



GOLDMOND

Goldmond Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8190)

Interim Report

2009/2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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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 2009 (the "Period") are presented as follows:

| | Continuing operations | | Discontinued operations | | Total | |
|---|-----------------------|-----------------|-------------------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Revenue | 11,473 | 68,705 | 146,568 | 348,068 | 158,041 | 416,773 |
| (Loss)/Profit attributable to the equity holders of the Company | (266,566) | (13,631) | 12,030 | 22,398 | (254,536) | 8,767 |
| (Loss)/Earnings per share | | | | | | |
| – basic | (11.03) cent | (0.56) cent | 0.50 cent | 0.92 cent | (10.53) cent | 0.36 cent |
| – diluted | N/A cent | N/A cent | N/A cent | N/A cent | N/A cent | N/A cent |

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 2009, together with the unaudited comparative figures for the corresponding periods in 2008 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| | Notes | Unaudited | | | |
|--|-------|--------------------|------------|------------------|------------|
| | | Three months ended | | Six months ended | |
| | | 31 December | | 31 December | |
| | | 2009 | 2008 | 2009 | 2008 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | (Restated) | | (Restated) |
| Continuing operations: | | | | | |
| Revenue | 3 | 6,510 | 27,526 | 11,473 | 68,705 |
| Cost of sales | | (5,257) | (24,017) | (9,500) | (60,481) |
| Gross profit | | 1,253 | 3,509 | 1,973 | 8,224 |
| Other income | 3 | 22,833 | 360 | 23,708 | 712 |
| Selling and distribution costs | | (223) | (206) | (447) | (519) |
| Administrative expenses | | (1,898) | (1,345) | (3,329) | (3,348) |
| Other operating expenses | 5 | (83,368) | - | (283,368) | - |
| (Loss)/Profit from operating activities | | (61,403) | 2,318 | (261,463) | 5,069 |
| Finance costs | 6 | (303) | (2,473) | (2,885) | (4,949) |
| (Loss)/Profit before income tax | 7 | (61,706) | (155) | (264,348) | 120 |
| Income tax expense | 8 | - | (217) | - | (218) |
| Loss after income tax from continuing operations | | (61,706) | (372) | (264,348) | (98) |
| Discontinued operations: | | | | | |
| Profit for the Period from discontinued operations | 10 | 6,197 | 12,712 | 12,030 | 22,398 |
| (Loss)/Profit for the Period | | (55,509) | 12,340 | (252,318) | 22,300 |



| Unaudited | | | | | |
|--|--|-----------------------------------|-----------------------|---------------------------------|-----------------------|
| | | Three months ended 31 December | | Six months ended 31 December | |
| | | 2009 | 2008 | 2009 | 2008 |
| Notes | | RMB'000 | RMB'000 (Restated) | RMB'000 | RMB'000 (Restated) |
| Attributable to: | | | | | |
| | Equity holders of the Company | (54,625) | 4,977 | (254,536) | 8,767 |
| | Minority interests | (884) | 7,363 | 2,218 | 13,533 |
| (Loss)/Profit for the Period | | (55,509) | 12,340 | (252,318) | 22,300 |
| (Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company | | | | | |
| | | <i>11</i> | | | |
| | - Basic | | | | |
| | From continuing and discontinued operations | (2.26) cent | 0.21 cent | (10.53) cent | 0.36 cent |
| | From continuing operations | (2.52) cent | (0.32) cent | (11.03) cent | (0.56) cent |
| | - Diluted | | | | |
| | From continuing and discontinued operations | N/A cent | N/A cent | N/A cent | N/A cent |
| | From continuing operations | N/A cent | N/A cent | N/A cent | N/A cent |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | | | |
|--|--------------------|------------|------------------|------------|
| | Three months ended | | Six months ended | |
| | 31 December | | 31 December | |
| | 2009 | 2008 | 2009 | 2008 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (Restated) | | (Restated) |
| (LOSS)/PROFIT FOR THE PERIOD | (55,509) | 12,340 | (252,318) | 22,300 |
| Other comprehensive income, including reclassification adjustments | | | | |
| Release from redemption of convertible note | (15,654) | - | (15,654) | - |
| Arising from disposal of subsidiaries | (110,351) | - | (110,351) | - |
| Exchange difference on translating foreign operations | (1,021) | 3,474 | (10) | 7,374 |
| Other comprehensive income, including reclassification adjustments | (127,026) | 3,474 | (126,015) | 7,374 |
| TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD | (182,535) | 15,814 | (378,333) | 29,674 |
| Total comprehensive (loss)/profit attributable to: | | | | |
| Owners of the parent | (181,651) | 6,791 | (378,874) | 12,831 |
| Minority interests | (884) | 9,023 | 541) | 16,843 |
| | (182,535) | 15,814 | (378,333) | 29,674 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 31 December 2009 | 30 June 2009 |
|--|--------------|-----------------------------|-----------------|
| | <i>Notes</i> | RMB'000 | RMB'000 |
| | | (Unaudited) | (Audited) |
| ASSETS AND LIABILITIES | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 12 | 8,837 | 113,825 |
| Land use rights | | – | 45,620 |
| Investment properties | | – | 10,900 |
| Goodwill | 13 | 23,436 | 291,436 |
| | | 32,273 | 461,781 |
| CURRENT ASSETS | | | |
| Financial assets at fair value through profit or loss | | – | 10,303 |
| Inventories | 14 | 595 | 15,644 |
| Trade receivables | 15 | 3,300 | 114,228 |
| Prepayments, deposits and other receivables | | 763 | 39,887 |
| Due from related companies | 16 | 2,580 | – |
| Cash and cash equivalents | | 4,199 | 88,707 |
| | | 11,437 | 268,769 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 17 | 3,583 | 93,733 |
| Other payables and accruals | | 3,472 | 25,377 |
| Due to a related party | 18 | 130 | 130 |
| Due to a minority shareholder | | – | 18,350 |
| Other borrowings | | – | 31,932 |
| Tax payable | | – | 7,266 |
| | | 7,185 | 176,788 |
| NET CURRENT ASSETS | | 4,252 | 91,981 |

