亞洲資產（控股）有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

Interim Report 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (the "Stock Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid reports in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Asian Capital Resources (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Asian Capital Resources (Holdings) Limited. 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.

As at the date of this report, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Yang Qiulin and Mr. Qiu Yue; the non-executive director is Mr. Lo Mun Lam Raymond (Vice Chairman) and the independent non-executive directors are Mr. Wu Jixue, Dr. Feng Ke and Mr. Zhang Daorong.

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") of Asian Capital Resources (Holdings) Limited (the "Company") present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three and six months ended 30 June 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

		For the three months ended 30 June		**For the six months ended 30 June**	
		2009	2008	**2009**	2008
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**11,076**	36,158	**24,395**	62,729
Cost of services		**(8,785)**	(33,122)	**(19,713)**	(56,236)
Gross profit		**2,291**	3,036	**4,682**	6,493
Other revenue		**121**	(366)	**202**	(240)
Interest income		**1**	4	**2**	12
Staff costs		**(2,252)**	(2,949)	**(4,628)**	(5,761)
Operating lease rentals		**(532)**	(775)	**(1,095)**	(1,559)
Other operating expenses		**(1,583)**	(1,602)	**(2,777)**	(4,112)
Depreciation and amortization		**(7,247)**	(134)	**(14,394)**	(292)
Loss from operating activities		**(9,201)**	(2,786)	**(18,008)**	(5,459)
Finance costs		**(165)**	(95)	**(312)**	(168)
Loss before taxation		**(9,366)**	(2,881)	**(18,320)**	(5,627)
Taxation	*3*	**(215)**	–	**(215)**	–
Loss for the period		**(9,581)**	(2,881)	**(18,535)**	(5,627)
Attributable to:					
Equity holders of the Company		**(9,012)**	(2,881)	**(17,966)**	(5,627)
Minority interests		**(569)**	–	**(569)**	–
		(9,581)	(2,881)	**(18,535)**	(5,627)
Loss per share					
– Basic	*4*	**(0.94 cents)**	(0.45 cents)	**(1.86 cents)**	(0.88 cents)

CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited As at 30 June 2009** *HK$'000*	Audited As at 31 December 2008 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,757**	3,215
Intangible Assets		**205,418**	219,585
		208,175	222,800
Current assets			
Trade and other receivables	*5*	**43,842**	32,914
Cash and bank balances		**4,458**	6,543
		48,300	39,457
Current liabilities			
Bank overdraft – unsecured		**–**	126
Trade and other payables	*6*	**174,894**	165,527
Amount due to a director		**6,353**	–
Tax payable		**215**	222
		181,462	165,875
Net current assets/(liabilities)		**(133,162)**	(126,418)
Total assets less current liabilities		**75,013**	96,382

	Notes	Unaudited As at 30 June 2009 *HK$'000*	Audited As at 31 December 2008 *HK$'000*
Non-current liabilities			
Amount due to a director		**–**	6,353
Amount due to ultimate holding company		**13,701**	11,140
		(13,701)	(17,493)
Net (liabilities)/assets		**61,312**	78,889
Capital and reserves			
Share capital		**96,342**	96,342
Reserves		**(135,682)**	(117,536)
(Deficit)/Equity attributable to shareholders of the Company		**(39,340)**	(21,194)
Minority interests		**100,652**	100,083
Total (deficit)/equity		**61,312**	78,889

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the six months ended 30 June 2009 and the six months ended 30 June 2008:

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserves	Translation reserve	Accumulated losses	Sub-total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2008	63,933	97,008	26,020	(775)	(203,297)	(17,111)	817	(16,294)
Movement for the period	–	–	1,018	(223)	(5,627)	(4,832)	–	(4,832)
As at 30 June 2008	63,933	97,008	27,038	(998)	(208,924)	(21,943)	817	(21,126)
As at 1 January 2009	96,342	119,693	26,020	(1,832)	(261,417)	(21,194)	100,083	78,889
Movement for the period	–	–	–	389	(18,535)	(18,146)	569	(17,577)
As at 30 June 2009	**96,342**	**119,693**	**26,020**	**(1,443)**	**(279,952)**	**(39,340)**	**100,652**	**61,312**

UNAUDITED CONSOLIDATED CASHFLOW STATEMENT

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Net cash (outflow) from operating activities	**(4,143)**	(2,245)
Net cash inflow/(outflow) from investing activities	**2,921**	830
Net cash (outflow) before financing activities	**(1,222)**	(1,415)
Net cash inflow from financing activities	**(1,252)**	4,345
Increase/(Decrease) in cash and cash equivalents	**(2,474)**	2,930
Cash and cash equivalents at 1 January	**6,543**	2,658
Effect of foreign exchange rate changes	**389**	(223)
Cash and cash equivalents at 30 June	**4,458**	5,365
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**4,458**	5,365

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), and accounting principles general accepted in Hong Kong and the GEM Listing Rules. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31 December 2008.

