

GOLDMOND

Goldmond Holdings Limited

(Formerly known as "Golding Soft Limited")
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8190)



Interim Report
2007/2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of Goldmond Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

1. The financial highlights of the Group for the six month ended 31 December 2007 (the "Period") are presented as follows:

	Continuing operations		Discontinued operations		Total	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	50,024	2,604	356	18,279	50,380	20,883
Profit/(Loss) attributable to the equity holders of the Company	9,968	(2,976)	(311)	(73)	9,657	(3,049)
Earnings/(Loss) per share						
– basic	0.67 cents	(0.24) cents	(0.02) cents	(0.01) cents	0.65 cents	(0.25) cents
– diluted	0.12 cents	N/A	(0.02) cents	N/A	0.10 cents	N/A

2. On 21 November 2007, the Group completed the acquisition of 55% equity interest in Highway Bright Holdings Limited ("Highway Bright Group"). Highway Bright Group is engaged in manufacture and sale of satellite and telecommunication products and electronic components and accessories. The results of Highway Bright Group from the date of acquisition to 31 December 2007 have been included in this report.

RESULTS

The board of Directors (the "Board") wishes to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 31 December 2007, together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

		Unaudited			
		Three months ended		Six months ended	
		31 December		31 December	
		2007	2006	2007	2006
		(Restated)		(Restated)	
Note		RMB'000	RMB'000	RMB'000	RMB'000
Continuing operations:					
Revenue					
3	Cost of sales	49,648	1,436	50,024	2,604
		(37,794)	(454)	(38,135)	(1,106)
Gross profit					
3	Other income	11,854	982	11,889	1,498
	Selling and distribution costs	11,689	187	11,909	523
	Administrative expenses	(624)	(153)	(761)	(479)
	Other operating expenses	(5,811)	(1,236)	(7,160)	(2,641)
		(351)	(1,311)	(422)	(1,882)
Profit/(Loss) from operating activities					
5	Finance costs	16,757	(1,531)	15,455	(2,981)
		(1,514)	-	(1,514)	-
6	Profit/(Loss) before income tax	15,243	(1,531)	13,941	(2,981)
7	Income tax expense	(1,052)	-	(1,052)	-
	Profit/(Loss) after income tax from continuing operations	14,191	(1,531)	12,889	(2,981)
Discontinued operations:					
9	Loss for the Period from discontinued operations	(302)	(101)	(311)	(73)
Profit/(Loss) for the Period					
		13,889	(1,632)	12,578	(3,054)
Attributable to:					
	Equity holders of the Company	10,968	(1,613)	9,657	(3,049)
	Minority interests	2,921	(19)	2,921	(5)
Profit/(Loss) for the Period					
		13,889	(1,632)	12,578	(3,054)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company					
10	- Basic				
	From continuing and discontinued operations	0.61 cent	(0.13) cent	0.65 cent	(0.25) cent
	From continuing operations	0.63 cent	(0.12) cent	0.67 cent	(0.24) cent
	- Diluted				
	From continuing and discontinued operations	0.14 cent	N/A	0.10 cent	N/A
	From continuing operations	0.15 cent	N/A	0.12 cent	N/A

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	11	114,342	2,238
Land use rights		47,793	1,484
Investment properties		14,592	–
Goodwill		291,436	–
		468,163	3,722
CURRENT ASSETS			
Financial assets at fair value through profit or loss		33,958	–
Inventories	12	30,197	–
Trade receivables	13	92,500	1,743
Prepayments, deposits and other receivables		26,462	80
Due from a related company	14	281	234
Pledged time deposits		6,430	–
Cash and cash equivalents		74,763	17,646
		264,591	19,703
CURRENT LIABILITIES			
Trade and bills payables	15	91,480	312
Other payables and accruals		27,990	3,889
Trade deposits received		–	47
Due to related parties	16	51,820	1,350
Due to a minority shareholder		14,114	–
Bank overdrafts and borrowings		55,083	–
Tax payable		5,522	–
		246,009	5,598
NET CURRENT ASSETS		18,582	14,105

	<i>Notes</i>	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Bank borrowings		24,945	–
Convertible bonds	17	114,382	–
Deferred tax liabilities		21,077	–
		160,404	–
NET ASSETS			
		326,341	17,827
EQUITY			
Equity attributable to Company's equity holders			
Share capital	18	23,992	12,600
Reserves		273,381	5,227
		297,373	17,827
Minority interests		28,968	–
TOTAL EQUITY			
		326,341	17,827