| | <i>Notes</i> | 31 December 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|---|--------------|---|---|
| NON-CURRENT LIABILITIES | | | |
| Convertible bonds | <i>19</i> | – | 121,430 |
| Deferred tax liabilities | | – | 17,474 |
| | | <hr/> | <hr/> |
| | | – | 138,904 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 36,525 | 414,858 |
| | | <hr/> | <hr/> |
| EQUITY | | | |
| Equity attributable to Company's equity holders | | | |
| Share capital | <i>21</i> | 23,992 | 23,992 |
| Reserves | | 11,992 | 303,634 |
| | | <hr/> | <hr/> |
| | | 35,984 | 327,626 |
| Minority interests | | 541 | 87,232 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY | | 36,525 | 414,858 |
| | | <hr/> | <hr/> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited | |
|--|---|----------|
| | For the six months ended 31 December | |
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Net cash (outflow)/inflow from operating activities | (57,457) | 65,751 |
| Net cash inflow/(outflow) from investing activities | 99,462 | (4,349) |
| Net cash outflow from financing activities | (123,674) | (62,430) |
| Net decrease in cash and cash equivalents | (81,669) | (1,028) |
| Cash and cash equivalents at beginning of the period | 88,707 | 92,648 |
| | 7,038 | 91,620 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (2,839) | 7,850 |
| Cash and cash equivalents at end of the period | 4,199 | 99,470 |
| Analysis of the balances of cash and cash equivalents: | | |
| Cash and cash equivalents | 4,199 | 75,203 |
| Non-pledged time deposits with original maturity of less than three months when acquired | - | 24,267 |
| | 4,199 | 99,470 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

| | Unaudited | | | | | | | | |
|---|---|----------------|---------------------|-------------------------------|-----------------------------------|---------------------|-----------|--------------------|-----------|
| | Attributable to equity holders of the Company | | | | | | | | |
| | Share capital | Share premium* | Statutory reserves* | Exchange fluctuation reserve* | Convertible bonds equity reserve* | 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 2009 | 23,992 | 224,895 | 16,100 | 6,124 | 72,040 | (15,525) | 327,626 | 87,232 | 414,858 |
| (Loss)/Profit for the period | - | - | - | - | - | (254,536) | (254,536) | 2,218 | (252,318) |
| Other comprehensive income | | | | | | | | | |
| Release from redemption of convertible note | - | - | - | - | (72,040) | 56,386 | (15,654) | - | (15,654) |
| Exchange difference on translation | - | - | - | (552) | - | - | (552) | 542 | (10) |
| Arising from disposal of subsidiaries | - | - | (16,100) | (4,800) | - | - | (20,900) | (89,451) | (110,351) |
| Total comprehensive income for the period | - | - | (16,100) | (5,352) | (72,040) | (198,150) | (291,642) | (86,691) | (378,333) |
| At 31 December 2009 | 23,992 | 224,895 | - | 772 | - | (213,675) | 35,984 | 541 | 36,525 |
| At 1 July 2008 | 23,992 | 224,895 | 9,038 | 5,952 | 72,040 | (30,125) | 305,792 | 55,785 | 361,577 |
| Profit for the period | - | - | - | - | - | 8,767 | 8,767 | 13,533 | 22,300 |
| Other comprehensive income | | | | | | | | | |
| Transfer to reserves | - | - | 1,750 | - | - | (1,750) | - | - | - |
| Exchange differences on translation | - | - | - | 4,064 | - | - | 4,064 | 3,310 | 7,374 |
| Total comprehensive income for the period | - | - | 1,750 | 4,064 | - | 7,017 | 12,831 | 16,843 | 29,674 |
| At 31 December 2008 | 23,992 | 224,895 | 10,788 | 10,016 | 72,040 | (23,108) | 318,623 | 72,628 | 391,251 |

* These reserve accounts comprise the consolidated reserves of RMB11,992,000 (30 June 2009: RMB303,634,000) in the condensed consolidated statement of financial position.



