on obligation under finance leases	–	44
	553	6,218

(b) Other items

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000
Cost of inventories	15,890	2,017
Cost of services provided	150,206	106,114
Depreciation	23,618	15,618
Amortisation of prepaid land lease payments	392	10
Amortisation of film rights	17,747	10,332
Loss on disposal of fixed assets	431	2,406

4 Income tax

Taxation in the consolidated income statement represents:

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000
Continuing operations		
Group		
<i>Current income tax</i>		
Provision for Hong Kong Profits Tax	–	–
Provision for overseas tax	1,477	562
	1,477	562
Jointly controlled entities		
<i>Current income tax</i>		
Provision for overseas tax	6,747	34
<i>Deferred tax – overseas</i>		
Origination and reversal of temporary differences	(1,326)	2,565
	5,421	2,599
	6,898	3,161

4 Income tax (continued)

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

Taxation for overseas subsidiaries and jointly controlled entities is charged at the appropriate current rates of taxation ruling in the relevant countries.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/09. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 31 December 2008. Tax provisions are reviewed regularly to take into account of changes in legislation, practice and status of negotiations.

Share of associate's tax for the six months ended 31 December 2008 of HK\$Nil (2007: HK\$2,426,000) is included in "Share of profits less losses of associates" on the face of the consolidated income statement.

5 Dividends

	(Unaudited)	(Unaudited)
	Six months	Six months
	ended	ended
	31 December	31 December
	2008	2007
	HK\$'000	HK\$'000
Special dividend declared and paid during the period of HK\$0.1 per share (2007: Nil)	18,327	–

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK\$72,172,000 and HK\$1,198,000 respectively (2007: HK\$3,467,000 and loss of HK\$417,000 respectively) and the weighted average number of 181,025,966 ordinary shares (2007: 127,159,858 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK\$72,344,000 and HK\$1,198,000 respectively (2007: HK\$3,467,000 and loss of HK\$417,000 respectively) and the weighted average number of ordinary shares of 183,273,990 shares (2007: 127,741,555 shares), calculated as follows:

(i) Profit attributable to equity holders of the Company (diluted)

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 HK\$'000
<i>Continuing operations</i>		
Profit attributable to equity holders	72,172	3,467
After tax effect of effective interest on the liability component of convertible bonds	172	–
Profit attributable to equity holders (diluted)	72,344	3,467
<i>Discontinued operation</i>		
Profit/(loss) attributable to equity holders	1,198	(417)

6 Earnings per share (continued)

(b) Diluted earnings per share (continued)

(ii) Weighted average number of ordinary shares (diluted)

	2008 Number of shares	2007 Number of shares
Shares		
Issued ordinary shares as at 1 July	169,637,627	128,356,537
Effect of convertible notes converted	11,388,339	–
Effect of shares repurchased	–	(1,205,918)
Effect of share options exercised	–	9,239
Weighted average number of ordinary shares in issue during the period used in the calculation of the basic earnings per share		
	181,025,966	127,159,858
Effect of dilution – weighted average number of ordinary shares:		
Share options (Note (1))	–	581,697
Convertible notes (Note (2))	2,248,024	–
Weighted average number of ordinary shares (diluted) at 31 Decmeber (Unaudited)		
	183,273,990	127,741,555

Notes:

- (1) The share options had no diluting effect on the basic earnings per share for current period as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary shares during current period.
- (2) The convertible notes had no diluting effect on the basic earnings per share for the prior period.

7 Trade receivables

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management.

The ageing analysis of trade receivables (net of allowance for doubtful debts) as of the balance sheet date:

	(Unaudited)	(Audited)
	As at	As at
	31 December	30 June
	2008	2008
	HK\$'000	HK\$'000
Current to 3 months	19,418	21,357
Within 4 to 6 months	1,183	3,900
Over 6 months	353	1,788
	20,954	27,045

8 A jointly controlled entity classified as held for sale and disposal of interest in a jointly controlled entity

On 13 February 2008, the Group entered into an agreement to dispose of its entire 50% equity interests in TGV Cinemas Sdn Bhd ("TGV") to its then existing shareholder (the "Transaction"). Details of the Transaction were set out in the Company's circular dated 5 March 2008. TGV is principally engaged in theatre operations in Malaysia.