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	14,048	(914)
Net cash (outflow)/inflow from investing activities	(90,483)	17
Net cash inflow from financing activities	123,124	–
Net increase/(decrease) in cash and cash equivalents	46,689	(897)
Cash and cash equivalents at beginning of the Period	17,646	22,758
	64,335	21,861
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,306	–
Cash and cash equivalents at end of the Period	66,641	21,861
Analysis of the balances of cash and cash equivalents:		
Cash and cash equivalents	68,725	4,488
Non-pledged time deposits with original maturity of less than three months when acquired	6,038	17,373
Bank overdrafts	(8,122)	–
	66,641	21,861

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium*	Statutory reserves*	Exchange reserve*	Equity component of convertible bonds*	Accumulated losses*	Total	Minority interests	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2007	12,600	40,745	477	(1,348)	-	(34,646)	17,828	-	17,828
Acquisition of a non-wholly owned subsidiary	-	-	-	-	-	-	-	26,047	26,047
Profit for the Period	-	-	-	-	-	9,657	9,657	2,921	12,578
Transfer to reserves	-	-	790	-	-	(790)	-	-	-
Exchange differences on translation	-	-	-	2,306	-	-	2,306	-	2,306
Issue of convertible bonds	-	-	-	-	72,040	-	72,040	-	72,040
Issue of new shares	11,392	188,243	-	-	-	-	199,635	-	199,635
Share issue expenses	-	(4,093)	-	-	-	-	(4,093)	-	(4,093)
At 31 December 2007	23,992	224,895	1,267	958	72,040	(25,779)	297,373	28,968	326,341
At 1 July 2006	12,600	40,744	477	-	-	(27,659)	26,162	161	26,323
Loss for the period	-	-	-	-	-	(3,049)	(3,049)	(5)	(3,054)
At 31 December 2006	12,600	40,744	477	-	-	(30,708)	23,113	156	23,269

* These reserve accounts comprise the consolidated reserves of RMB273,381,000 (30 June 2007: RMB5,227,000) in the consolidated balance sheet.

Notes:

1. The Company

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 28 August 2001 and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "SEHK").

By passing the special resolution regarding the change of Company name on 4 October 2007 and the satisfaction of all conditional precedent for the completion of the acquisition of the Highway Bright Group, the name of the Company has been changed from "Golding Soft Limited" to "Goldmond Holdings Limited".

2. Basis of presentation and accounting policies

The unaudited condensed consolidated results incorporate those of the Company and its subsidiaries for the six months ended 31 December 2007.

The unaudited condensed consolidated results of the Group are prepared in accordance with and comply with all applicable Hong Kong Accounting Standard (HKAS) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the SEHK (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of this report are consistent with those used in the annual financial statements for the year ended 30 June 2007.

The following new standards, amendments to standards and interpretations issued by HKICPA are applicable for the year ending 30 June 2008.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures ¹
HKFRS 7	Financial Investments – Disclosures ¹
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment ²
HK (IFRIC) – Int 11	Group and Treasury Share Transactions ³

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 November 2006

³ Effective for annual periods beginning on or after 1 March 2007

The above mentioned new standards, amendments to standards and interpretations have no material impact to the Group's financial statements.

2. Basis of presentation and accounting policies *(continued)*

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the adoption of such standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK (IFRIC) – Int 12	Service concession arrangements ²
HK (IFRIC) – Int 13	Customer Loyalty Programmes ³
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction ²

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

² *Effective for annual periods beginning on or after 1 January 2008*

³ *Effective for annual periods beginning on or after 1 July 2008*

All significant inter-company transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements.

The results of the Group are presented in Renminbi ("RMB").

3. Revenue and other income

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for return and trade discounts, where applicable. Analysis of the Group's revenue and other income is shown as follows:

	Continuing operations		Unaudited Discontinued operations		Total	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Sales of goods	49,096	–	356	18,279	49,452	18,279
Rendering of services	928	2,604	–	–	928	2,604
	50,024	2,604	356	18,279	50,380	20,883
Other income						
Interest income	508	369	–	1	508	370
Rental income	109	–	–	–	109	–
Reversal of provision for doubtful debts	–	–	503	–	503	–
Gain on fair value change in respect of redemption option	9,014	–	–	–	9,014	–
Sundry income	2,279	154	90	–	2,369	154
	61,934	3,127	949	18,280	62,883	21,407

4. Segmental information

Business segments

	Unaudited				
	For the six months ended 31 December 2007				
	Continuing operations			Discontinued operations	
	Satellite and telecom- munication products and ODM and proprietary packaged softwares RMB'000	electronic components and accessories RMB'000	Total RMB'000	System solutions RMB'000	Consolidated RMB'000
REVENUE					
External sales	928	49,096	50,024	356	50,380
Segment results	(1,286)	6,452	5,166	(311)	4,855
Interest income and unallocated gains					12,503
Unallocated corporate expenses					(3,728)
Profit before income tax					13,630
Income tax expense					(1,052)
Profit after income tax					12,578
Attributable to:					
Equity holders of the Company					9,657
Minority interest					2,921
					12,578