2. TURNOVER

The Group's turnover represents the invoiced value of (1) distribution fees from the provision of content information; (2) service fees from the provision of internet protocol television services; and (3) service fees from the provision of logistics services and excludes intra-Group transactions as follows:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Content solution service				
– distribution fees	**–**	–	**–**	27
Internet protocol television service fees	**–**	–	**–**	–
Logistics service fees	**11,076**	36,158	**24,395**	62,702
Total turnover	**11,076**	36,158	**24,395**	62,729

(a) Business segments

	Content solution		IT enabling technology		Logistics services		Others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER										
Sales to external customers	**–**	27	**–**	–	**24,395**	62,702	**–**	–	**(24,395)**	62,729
RESULT										
Segment results	**–**	8	**–**	(3)	**(65)**	448	**–**	–	**(65)**	453
Interest income									**2**	12
Unallocated expenses									**(17,945)**	(5,924)
Loss from operating activities									**(18,008)**	(5,459)
Finance costs									**(312)**	(168)
Loss before taxation									**(18,320)**	(5,627)
Taxation									**(215)**	–
Loss for the period									**(18,535)**	(5,627)
Depreciation and amortization	**–**	–	**–**	–	**34**	183	**14,360**	109	**14,394**	292

(b) **Geographical segments**

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Hong Kong	**–**	27
The PRC	**24,395**	62,702
	24,395	62,729

3. TAXATION

	For the three months ended 30 June		For the six months ended 30 June	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax	**–**	–	**–**	–
PRC income tax	**215**	–	**215**	–
	215	–	**215**	–

No Hong Kong profits tax has been provided for the six months ended 30 June 2009 as the Group has no assessable profit in Hong Kong for the period.

4. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 June 2009 is based on the net loss from ordinary activities attributable to shareholders of approximately HK$9,012,000 (2008: HK$2,881,000) and HK$17,966,000 (2008: HK$5,627,000) and the weighted average number of ordinary shares of approximately 963,417,986 (2008: 639,335,418) during the periods.

5. TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 *HK$'000*	As at 31 December 2008 *HK$'000*
Ageing analysis of the Group's receivables as at 30 June 2009 is as follows:		
0 to 30 days	**17,839**	1,498
31 to 60 days	**2,237**	1,421
61 to 90 days	**1,433**	811
91 to 150 days	**8,528**	549
Over 150 days	**11,511**	16,717
	41,548	20,996
Less: Impairment losses	**5,262**	5,262
	36,286	15,734

6. TRADE AND OTHER PAYABLES

	As at 30 June 2009 *HK$'000*	As at 31 December 2008 *HK$'000*
Ageing analysis of the Group's payables as at 30 June 2009 is as follows:		
0 to 30 days	**17,707**	3,109
31 to 60 days	**3,327**	1,004
61 to 90 days	**2,539**	899
91 to 150 days	**10,262**	934
Over 150 days	**22,412**	25,179
	56,247	31,125

DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the six months ended 30 June 2009 was approximately HK$24,395,000 (2008: HK$62,729,000) which was decreased by approximately 61% as compared to that of the previous financial year. The Board noticed one of the significant reasons for the decrease in the total turnover of the Group was a result of the poor global economic outlook, coupled with the ongoing global financial crisis during the period which has affected the entire transportation industry in the PRC.

The unaudited consolidated loss from operations for the six months ended 30 June 2009 was approximately HK$18,535,000, which was significantly increased as compared with the corresponding period last year, HK$5,627,000. The increase in loss for the period is mainly attributable to the substantial provision made for the asset impairment loss in respect of the goodwill provision on Guangzhou Wavecom Communication and Advertising Limited of about HK$36 million, for the year ended 31 December 2008. Provision has been made for the asset impairment loss provision on the goodwill of Guangzhou Wavecom Communication and Advertising Limited as the Board, on the recommendation of the Company's auditors, has adopted a prudent approach and determined that based on IAS 36, an impairment on goodwill provision should be made on the assets of Guangzhou Wavecom Communication and Advertising Limited.