The disposal of TGV was completed on 31 July 2008 and resulted in a net gain of HK\$61,852,000, which was credited to the consolidated income statement in the current period.

8 A jointly controlled entity classified as held for sale and disposal of interest in a jointly controlled entity *(continued)*

The Group's share of results of TGV has been reclassified and presented as discontinued operation in accordance with HKFRS 5, "Non-current assets held for sale and discontinued operations".

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 <i>HK\$'000</i>
Turnover	13,674	54,287
Cost of sales	(6,164)	(23,299)
Other income	7,510	30,988
Selling and distribution costs	310	1,212
General and administrative expenses	(5,537)	(26,411)
Other operating expenses	(344)	(753)
	–	(3,249)
Profit from operations	1,939	1,787
Finance costs	(124)	(746)
Profit before taxation	1,815	1,041
Income tax	(617)	(1,458)
Profit/(loss) for the period	1,198	(417)

8 A jointly controlled entity classified as held for sale and disposal of interest in a jointly controlled entity *(continued)*

	(Unaudited) Six months ended 31 December 2008 HK\$'000	(Unaudited) Six months ended 31 December 2007 <i>HK\$'000</i>
<hr/>		

The net cash flows incurred by the discontinued operation were as follow:

Operating activities	1,571	18,900
Investing activities	(874)	(24,595)
Financing activities	(2,908)	2,460
<hr/>		
Net cash outflow	(2,211)	(3,235)
<hr/> <hr/>		

9 Trade payables

The ageing analysis of trade payables as of the balance sheet date:

	(Unaudited) As at 31 December 2008 HK\$'000	(Audited) As at 30 June 2008 <i>HK\$'000</i>
<hr/>		
Current to 3 months	54,586	63,275
Within 4 to 6 months	5,040	193
Within 7 to 12 months	570	1,509
Over one year	4,670	3,632
<hr/>		
	64,866	68,609
<hr/> <hr/>		

10 Bank loans

All bank loans were repaid during the six months ended 31 December 2008.

11 Convertible notes

In July and August 2008, convertible notes in aggregate amounts of HK\$30,000,000 were converted into the Company's ordinary shares, creating a total of 13,636,363 ordinary shares at a conversion price of HK\$2.2 per share.

12 Share capital

	No. of Shares	Amount HK\$'000
Ordinary shares, issued and fully paid:		
At 1 July 2007	128,356,537	128,357
Repurchase of shares (note (i))	(1,603,000)	(1,603)
Share options exercised (note (ii))	1,975,000	1,975
Conversion of convertible notes (note (iii))	40,909,090	40,909
At 30 June 2008 (Audited)	169,637,627	169,638
Conversion of convertible notes (note (iii))	13,636,363	13,636
At 31 December 2008 (Unaudited)	183,273,990	183,274

The total number of authorised ordinary shares is 600,000,000 shares (30 June 2008: 600,000,000 shares) with a par value of HK\$1 per share (30 June 2008: HK\$1 per share).

12 Share capital *(continued)*

Notes:

(i) Purchase of own shares

During the year ended 30 June 2008, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited at prices ranging from HK\$2.9 to HK\$4.0 per share for aggregate consideration before expenses of HK\$5,155,000.

The repurchased shares were cancelled and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. An amount equivalent to the nominal value of these shares cancelled of HK\$1,603,000 was transferred from the retained profits to the capital redemption reserve. The premium and transaction cost paid on the repurchase of the shares of HK\$3,590,000 were charged to the share premium account.