4. Segmental information (continued)

Business segments (continued)

	Unaudited				
	For the six months ended 31 December 2006				
	Continuing operations		Discontinued operations		Consolidated RMB'000
ODM and proprietary packaged softwares RMB'000	Satellite and telecom- munication products and electronic components and accessories RMB'000	Total RMB'000	System solutions RMB'000		
REVENUE					
External sales	2,604	–	2,604	18,279	20,883
Segment results	247	–	247	(67)	180
Interest income and unallocated gains					524
Unallocated corporate expenses					(3,753)
Loss before income tax					(3,049)
Income tax expense					(5)
Loss after income tax					(3,054)
Attributable to:					
Equity holders of the Company					(3,049)
Minority interest					(5)
					(3,054)

5. Finance costs

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	RMB'000	RMB'000
Interest on bank loans and overdrafts wholly repayable within five years	486	–
Interest on finance leases	10	–
Imputed interest on convertible bonds	1,018	–
	1,514	–

6. Profit/(Loss) before income tax

The Group's profit/(loss) before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	RMB'000	RMB'000
Cost of inventories sold/services provided	38,503	19,015
Amortisation of land use rights	92	70
Depreciation	969	1,097
Exchange loss	2,842	886
Provision for impairment of trade receivables	791	–
Minimum lease payments under operating leases in respect of land and buildings	295	210
Staff costs (including directors' remuneration and retirement scheme contribution)	5,132	2,824
Gain on fair value change in respect of redemption option	(9,014)	–
Interest income	(508)	(338)
(Gain)/Loss on disposal of property, plant and equipment	(1)	70

7. Income tax expense

Hong Kong profits tax has been provided at the tax rate of 17.5% on the estimated assessable profits for the six months ended 31 December 2007. No Hong Kong profits tax had been made in the corresponding period in 2006 as the Group did not generate any assessable profits arising from its operations in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

An analysis of the Group's income tax expense for the six months ended 31 December 2006 and 2007 is as follows:

	Unaudited					
	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong profits tax	131	–	–	–	131	–
PRC income tax	921	–	–	5	921	5
	1,052	–	–	5	1,052	5

8. Interim dividends

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2007 (corresponding period in 2006: Nil).

9. Discontinued operations

On 30 June 2007, the Group resolved to cease the operations of Jiangxi Jinlixin Technology Co. Ltd. ("Jiangxi Jinlixin"). The Group held 51% equity interest in Jiangxi Jinlixin, which was principally engaged in sale of computer hardware and accessories, office equipment and electronics and provision of system solutions.

An analysis of the results of the discontinued operations included in the consolidated income statement is as follows:

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	RMB'000	RMB'000
Revenue	356	18,279
Cost of sales	(369)	(17,910)
Gross (loss)/profit	(13)	369
Other income	593	1
Selling and distribution costs	(24)	(186)
Administrative expenses	(118)	(252)
Other operating expenses	(749)	–
Loss before income tax	(311)	(68)
Income tax expense	–	(5)
Loss for the period from discontinued operations	(311)	(73)

10. Earnings/(loss) per share

Basic

From continuing and discontinued operations

The calculation of basic earnings/(loss) per share for the three months and six months ended 31 December 2007 from continuing and discontinued operations is based on the profit/(loss) attributable to the equity holders of the Company of approximately RMB10,968,000 and RMB9,657,000, respectively (loss for the three months and six months ended 31 December 2006: RMB1,613,000 and RMB3,049,000, respectively) on the weighted average of the 1,792,135,870 and the 1,496,067,935 ordinary shares in issue during the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: the weighted average of the 1,200,000,000 ordinary shares).

10. Earnings/(loss) per share (continued)

From continuing operations

The calculation of the basic profit/(loss) per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	Unaudited			
	Three months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the Period attributable to the equity holders of the Company	10,968	(1,613)	9,657	(3,049)
Add: Loss for the Period from discontinued operations	302	101	311	73
Profit/(Loss) for the Period for the purpose of basic profit/(loss) per share from continuing operations	11,270	1,512	9,968	(2,976)

The denominators used are the same as those detailed above for basic profit/(loss) per share from continuing and discontinued operations.