Excluding the amortization of the license value of the Company's subsidiary, Guangzhou Wavecom Communication and Advertising Limited, the Group has successfully reduced the operating loss for the six months ended 30 June 2009 by 25.6%. Once the operations of the internet protocol television services begin to contribute to the revenue of the Group, the license value shall improve and the enterprise value of the Group will increase.

The Group's gross profit margin is increased from 10.35% for the six months ended 30 June 2008 to 19.19% for the current period. The increase in gross profit margin is due to the closure of the non-profitable operations in Hong Kong and the USA.

Financial cost

The financial cost of the Group for the six months ended 30 June 2009 was approximately HK$312,000 (2008: HK$168,000) which was increased by approximately 85% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the six months ended 30 June 2009, the Group's borrowing consists of a loan from the ultimate holding company of HK$13,701,000. The Group had a cash balance of approximately HK$4,458,000 (2007: HK$5,365,000).

The Group continues to adopt a prudent treasury policy to maintain its cash balance either in Hong Kong Dollars, or in the local currencies of the operating subsidiaries, maintaining a minimum exposure to foreign exchange risks.

The issued share capital of the Group for the six months ended 30 June 2009 has increased from HK$63,933,000 to HK$96,341,799 as compared with that for the same period last year.

Gearing Ratio

For the six months ended 30 June 2009, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 5.34% (2008: 25.49%).

Employee and remuneration policies

For the six months ended 30 June 2009, the Group employed a total of 117 employees (as at 30 June 2008: 164), of which 5 were located in Hong Kong and the remaining 112 were located in the PRC. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

Material acquisitions and disposals of subsidiaries and affiliated companies

Deregistration and Winding-Up of various Subsidiaries in the Group

The Board has resolved that, in order to reduce the operating costs of the Group, those subsidiaries within the Group which no longer add value to, nor generate any income attributable to the Group, should be deregistered, or voluntarily wound up. The Board considers that the deregistration and winding up of the various subsidiaries setout below will have no impact on the operations of the Group, other than reducing the Group's operating costs.

Those subsidiaries which are currently in the deregistration process are: AIR Logistics International Holdings Limited (BVI), AIR Logistics International Holdings Limited, AIR SQW Limited, Asian Information Resources Consultants Limited, Chinareference.com Limited, Explore International Limited, Explore Limited, and Sinobase Asia Limited.

Those subsidiaries which have been deregistered are: AIR Logistics International Limited, Easy On Logistics Limited and e-Daily Limited.

Those subsidiaries which are currently being voluntarily wound up are: Asian Information Investment Consulting Limited, BuyCollection.com Limited, and Myhome Network Limited.

Material Litigation and Contingent Liabilities

As at 30 June 2009 the Directors consider that neither the Company nor any of its subsidiaries is involved in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

Execution of a Further Supplemental Agreement

Reference is made to the circular issued by the Company dated 28 February 2008, and the report of the Company dated 20 June 2008 in relation to the execution of a supplemental agreement on 20 June 2008 by the Company and the Vendors (the "First Supplemental Agreement"), wherein it is stated in the report that "pursuant to clause 3.5 of the Supplemental Agreement it has been agreed that the Convertible Notes will be executed and issued no earlier than three months after the date of completion of the Acquisition, and no later than 6 months after the date of completion of the Acquisition".

Unless the context requires otherwise, capitalized terms used herein shall have the same meaning as those defined in the Circular and the report of the Company dated 20 June 2008.

Given the Company and the Vendors noted that, as at 8 April 2009, the Convertible Notes had not been issued within the 6 month time frame provided for in the First Supplemental Agreement, the Company and the Vendors executed a further supplemental agreement on 8 April 2009, whereby the Company and the Vendors agreed to amend clause 3.5 of the First Supplemental Agreement, to extend the time for issuance of the Convertible Notes to no later than 31 March 2010.

Subsequent Events

The Board has carried out and completed a due diligence check regarding the investment of RMB25 million into the internet protocol television services project and is satisfied that as at July 2009 the sum of RMB25 million has been duly invested in the necessary assets and equipment that will form the basis for the launch of the internet protocol television services. However the Board is still in negotiations with Microsoft (China) Limited for the installation of software services which will provide the platform for the delivery of the internet protocol television services. The Board expects that it will conclude and complete the agreement with Microsoft (China) Limited on or before 14 August 2009.