(ii) Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group, shareholders of the Company, suppliers of goods or services to the Group and customers of the Group. The Scheme became effective on 30 November 2001 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

During the year ended 30 June 2008, a total of 1,975,000 share options were exercised at exercise prices ranging from HK\$2.08 to HK\$3.93.

During the six months ended 31 December 2008, no share options were granted to any of directors and employees of the Group.

During the six months ended 31 December 2008, 680,000 share options lapsed and HK\$710,000 has been transferred from the share option reserve to retained profits when the options lapsed.

12 Share capital (continued)

Notes: (continued)

(iii) Conversion of convertible notes

During the six months ended 31 December 2008, the note holders exercised their conversion rights to convert notes of HK\$30,000,000 into 13,636,363 ordinary shares of the Company at a conversion price of HK\$2.2 per share.

13 Commitments

	(Unaudited)	(Audited)
	As at	As at
	31 December	30 June
	2008	2008
	HK\$'000	HK\$'000

Capital commitments in respect of the acquisition of fixed assets:

Contracted for	15,291	12,433
Authorised but not contracted for	190,644	219,846
	205,935	232,279

Amount included HK\$20,070,000 (30 June 2008: HK\$44,309,000) attributable to the jointly controlled entities of the Group.

14 Contingent liabilities

The Group did not have any significant contingent liabilities as of 31 December 2008.

15 Material related party transactions

During the six months ended 31 December 2008, the Group entered into transactions amounting to HK\$600,000 with two related companies (2007: HK\$1,918,000 with five related companies) and HK\$350,000 (2007: HK\$Nil) with a former director which constituted connected transactions as defined in the Listing Rules. The connected transactions were either properly approved by the independent shareholders or constituted the de minimis transactions as defined in the Listing Rules.

There were no other material related party transactions during the six months ended 31 December 2008, other than in the nature of those as disclosed in the annual report for the year ended 30 June 2008.

16 Comparative figures

The comparative figures of the consolidated income statement have been restated as if the operation discontinued during the current period had been discontinued at beginning of the comparative period (note 8).

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 31 December 2008

Up to the date of issue of these interim consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 31 December 2008 and which have not been adopted in these interim consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 31 December 2008 *(continued)*

So far it has concluded that the adoption of them is unlikely to have significant impact of the Group's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

		Effective for accounting periods beginning on or after
HKFRS 8	Operating segments	1 January 2009
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009

SPECIAL DIVIDEND

During the six months ended 31 December 2008, the Board declared and paid a special dividend of HK\$0.1 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on 11 September 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2008.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2008, the interests and short positions of the directors of the Company (the "Director(s)") and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of 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 Issuers (the "Model Code") contained in the Listing Rules were as follows:

Interests in shares of HK\$1 each in the share capital of the Company (the "Share(s)") and underlying Shares

Name of Director	Capacity	Note	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of shareholding in the Company
Wu Kebo	Interest of controlled corporations	1	146,223,472(L)	-	146,223,472(L)	79.78%
			40,871,599(S)	-	40,871,599(S)	22.30%
Shen De Min	Beneficial Owner	2	200,000(L)	-	200,000(L)	0.11%
George Huang Shao-Hua	Beneficial Owner	3	-	100,000(L)	100,000(L)	0.05%

* The percentage figure is calculated by reference to the total number of Shares (i.e. 183,273,990 ordinary Shares) in issue as at 31 December 2008.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

(Continued)

Interests in shares of HK\$1 each in the share capital of the Company (the "Share(s)") and underlying Shares *(Continued)*

Notes:

1. Mr. Wu Kebo ("Mr. Wu") was deemed to be interested in long positions of 146,223,472 Shares and short positions of 40,871,599 Shares by virtue of his 100% beneficial holding in each of Skyera International Limited ("Skyera"), Mainway Enterprises Limited ("Mainway"), Cyber International Limited ("Cyber"), and 80% beneficial holding in Orange Sky Entertainment Group (International) Company Limited ("Orange Sky") (formerly known as Chengtian Entertainment Group (International) Holding Company Limited). Of these Shares, (a) long positions in 40,553,060 Shares were held by Orange Sky; (b) long positions in 46,798,813 Shares were held by Skyera; (c) long positions in 40,871,599 Shares and short positions in 40,871,599 Shares were held by Mainway; and (d) long positions in 18,000,000 Shares were held by Cyber.
2. These Shares were held by Modern Ray Limited, a company which was 100% beneficially owned by Mr. Shen De Min.
3. These underlying Shares represented the Shares which will be issued upon the exercise of the share options granted by the Company under the share option scheme of the Company adopted by the shareholders of the Company at the special general meeting held on 28 November 2001 (the "Share Option Scheme").

Save as disclosed above and save for the disclosure made under the section headed "Share Options", as at 31 December 2008, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Abbreviations:

"L" stands for long position

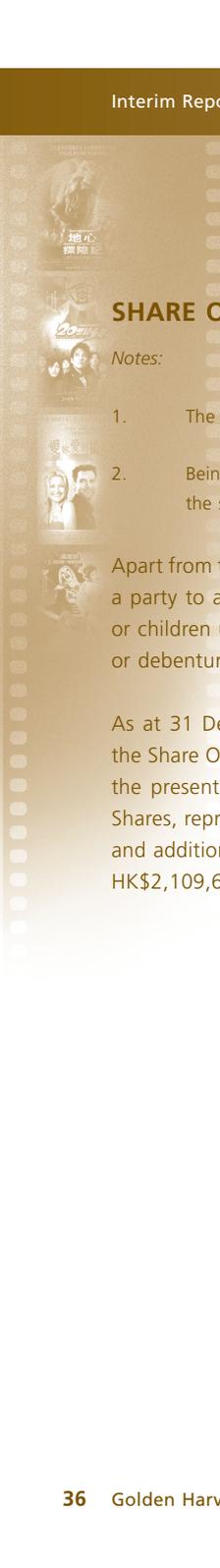
"S" stands for short position

SHARE OPTIONS

During the six months ended 31 December 2008, 680,000 share options lapsed and no share options granted under the Share Option Scheme were exercised. Save as disclosed as aforesaid, no share options were granted nor cancelled under the Share Option Scheme.

Details of the movement of share options of the Company for the six months ended 31 December 2008 were as follows:

Name or category of participant	Date of grant of share option	Exercise price HK\$	Exercise period	Number of share options outstanding as at 1 July 2008	Granted during the 6 months ended 31 December 2008	Exercised during the year	Lapsed during the 6 months ended 31 December 2008	Closing price of Shares immediately before the date of grant of share option		Number of share options outstanding as at 31 December 2008
								(Note 2) HK\$	(Note 2) HK\$	
Director										
Lau Pak Keung	12 April 2007	3.93	1 July 2007 to 30 October 2011 (Note 1)	200,000	-	-	(200,000)	0.34	-	-
Eric Norman Kronfeld	31 March 2005	2.60	31 March 2005 to 30 October 2011 (Note 1)	35,000	-	-	(35,000)	0.255	-	-
	12 April 2007	3.93	1 July 2007 to 30 October 2011 (Note 1)	150,000	-	-	(150,000)	0.34	-	-
George Huang Shao-hua	12 April 2007	3.93	1 July 2007 to 30 October 2011	100,000	-	-	-	0.34	-	100,000
Prince Chatrichalerm Yukol	31 March 2005	2.60	31 March 2005 to 30 October 2011 (Note 1)	35,000	-	-	(35,000)	0.255	-	-
	12 April 2007	3.93	1 July 2007 to 30 October 2011 (Note 1)	100,000	-	-	(100,000)	0.34	-	-
Other participant										
In aggregate	12 April 2007	3.93	1 January 2007 to 30 October 2011	780,000	-	-	(160,000)	-	-	620,000
				1,400,000	-	-	(680,000)	-	-	720,000



SHARE OPTIONS *(Continued)*

Notes:

1. The share options lapsed by reason of resignation or retirement as Director(s).
2. Being the weighted average closing price of the Shares immediately before the dates on which the share options were granted or exercised, as applicable.