From discontinued operations

Basic loss per share from the discontinued operations is RMB0.02 and RMB0.02 cents per share for the three and six months ended 31 December 2007 (2006: loss per share of RMB0.01 and 0.01 cents per share in the corresponding periods in 2006) which was calculated based on the loss from discontinued operations of RMB302,000 and RMB 311,000 for the three and six months ended 31 December 2007 (2006: loss of RMB101,000 and RMB73,000) in the corresponding periods in 2006. The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

10. Earnings/(loss) per share *(continued)*

Diluted

The calculation of the diluted earnings per share from continuing operations attributable to the equity holders of the company is based on the following data:

	Unaudited			
	Three months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the Period attributable to the equity holders of the Company	10,968	(1,613)	9,657	(3,049)
Add: Net of imputed interest and gain of the change in the fair value of asset and liability components in respect of the convertible bonds	(7,996)	–	(7,996)	–
Adjusted earnings/(loss) used in the calculation of diluted earnings/(loss) per share from continuing and discontinued operations	2,972	(1,613)	1,661	(3,049)
Add: Loss for the Period from discontinued operations	302	101	311	73
Earnings/(loss) for the Period from the purpose of diluted earnings/(loss) from continuing operations	3,274	(1,512)	1,972	(2,976)

The denominators use are the weighted average number of ordinary shares of 2,116,601,848 and 1,658,300,924 during the three months and six months ended 31 December 2007. Diluted earnings per share for the corresponding periods in 2006 were not presented as there was no dilutive potential shares.

11. Property, plant and equipment

	Unaudited						Total RMB'000
	Buildings	Plant and machinery	Leasehold improvements	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 July 2007							
Cost	1,847	–	3,848	5,802	869	433	12,799
Accumulated depreciation	(485)	–	(3,848)	(4,993)	(806)	(429)	(10,561)
Net book value	<u>1,362</u>	<u>–</u>	<u>–</u>	<u>809</u>	<u>63</u>	<u>4</u>	<u>2,238</u>
Period ended 31 December 2007							
Opening net book value	1,362	–	–	809	63	4	2,238
Acquisition through business combination							
	71,299	34,072	181	2,701	476	2,504	111,233
Additions	–	1,898	–	–	2	–	1,900
Disposals	–	–	–	–	–	(60)	(60)
Depreciation	(130)	(433)	(9)	(329)	(31)	(37)	(969)
Closing net book value	<u>72,531</u>	<u>35,537</u>	<u>172</u>	<u>3,181</u>	<u>510</u>	<u>2,411</u>	<u>114,342</u>
At 31 December 2007							
Cost	73,146	35,970	4,029	8,503	1,347	2,877	125,872
Accumulated depreciation	(615)	(433)	(3,857)	(5,322)	(837)	(466)	(11,530)
Net book value	<u>72,531</u>	<u>35,537</u>	<u>172</u>	<u>3,181</u>	<u>510</u>	<u>2,411</u>	<u>114,342</u>

12. Inventories

	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
Raw materials	6,005	–
Work in progress	18,659	–
Finished goods	5,533	–
	30,197	–

13. Trade receivables

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one to three months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
Trade receivable	94,980	2,652
Less: Provision for impairment of receivables	(2,480)	(909)
	92,500	1,743

An aging analysis of the trade receivables as at the balance sheet date, based on invoice date and net of provision is as follows:

	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
Within one month	41,101	1,645
One to two months	5,011	–
Two to three months	44,500	–
Three months to one year	860	98
Over one year	1,028	–
	92,500	1,743

14. Due from a related company

Particulars of the amount due from a related company disclosed pursuant to Section 161 B of the Hong Kong Companies Ordinance are as follows:

Name	Joinn Strategic Holdings Limited ("Joinn Strategic")
Substantial shareholder connected with borrower	Mr. Huang Quan
Amounts outstanding at 1 July 2007	RMB234,000
31 December 2007	RMB281,000
Maximum amount outstanding during the period	RMB281,000
Terms	Unsecured, interest-free and repayable on demand

15. Trade payables

An aging analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
Within one month	18,583	261
One to two months	24,427	47
Two to three months	13,254	–
Three months to one year	34,583	–
Over one year	633	4
	<hr/> 91,480 <hr/>	<hr/> 312 <hr/>

16. Due to related parties

		31 December 2007 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Audited)
	<i>Notes</i>		
Joinn Investment Advisory Limited	<i>(i)</i>	1,072	874
南昌金鼎軟件發展有限公司	<i>(ii)</i>	476	476
Mr. Cheng Chun Shing	<i>(iii)</i>	50,272	–
		51,820	1,350

The above amounts due to related companies are unsecured, interest free and have no fixed terms of repayment.

- (i) Joinn Investment Advisory Limited is the subsidiary of Joinn Holdings Limited which is a substantial shareholder of the Company.
- (ii) Mr. Huang Boqi (黃伯麒先生), a director of the Company, has beneficial interest in 南昌金鼎軟件發展有限公司.
- (iii) Mr. Cheng Chun Shing is one of the directors of Highway Bright Holdings Limited.