OPERATIONAL REVIEW

During the period under review, the Group has continued its focuses on and has reviewed the long-term prospects of its core business in logistics services and information technology, whilst seeking to further enlarge its revenue base through the acquisition of a media company in the PRC, and the subsequent provision of internet protocol television services to the greater southern China region. The Group continues to explore investment opportunities which are strategic to and in line with the Group's business operations and which will contribute significantly to the return of the Company's shareholders.

The Company has a sufficient level of operations in logistics services and has sufficient assets to operate its business as a going concern. Currently, the Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business. The Company also has sufficient assets to operate its business due to the continuing support of the major shareholder of the Company.

The Board has continually been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operations. Hence, on 24 December 2007 the Company entered into an agreement to purchase Guangzhou Wavecom Communication and Advertising Limited (the "Acquisition"). On 12 September 2008 the Company announced that the Acquisition had been completed on 11 September 2008. As such the media company, Guangzhou Wavecom Communication and Advertising Limited, and its subsidiary South Pearl Limited, have been incorporated into the corporate structure of the Group.

The Board anticipates, that given the poor economic outlook at present, which is expected to persist in the near future, that for forthcoming periods the expected revenue base of the Group will not improve significantly, as had been forecast at the time that the Acquisition was contemplated.

The Board continues to address the revenue issue that is a direct result of the poor economic outlook at present, through the implementation of viable strategies, as outlined below, including the diversification of allocation of future funding within the Group, which will see the Group move towards other opportunities for the generation of significant revenue for the Group, which will allow the Group to ultimately generate long-term and sustainable returns to the Company's shareholders.

Performance of operating divisions

Logistics Services

Notwithstanding the management's efforts in rationalizing the Group's operations and enhancing the Group's cost efficiency during the period, the aim to attain profitability in the logistics division is yet to be achieved. Considering the importance of the business and the issues encountered by the Group during the period in respect of its logistics operations, the management of the Company has put a great deal of effort into improving profitability of the logistics division through the reduction of the operating costs which are incurred by this division's branches and subsidiaries.

This division of the Group has generated the majority of the returns the Group derived from its business operations during the reporting period. However the ongoing poor global economic conditions unfortunately have had a significant impact on the financial performance that has been achieved from the Group's logistics division and management continues to address this critically. Nevertheless the Board has been diligent in protecting the Group by containing the losses to a much lower level in terms of the logistics operations.

As to the ongoing poor economic conditions, it has been reported that with regard to the relevant China trade numbers, exports dived 26.4 per cent from May last year to US$88.76 billion, the result of a severe downturn in the demand by the mainland's major customers in North America and Europe. The decline extended the 22.6 per cent fall in April 2009. Imports also fell, dropping 25.2 per cent to US$75.37 billion, widening from a 23 per cent decline in April 2009 (source: South China Morning Post). It has also been reported that April's decline in exports, to US$91.9 billion, is bigger than March's 17 per cent drop and suggests China's trade sector has yet to see much relief from the prolonged drought in demand brought on by the global economic downturn (source: Yahoo Finance).

Given the difficulties that the Board has encountered with the Group's logistics division, the Board has attempted to reduce this division's operating costs in order to reduce the losses which have been incurred which are a result of the impact of the reduced turnover of this division, which is directly attributable to the general downturn in the global economy. The Board believes that the reduction of this division's operating costs will offset the general downturn in turnover, and, with this in mind, the Board has not precluded closing more of the operating divisions and subsidiaries of the Group's logistics business to further the aim of achieving profitability through other investments and operations of the Group which has been the Board's strategy since September 2008.

The Board is now in the process of diversifying the Group's entire operational base, and to this end has been concentrating on increasing the allocation of available funds to the newly acquired internet protocol television services business of the Group, whilst reducing funding allocations to the Group's logistics division. The Board is constantly reviewing the viability of the logistics division, and in future intends to review whether, given the poor returns that have been achieved from this division, and in the event that the Board's strategy of closing more of the operating divisions and subsidiaries of the Group's logistics business to further the aim of achieving profitability for this division has no effect in achieving such profitability, it would be in the best interests of the Company's shareholders to discontinue the Group's logistics operations as a whole in the near future.