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of Shares in or debentures of the Company or any other body corporate.

As at 31 December 2008, the Company had 720,000 shares options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 720,000 additional Shares, representing approximately 0.39% of the Shares in issue as at 31 December 2008, and additional share capital of HK\$720,000 and share premium account of approximately HK\$2,109,600.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 31 December 2008, the following persons had the following interests or short positions in Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of shareholder	Capacity	Note	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of shareholding in the Company
Wu Kebo	Interest of controlled corporations	1	146,223,472(L) 40,871,599(S)	–	146,223,472(L) 40,871,599(S)	79.78% 22.30%
Skyera International Limited	Beneficial Owner	1	46,798,813(L)	–	46,798,813(L)	25.53%
Mainway Enterprises Limited	Beneficial Owner	1	40,871,599(L) 40,871,599(S)	–	40,871,599(L) 40,871,599(S)	22.30% 22.30%
Orange Sky Entertainment Group (International) Company Limited	Beneficial Owner	1	40,553,060(L)	–	40,553,060(L)	22.13%
Wu King Shiu Kelvin	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
Chang Tat Joel	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
AID Partners Ltd.	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
AID Partners GP1, L.P.	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
AID Partners Capital 1, L.P.	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
AID Partners Asset Management Ltd.	Interest of controlled corporations	2	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%

SUBSTANTIAL SHAREHOLDERS (Continued)

Name of shareholder	Capacity	Note	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of shareholding in the Company
Billion Century Group Limited	Interest of controlled corporations	2, 3	164,223,472(L)	20,435,799(L)	184,659,271(L)	100.76%
NEC Corporation	Beneficial owner		36,000,000(L)	–	36,000,000(L)	19.64%
Cyber International Limited	Beneficial owner	1	18,000,000(L)	–	18,000,000(L)	9.82%

* The percentage figure is compiled by reference to the total number of Shares (i.e. 183,273,990 ordinary Shares) in issue as at 31 December 2008.

Notes:

- Mr. Wu was deemed to be interested in long positions of 146,223,472 Shares and short positions of 40,871,599 Shares by virtue of his 100% beneficial holding in Skyera, Mainway, Cyber and 80% beneficial holding in Orange Sky. Of these Shares, (a) long positions in 40,553,060 Shares were held by Orange Sky; (b) long positions in 46,798,813 Shares were held by Skyera; (c) long positions in 40,871,599 Shares and short positions in 40,871,599 Shares were held by Mainway; and (d) long positions in 18,000,000 Shares were held by Cyber.
- Each of Mr. Wu King Shiu Kelvin and Mr. Chang Tat Joel were deemed to be interested in these 164,223,472 Shares and 20,435,799 underlying Shares by virtue of their direct or indirect beneficial holdings as to 60% and 40% respectively, in each of AID Partners Ltd., AID Partners GP1, L.P. AID Partners Capital I, L.P., AID Partners Assets Management Ltd. and Billion Century Group Limited ("BCG").
- Of these 184,659,241 Shares, BCG was deemed to be interested in 123,351,873 Shares interested by Mr. Wu by virtue of the subscription agreement entered into between Mr. Wu and Mainway with BCG pursuant to which BCG had agreed to subscribe for and Mainway had agreed to issue exchangeable note into shares of Mainway to BCG for the funding arrangement in relation to the mandatory unconditional cash offer made by Somerley Limited on behalf of Skyera and Mainway for all outstanding convertible notes, share options of the Company and all the Shares (other than those already owned or agreed to be acquired by Skyera and Mainway and parties acting in concert with any of them).