17. Convertible bonds

182,017,500 HK\$ denominated zero coupon convertible bonds were issued by the Company on 21 November 2007 at a conversion price of HK\$0.25 per share at the following conditions:

Maturity date	Fifth anniversary of the date of issue of the convertible bonds
Interest	Zero coupon
Conversion period	Bondholders may exercise their conversion right at any time during the period commencing from the expiry of the sixth month from the date of issue of the convertible bonds up to the date falling 7 days before the maturity date
Redemption at option of the Company	At any time prior to the maturity date, the Company may, having given a notice of not less than 30 days but not more than 60 days to the bondholders, redeem, from time to time, all or some only of the convertible bonds at a redemption price equal to 115% of the outstanding amount of the relevant part of the convertible bonds

17. Convertible bonds *(continued)*

The convertible bonds contain three components, liability, asset and equity elements. The equity element is presented in equity heading "convertible bonds – equity reserve". The asset element is presented as "financial assets at fair value through profit or loss". The effective rate of the liability component is 8.5%.

The movement of the liability component of the convertible bonds for the Period is set out below:

	RMB'000 (Unaudited)
Proceeds of issue	170,462
Asset component	24,942
Equity component	(72,040)
Deferred tax liabilities	(10,000)
	<hr/>
Liability component	113,364
Interest charged	1,018
	<hr/>
Liability component as at 31 December 2007	<u>114,382</u>

18. Share capital

	31 December 2007		30 June 2007	
	HK\$'000	RMB'000	HK\$'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<i>Authorised:</i>				
20,000,000,000 ordinary shares of HK\$0.01 each	<u>200,000</u>	<u>210,000</u>	<u>200,000</u>	<u>210,000</u>
<i>Issued and fully paid:</i>				
2,416,500,000 ordinary shares (30 June 2007 1,200,000,000 ordinary shares) of HK\$0.01 each	<u>24,165</u>	<u>23,992</u>	<u>12,000</u>	<u>12,600</u>

18. Share capital *(continued)*

On 29 October 2007, 200,000,000 new ordinary shares of HK\$0.01 each were offered to various investors in connection with a private placement. The net proceeds of approximately RMB45,214,684 are used as general working capital.

On 21 November 2007, 1,016,500,000 new ordinary shares of HK\$0.01 each were offered to Cytech Investment Limited ("Cytech Investment") (a subsidiary of Joinn Holdings) and the vendors in connection of the acquisition of 55% equity interest in the Highway Bright Group. The 352,500,000 shares which were issued to Cytech Investment was recorded at HK\$0.105 each, being the price stated in the subscription agreement between the Company and Joinn Holdings dated 12 July 2007. The fair value of such 664,000,000 shares which were issued to vendors was recorded at HK\$0.19 each, being the closing market price of the Company in issue.

Following the above share issues, the issued and paid-up share capital of the Company was then increased to RMB23,992,000, comprising 2,416,500,000 ordinary shares of HK\$0.01 each, and the total 1,216,500,000 new shares of HK\$0.01 each rank *pari passu* in all respects with the existing issued share capital of the Company.

19. Share option scheme

The Company operates a share options 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 employees or proposed employees of the Group, the Company's directors, including non-executive directors, suppliers of goods or services to the Group, customers of the Group, persons or entities who provide technology support to the Group, shareholders of any of the Group companies, and any other participants determined by the Company's directors as having contributed or who may contribute by way of joint venture or business alliances to the development and growth of the Group. The Scheme became effective on 24 January 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group may not in aggregate exceed 30% of the Company's shares in issue from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group, may not in aggregate exceed 10% of the Company's shares in issue as at the date on which the Scheme was adopted without prior approval from the Company's shareholders.

19. Share option scheme *(continued)*

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options or the expiry date of the Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Up to the approval date of the financial statements, no options have been granted or agreed to be granted under the Scheme since its effective date on 24 January 2002.

20. Related party transactions

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		Unaudited	
		Six months ended	
		31 December	
		2007	2006
	<i>Notes</i>	RMB'000	RMB'000
Rental income received from a related company	(i)	57	60
Operating lease rentals paid to a related company	(ii)	201	210

- (i) The rentals were received, in respect of the Group's office premises situated in Hong Kong, to Joinn Strategic Holdings Limited. The directors of the Company have confirmed that the monthly rentals were calculated with reference to open market rentals for similar premises.
- (ii) The rentals were paid, in respect of the Group's office premises situated in Hong Kong, to Joinn Investment Advisory Limited, a subsidiary of Joinn Holdings. The directors of the Company have confirmed that the monthly rentals were calculated with reference to open market rentals for similar premises.