The Board considers that the Company's shareholders should be aware that, given the above discussion and analysis, the future sustainability of the Group's logistics division is in doubt at this time, and may be discontinued in the near future, should the Board determine that it is in the best interests of the Company's shareholders to implement this option. Such action, if taken, would allow the Board to concentrate the Group's resources on the newly acquired internet protocol television services business, which the Board expects will generate viable revenue streams for the Group, whilst disposing of the non-profitable divisions of the Group, hence reducing the Group's operating costs with the aim of achieving overall profitability for the Group.

Information Technology

The Board has been seeking investment opportunities to broaden the Group's income base and to expand the Group's existing business operations from the information technology division. The Board has considered the following factors, including, but not limited to, the Group's existing investments in the information technology division, and the returns that are currently achieved therefrom. The Board believes that the Acquisition will, once the general global economy improves, provide the basis for the generation of long-term and sustained revenue streams for the Group which in turn will improve the returns to the shareholders of the Company.

The Board has commenced the initial phases of the launch the provision of the internet protocol television services and testing of the products and contents are in progress. Since the approval of the Acquisition by the Ministry of Commerce and Industry on 11 September 2008, the subsidiary has recruited a new management team and IT executives to prepare for the commencement of the business. The Board is hopeful and expectant the general world economy will further improve in the forthcoming periods, and as such the market will soon be more conducive to the official launch of the second trench of the internet protocol television services.

During the first six months of 2009, the Board has been concentrating on finalizing all developments in its internet protocol television services and officially launched the first trench of the provision of internet protocol television services to the greater southern China region in the second quarter of 2009. The Board successfully diversified the provision of internet protocol television services in the second quarter of 2009 such that it concluded a contract for the contracting of media software platforms for the provision of internet protocol television services to an established client base of approximately 50,000 consumers. The revenue streams that will be received from the first trench of the provision of the internet protocol television services to the greater southern China region will commence in the third quarter of 2009.

Unfortunately, however, the ongoing global economic crisis and financial tsunami that the global economy is currently experiencing has meant that the Board has had to adopt a conservative approach, and has determined that it is in the best interests of the Group to delay the launch of the second trench of the provision of internet protocol television services to the greater southern China region.

Furthermore, due to the impact of the international financial crises and the poor global economy, the Board has determined that the development of the internet protocol television services will have to be scaled down from that originally forecast. The Board has determined that it is in the best interests of the Company to enter into a servicing agreement with another company, Guangzhou Ying Xing Information Investment Limited, which is another internet services provider, to assist with the launching of the second trench of the internet protocol television services. This servicing agreement will entail the sharing of income and expenses expected to be derived and incurred by the project. The Board has agreed a profit sharing arrangement with Guangzhou Ying Xing Information Investment Limited, who will bear the majority of advertising and marketing expenses. The proportions of the profit sharing arrangement is on a 40:60 basis, with 40% of the profit derived from the project being assigned to the Group. The sharing of the marketing and advertising expenses, through utilizing Guangzhou Ying Xing Information Investment Limited's existing marketing channels, will lower the overall expenses that will be bourne by the Company, and is reflected in the 40:60 profit sharing arrangement. This agreement has been entered into in the normal course of business and is consistent with the operational directives of the Group's internet protocol television services business.

The Board has revised the launch date of the second trench of the provision of the internet protocol television services to 1 October 2009. This expected launch date is conditional upon the initial testing of the newly acquired software and assets having been successfully completed and implemented. The income that will be derived from the initial subscribers to the internet protocol television services is expected to remain the same, however the Board expects that with regards to the downturn in the global economy, that the total revenue expected to be generated will be lower than originally forecast slightly at the beginning, but in view of the expected growth in the gross domestic product of the People's Republic of China and the growing income of China's affluent society in the forthcoming years, the revenue derived from this division is expected to increase in future periods. The Board will continually assess and review the revenue and cash flows that are expected to be derived from the project in these periods with a view to achieving a positive return on investment for the Group which will be of great benefit to the Company's shareholders as a whole.

Shareholders shall be kept informed of any developments in this sector, and shall be fully advised of the Board's intentions regarding the progress of the internet protocol television services, and the additional revenue to the Group which is expected to be derived therefrom.

Financial Consultancy

Apart from the aforementioned operations, the Group continues to explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of our shareholders.

With the acquisition of Vega International Group Limited ("Vega"), which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post-acquisition advisory and professional management services, the Group is expanding and exploring further opportunities for development in the corporate finance sector which will further contribute to the current revenue streams generated by the Group.