Abbreviations:

"L" stands for long position

"S" stands for short position

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Save as disclosed above, as at 31 December 2008, no other person had an interest or a short position in Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2008.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management, the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 31 December 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save and except the following deviations from the code provisions set out in the Code on Corporate Governance Practices (the "CG Practices") as contained in Appendix 14 to the Listing Rules, the Company had, throughout the period for the six months ended 31 December 2008, complied with the CG Practices.

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
A.2.1	<p>The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.</p>	<p>Mr. Wu, the chairman and executive Director, was appointed as the acting managing director of the Company with effect from 21 December 2007.</p> <p>The Board considers that as Mr. Wu has experience in acting in a leading and managing role in media and entertainment businesses, it is in the interests of the Company for Mr. Wu to act as the acting managing director of the Company pending the appointment of a new managing director to ensure continuity.</p> <p>The Board will in due course appoint an individual with appropriate qualifications to act as the chief executive officer of the Company.</p>

CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
<p>A.3 & A.3.2 The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should ensure that changes to its composition can be managed without undue disruption. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.</p> <p>Pursuant to note 1 to Code Provision A.3 of the CG Practices (and as required by Rule 3.10 of the Listing Rules), every board of directors must include at least 3 independent non-executive directors.</p> <p>Pursuant to Code Provision A.3.2 of the CG Practices, the Company should appoint independent non-executive directors representing at least one-third of the board.</p>	<p>During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol as an independent non-executive Director with effect from 20 November 2008, the total number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules, note 1 to Code Provisions A.3 and A.3.2 of the CG Practices, respectively.</p> <p>As the Company is still identifying a suitable individual to be appointed as an independent non-executive director and a member of the audit committee, the requirements set out under Rules 3.10(1) and 3.21 of the Listing Rules have not been fulfilled within the period specified in Rules 3.11 and 3.23 of the Listing Rules, respectively.</p> <p>The Board had taken actions to seek a suitable individual with appropriate qualifications to act as an independent non-executive Director and is still in the process of identifying such individual.</p>

CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	All non-executive Directors of the Company were not appointed for a specific term. All non-executive Directors are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as a specific term of appointment.

CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
B.1.1	<p>The Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.</p>	<p>The remuneration committee of the Company currently comprises one executive Director and one independent non-executive Director.</p> <p>During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol and Eric Norman Kronfeld as independent non-executive Director and non-executive Director, respectively, the requirement in relation to the composition of the remuneration committee under Code Provision B.1.1 of the CG Practices was not fulfilled.</p> <p>The Board is in the process of identifying suitable candidate to fulfill the role of an independent non-executive Director and member of the remuneration committee of the Company.</p>



MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in the Model Code of the Listing Rules. The Company has made specific enquiries with all the Directors and no Directors have confirmed that they had not complied with the requirements set out in the Model Code and the Company's code for the six months ended 31 December 2008.

RULES 3.10(1) AND 3.21 OF THE LISTING RULES

During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol as an independent non-executive Director and a member of each of the remuneration committee and audit committee of the Company with effect from 20 November 2008, the total number of the independent non-executive Directors of the Board and audit committee of the Company fell below the minimum number as required under Rules 3.10(1) and 3.21 of the Listing Rules. Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Company is required to appoint sufficient number of independent non-executive Director(s) and appropriate member(s) to the audit committee to meet the requirements set out in Rules 3.10(1) and 3.21, respectively, within three months after failing to meet such requirements. As the Company is still identifying a suitable individual to be appointed as an independent non-executive Director and a member of the audit committee, the requirements set out under Rules 3.10(1) and 3.21 of the Listing Rules have not been fulfilled within the period specified under Rules 3.11 and 3.23 of the Listing Rules, respectively. The Company is currently actively looking for qualified candidates to fulfill such role.

APPRECIATION

I would like to take this opportunity to thank my fellow Directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

On behalf of the Board

WU Kebo

Chairman

Hong Kong, 20 March 2009