(b) Compensation of key management personnel

	Unaudited	
	Six months ended	
	31 December	
	2007	2006
	RMB'000	RMB'000
Total remuneration of directors and other members of key management during the Period – short-term employee benefits	759	576

21. Comparative figures

Certain comparative figures have been reclassified and restated as a result of the presentation of discontinued operations.

FINANCIAL REVIEW

Continuing operations

In the continuing operations, the Group recorded a revenue of RMB50,024,000 for the six months ended 31 December 2007, representing an increase of 1,821.0% as compared to the corresponding period in 2006. The increase in revenue of the Group is due to the revenue contributed by Highway Bright Group as it completely become part of our Group since November 2007.

The Group's gross profit margin decreased to approximately 23.8% for the six months ended 31 December 2007, as compared to approximately 57.5% for the corresponding period in 2006.

Discontinued operations

In the discontinued operations, the Group recorded a revenue of RMB356,000 for the six months ended 31 December 2007, representing a decrease of approximately 98.0% as compared to the corresponding period in 2006. The decrease in revenue in the discontinued operations is the result of the cessation of the business solutions segment in June 2007 and the revenue for the Period represented the sale of stale inventories in that segment.

Profit/(loss) attributable to equity holders of the Company

The unaudited profit attributable to the equity holders of the Company for the Period amounting of RMB9,657,000, as compared to the loss of RMB3,049,000 for the corresponding period in 2006.

Liquidity and financial resources

We generally finance our operation by the net proceeds from the public listing on 8 February 2002 (date of listing) and the subsequent placements. As at 31 December 2007, we had cash and bank balances amounting to a total of approximately RMB81,193,000 (30 June 2007: RMB17,646,000) and we had net current assets of approximately RMB264,591,000 (30 June 2007: RMB19,703,000).

With these resources, we are confident to have adequate financial resources for our operations.

Charge on the Group's assets

As at 31 December 2007, the Group's assets approximately totalling RMB150 million have been pledged to financial institutions for banking facilities granted to the Group (30 June 2007: none).

Gearing ratio

As at 31 December 2007, our gearing ratio as a percentage for bank borrowings and overdraft over total assets was approximately 10.9% (30 June 2007: Nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group completely acquired 55% equity interest in Highway Bright Group on 21 November 2007. Except for the above, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 December 2007 and 2006.

Treasury policies and capital structure

Any surplus fund derived from operating activities will be strategically placed in savings account and short term time deposits with original maturity of less than three months which secures the Group's liquidity position in meeting its daily operating needs.

Exposure to exchange rate risks

For the six months ended 31 December 2007, the Group's businesses in manufacturing of electronic products and bank borrowings were transacted in HK\$, US dollar and RMB. The Directors consider that the Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currency closely and will consider hedging significant foreign currency exposure.

Contingent liabilities

As at 31 December 2007, we did not have any significant contingent liabilities (30 June 2007: Nil).

Details of future plans for material investment or capital assets

The Group has entered into a fixed income agreement, pursuant to which in consideration of the minority shareholder assigning all its rights to any profits attributable to and dividends and distributions of Highway Bright Group to be made, declared or paid for the two financial years ending 31 December 2008 and 2009 to the Group at the aggregate amount of RMB 50 million, subject to the approval of the extraordinary general meeting.

Except for the above, the Group does not have any plan for material investment or capital assets.

Employee and remuneration policies

The total number of full-time employee in the Group was approximately 1,500 at 31 December 2007 (30 June 2007: 70). It is our policy to remunerate and appraise our employee on the basis of performance, experience, and the prevailing industry practice.

To maintain our service standard and for staff development, we provided comprehensive training programs for our staff.

We have adopted a share option scheme whereby certain employee may be granted options to acquire shares.

BUSINESS REVIEW

Continuing operations

We are principally engaged in two business segments, in the continuing operations namely (i) provision of original design manufacturing (“ODM”) software and proprietary packaged software and (ii) manufacture of satellite and telecommunication products and electronic components and accessories. The current status of our business segments is shown as follows:

Provision of ODM and proprietary packaged softwares

This segment mainly consists of the e-government projects.

Software outsourcing continues to be a trend in the development of global software market, and the ODM software market in the PRC has continued to grow over the past years. Accordingly, our core strategy is to establish and maintain long-term relationship with international technology vendors and constantly improve our product quality and standard in order to keep abreast of the latest software development trend.

The packaged software market in the PRC encountered an intense competition. This strongly affected our sales of proprietary packaged software. To improve our competitiveness in the software industry, we have continuously upgraded our existing packaged software and developed innovative package software for different customers.

Manufacture and sale of satellite and telecommunication products and electronic components and accessories

On 21 November 2007, the Group completely acquired 55% equity interest in Highway Bright Holdings Limited (“Highway Bright Group”) whose products include three categories: (1) satellite and telecommunication products, (2) ODM for gaming and consumer electronic products and (3) OEM consumer electronic products.