The Group is still in the process of negotiating a number of contracts for the provision of financial consultancy services by Vega with companies in the southern China region. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division as it progresses, and of the additional revenue to the Group which is expected to be derived therefrom. The Board is confident that by the year ended 31 December 2009, a more rewarding result will be derived from this division of the Group's business.

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

As at 30 June 2009, the interests and short positions of the Directors and the chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

Name of Director	Capacity/ Nature of interests	Number of Issued ordinary shares held	Approximate percentage holding
Mr. Qiu Yue	Beneficial Owner	15,600,000	1.62%

Other than as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2009.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 30 June 2009, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Asian Dynamics International Limited *(Note 1)*	Beneficial owner	Corporate	546,392,132	56.71%
Concord Square Limited	Beneficial owner	Corporate	91,000,000	9.45%
Aldgate Agents Limited *(Note 2)*	Beneficial owner	Corporate	66,120,000	6.86%
Mongolia Energy Corporation Limited	Interest of a controlled corporation	Corporate	66,120,000	6.86%

Notes:

1. Asian Dynamics International Limited is a company incorporated in the British Virgin Islands and beneficially owned by Asian Wealth Incorporated, Denwell Enterprises Limited, Glamour House Limited, Mr. Chan Chi Ming and Mr. Chau Tak Tin.

2. Aldgate Agents Limited is a wholly owned subsidiary of Mongolia Energy Corporation Limited, previously known as New World Cyberbase Limited, a company listed on the Stock Exchange (stock code 276). Their interests in the shares of the Company duplicate with each other.

Save as disclosed above, as at 30 June 2009, no persons, other than the Directors and chief executive of the Company, whose interests are set out under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in any shares, underlying shares or debentures of the Company that was required to be recorded under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or management shareholders of the Company or their respective associates had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

MANAGEMENT SHAREHOLDER

As far as the Directors are aware of, other than Asian Dynamics International Limited, Mongolia Energy Corporation Limited, Aldgate Agents Limited, and Concord Square Limited, as disclosed above, there was no other person during the six months ended 30 June 2009 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

SHARE OPTIONS

For the six months ended 30 June 2009, there are outstanding 97,840,073 ordinary shares of HK$0.10 each in the capital of the Company ("the Option Share(s)") granted by the Company and fall to be issued upon exercise of the Option Shares at the exercise price of HK$0.275 per Option Share.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2009.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognizes that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

Compliance with Corporate Governance Code

To ensure compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company Code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code.

In the opinion of the Directors, the Company has complied with all the provisions of the Code for the six months ended 30 June 2009, except:

(i) under code provision A.2.1 of the Code, 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. The Company has set out in written terms the responsibilities between the chairman and chief executive officer. However, Mr. Ho Wing Yiu resigned as the chief executive officer with effect from 7 December 2006. Hence Mr. Xie Xuan, chairman of the Company, has taken up the responsibilities of the chief executive officer until a replacement for the chief executive officer is found. The Company considers that under the supervision of its Board and its Independent Non-executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

(ii) under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from the code provision. However, all the Non-executive Directors of the Company are subject to retirement by rotation at annual general meetings pursuant to the articles of association of the Company.

(iii) under code provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Chairman of the Company, Mr. Xie Xuan, had not attended the Company's annual general meeting for 2009 due to other business commitments.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted the required standard of dealings as 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.

The Company has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the six months ended 30 June 2009.

Board of Directors

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of seven Directors, with three executive Directors, namely Mr. Xie Xuan (Chairman), Mr. Yang Qiulin, and Mr. Qiu Yue; one non-executive Director namely Mr. Lo Mun Lam, Raymond (Vice-Chairman); and three independent non-executive Directors namely Mr. Wu Jixue, Dr. Feng Ke and Mr. Zhang Daorong.

The Board meets at least four times a year with additional meetings arranged when necessary, to review the financial performance, results of each quarter, material investments and other matters of the Group that require the resolution of the Board. Simultaneous conference calls may be used to improve attendance when an individual director cannot attend the meeting in person.

Internal Control

The Directors have reviewed and are satisfied with their ability to comply with the policies installed as part of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions. Furthermore, the Directors are satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programs and budget.

Audit Committee

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Zhang Daorong, Mr. Wu Jixue and Dr. Feng Ke and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 14 August 2009