Satellite and telecommunication products include low-noise block converters, transceivers and digital video broadcasting decoders which are used in satellite broadcasting, satellite telephone, satellite monitoring and GPS. Major customers consist of Andrew Corporation, Skyware Radio System and Newtec Cy.

ODM for gaming and consumer electronic products include main structure parts for video game console and high frequent modular for consumer electronic products. Major business partners include Sony, Panasonic, Philip, Hitachi, etc.

OEM consumer electronic products include RS connectors, transmitters for consumer electronic products.

Discontinued operations:

Provision of systems solutions

This segment is comprised of the e-business solutions. At 30 June 2007, the Group decided to cease the operation of this segment. The sole of stale inventories and expenses incurred in this segment are recorded under the discontinued operations.

Sales and marketing

ODM and proprietary package software segment

During the Period, the Group maintained the ISO9001:2000 Certification. The success in the compliance of ISO9001:2000 standard in the Group's quality management system verifies its dedication to continuous improvement on product quality and standard.

The Group has been actively participating in bidding for the e-government projects in Jiangxi Province, the PRC. The Group has been recognised as "Jiangxi, Provincial Enterprise Information Advanced Work Unit" (江西省企業信息化先進單位) for the past three years.

The Group proactively carries out various marketing activities. The Group has participated in certain trade shows including the International ICT Expo in Hong Kong and other shows in the PRC. These trade shows provide the avenue for the Group to meet with existing and potential customers, and to launch its latest products.

The Group also advertised in major IT magazines, issued press releases and arranged products training for authorized agents and alliance partners to increase publicity. The Group has also arranged visits of well-known persons to the Group's R&D centre in Nanchang City, the PRC, in order to promote its public awareness.

Satellite and telecommunication products and electronic components and accessories

For the satellite and telecommunications products and electronic components and accessories segment, the Group will continue to concentrate on the manufacture of several high-tech products such as antenna and microwave equipment.

The Group will continue to partner with the world's leading Game and several OEM leaders on design and supply of key parts/products, such as the main mechanical structure of the recent most popular gaming products. We are also developing the China market through working with several organizations such as China Mobile, China Academy of Space Technology and China Aerospace Science and Technology Corporation. For example, we are participating in the 3G and Direct-to-Home (DTH) project, and providing key parts to them.

RESEARCH AND DEVELOPMENT

We are planning to upgrade our operations and manufacturing processes of our satellite and telecommunication products.

As at 31 December 2007, we have a pool of 25 IT professionals serving our PRC customers and 50 technical staff engaged in the Highway Bright Group (30 June 2007: 28 IT staff).

OUTLOOK

Looking forward, we, while focusing on our resources in the PRC, are also looking to expand to the overseas market. In addition, we will continue to pursue high-profit margin software development projects in order to improve the our performance.

During the Period, the Group completely acquired 55% equity interest in Highway Bright Holdings Limited which is principally engaged in the manufacture and sale of satellite and telecommunication products. We believe that the Group will benefit from such acquisition as it is expected to enhance our business potential, generate additional revenues and significantly increase our profitability.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the securities of the Company or 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 the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors/ chief executives	The Company/ name of associated corporation	Total number and class of securities held	Capacity	Approximate percentage shareholding
Mr. Li Jiahui	The Company	189,000,000 ordinary shares (L)	Beneficial owner	7.82%
Mr. Huang Boqi	The Company	10,030,000 ordinary shares (L)	Beneficial owner	0.42%
Mr. Hong Yupeng ("Mr. Hong")	The Company	474,285,714 ordinary shares (L)	Interest of controlled corporation (Note 2)	19.62%
Mr. Cheng Chun Shing ("Mr. Cheng")	The Company	189,714,286 ordinary shares (L)	Interest of controlled corporation (Note 3)	7.85%

- Note:
- The letter "L" represents the interests in the shares or the underlying shares of the Company or its associated corporations.
 - The 474,285,714 shares are registered in the name of Dream Star International Limited ("Dream Star"), which is wholly owned by Mr. Hong. Accordingly, Mr. Hong is deemed to be interested in all the shares in which Dream Star is interested pursuant to the SFO.
 - The 150,000,000 and the 39,714,286 shares were registered in the name of Shing Lee Holdings Limited ("Shing Lee") and Diamond Highway Limited ("Diamond Highway"), respectively. Shing Lee and Diamond Highway are wholly owned by Mr. Cheng. Accordingly, Mr. Cheng is deemed to be interested in all the shares in which each of Shing Lee and Diamond Highway is interested pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial Shareholders

So far as is known to the Directors, as at 31 December 2007, the persons, other than a Director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	Number and class of securities <i>(Note 1)</i>	Capacity	Approximate percentage to the issued share capital of the Company
Cytech Investment Limited ("Cytech Investment")	664,500,000 ordinary shares (L)	Beneficial owner	27.50%
Benep Management Limited ("Benep")	664,500,000 ordinary shares (L)	Interest of controlled corporation <i>(Note 2)</i>	27.50%
Joinn Holdings Limited ("Joinn Holdings")	664,500,000 ordinary shares (L)	Interest of controlled corporation <i>(Note 2)</i>	27.50%
Pioneer Idea Finance Limited ("Pioneer")	664,500,000 ordinary shares (L)	Interest of controlled corporation <i>(Note 3)</i>	27.50%
Mr. Huang Quan ("Mr. Huang")	664,500,000 ordinary shares (L)	Interest of controlled corporation <i>(Note 3)</i>	27.50%
Dream Star International Limited ("Dream Star")	474,285,714 ordinary shares (L)	Beneficial owner <i>(Note 4)</i>	19.62%
Mr. Hong Yupeng ("Mr. Hong")	474,285,714 ordinary shares (L)	Interest of controlled corporation <i>(Note 4)</i>	19.62%

Notes:

1. The letter "L" represents the interests in the shares or the underlying shares of the Company.

2. The 312,000,000 shares are registered in the name of Cytech Investment. Cytech Investment is a wholly-owned subsidiary of Benep, which is in turn a wholly-owned subsidiary of Joinn Holdings, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Joinn Holdings and Benep is deemed to be interested in all the shares in which Cytech Investment is interested pursuant to the SFO.
3. The issued share capital of Joinn Holdings is owned as to approximately 21.25% and 36.52% by Hebe Finance Limited and Pioneer respectively. The issued share capitals of Hebe Finance Limited and Pioneer are wholly-owned by Mr. Huang. Accordingly, each of Pioneer and Mr. Huang is deemed to be interested in all the shares in which Joinn Holdings is interested pursuant to the SFO.
4. The 474,285,714 shares are registered in the name of Dream Star which is wholly owned by Mr. Hong. Accordingly, Mr. Hong is deemed to be interested in all the shares in which Dream Star is interested pursuant to the SFO.

B. Other persons whose interests are recorded in the register required to be kept under Section 336 of the SFO

As at 31 December 2007, the Company has not been notified of any other person (other than a Director or the chief executive of the Company) having an interest or short position in the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company save as below:

Name	Number and class of securities (Note 1)	Capacity	Approximately percentage to the issued share capital of the Company
Brow Crown International Limited ("Brow Crown")	200,000,000 ordinary shares (L)	Beneficial owner (Note 2)	8.28%
Mr. Qian Siyu ("Mr. Qian")	200,000,000 ordinary shares (L)	Interest of controlled corporation (Note 2)	8.28%

Notes:

1. The Letter "L" represents the interests in the shares or the underlying shares of the Company.
2. The 200,000,000 shares are registered in the name of Brow Crown, which is wholly owned by Mr. Qian. Accordingly, Mr. Qian is deemed to be interested in all the shares in which Brow Crown is interested pursuant to the SFO.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules for the six months ended 31 December 2007.

CORPORATE GOVERNANCE

For the six months ended 31 December 2007, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practice of the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of the Stock Exchange.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 31 December 2007.

COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2007.

The share option scheme of the Company ("Post-IPO Scheme") was approved and adopted on 24 January 2002. The principal purpose of the Post-IPO Scheme is to enable the Company to grant options to selected persons as incentives and rewards for their contribution to the Group.

As at 31 December 2007, no option has been granted or agreed to be granted under the Post-IPO Scheme.

AUDIT COMMITTEE

As required by Rules 5.28 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive directors, Mr. Chan Ngai Sang, Kenny, Mr. Chan Kin Sang and Mr. Xing Fengbing. Mr. Chan Ngai Sang, Kenny was appointed as the Chairman of the audit committee. The primary responsibilities of the audit committee are to review the Group's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comments to the Board of Directors. The audit committee also meets with the Group's senior management and external auditors to review the effectiveness of the internal control systems. This report has been reviewed and approved by the audit committee of the Company which was of the opinion that the preparation of such results complied with applicable accounting standards and the requirements and that adequate disclosures have been made.

By Order of the Board
Goldmond Holdings Limited
Li Jiahui
Chairman

Hong Kong, 13 February 2008

As at the date of this report, the Board is composed of Mr. Li Jiahui and Mr. Huang Boqi as executive directors, and Mr. Chan Ngai Sang, Kenny, Mr. Chan Kin Sang and Mr. Xing Fengbing as independent non-executive directors.