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").

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 2009.

The unaudited condensed consolidated results of the Group are prepared in accordance with and comply with all applicable Hong Kong Financial Reporting Standards 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2009.

The following new standards, amendments to standards and interpretations issued by HKICPA are applicable for the year ending 30 June 2010.

| | |
|-------------------------------|---|
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 39 (Amendment) | Financial instruments: Recognition and Measurement – Eligible Hedged Items |
| HKFRS 1 (Revised) | First-time Adoption of Hong Kong Financial Reporting Standards |
| HKFRS 3 (Revised) | Business Combinations – Comprehensive Revision on Applying the Acquisition Method |
| HK(IFRIC) – Interpretation 17 | Distributions of Non-cash Assets to Owners |
| HK(IFRIC) – Interpretation 18 | Transfer of Assets from Customers |

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

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.

| | |
|--------------------------------|--|
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters ¹ |
| HKFRS 2 (Amendment) | Group cash-settled share-based payment transactions ¹ |
| HKFRS 9 | Financial Instruments ⁶ |
| HKAS 24 (Revised) | Related Party Disclosures ⁵ |
| HKAS 32 (Amendment) | Classification of Rights Issues ⁷ |
| HK(IFRIC) – Int 14 (Amendment) | Prepayments of a Minimum Funding Requirement ⁵ |
| HK(IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments ⁴ |
| Improvements to HKFRSs | Annual Improvements to HKFRS 2009 (April 2009) ² |

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2010.
- ² Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS.
- ³ Effective for annual periods beginning on after 1 February 2010.
- ⁴ Effective for annual periods beginning on after 1 July 2010.
- ⁵ Effective for annual periods beginning on after 1 January 2011.
- ⁶ Effective for annual periods beginning on after 1 January 2013.

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

The results of the Company are presented in Renminbi ("RMB"), which is different from the functional currency of the Company, Hong Kong dollars ("HK\$"), as the Directors consider that RMB is the most appropriate presentation currency in view of the most of the underlying transactions of the Group are denominated in 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:

| | Unaudited | | | | | |
|---|--------------------------------------|---------|-------------------------|---------|----------------|---------|
| | For the six months ended 31 December | | | | | |
| | Continuing operations | | Discontinued operations | | Total | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | (Restated) | | (Restated) | | | |
| Revenue | | | | | | |
| Sales of goods | 11,473 | 68,705 | 146,568 | 348,003 | 158,041 | 416,708 |
| Rendering of services | – | – | – | 65 | – | 65 |
| | 11,473 | 68,705 | 146,568 | 348,068 | 158,041 | 416,773 |
| Other income | | | | | | |
| Interest income | 69 | – | 29 | 355 | 98 | 355 |
| Rental income | – | – | 350 | 655 | 350 | 655 |
| Reversal of provision for doubtful debts | – | – | – | 10 | – | 10 |
| Gain on fair value change in respect of investment property | – | – | 100 | – | 100 | – |
| Gain on fair value change in respect of redemption option | 22,979 | – | – | – | 22,979 | – |
| Sales of scrap materials | 135 | 712 | 3,841 | 3,285 | 3,976 | 3,997 |
| Sundry income | 525 | – | – | 755 | 525 | 755 |
| | 23,708 | 712 | 4,320 | 5,060 | 28,028 | 5,772 |

4. Segmental information

The Group is currently organized into two operating divisions – hardware and software maintenance services and consumer electronic products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

| | |
|--|---|
| Hardware and software maintenance services | income from providing hardware and software maintenance services and other related businesses |
| Consumer electronic products | manufacturing and sales of OEM consumer electronics products and accessories |

Note: The discontinued operation has been set out in note 10.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 July 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

4. Segmental information (continued)

An analysis of the Group's revenue and result by principal activities, in respect of the Group's operations for the six months ended 31 December 2009 is as follows:

Business segments

| | Unaudited | | | | |
|---|--|------------------------------|-------------------------|---|--------------|
| | For the six months ended 31 December 2009 | | | | |
| | Continuing operations | | Discontinued operations | | |
| | Hardware and software maintenance services | Consumer electronic products | Total | ODM and proprietary packaged softwares, satellite and telecommunication products and ODM of electronic components and accessories | Consolidated |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| REVENUE | | | | | |
| External sales | – | 11,473 | 11,473 | 146,568 | 158,041 |
| Segment results | (228) | 1,307 | 1,079 | 13,502 | 14,581 |
| Interest income and unallocated gains | | | | | 729 |
| Gain on fair value change in respect of redemption option | | | | | 22,979 |
| Unallocated corporate expenses | | | | | (2,882) |
| Finance costs | | | | | (2,885) |
| Impairment of goodwill | | | | | (200,000) |
| Loss on disposal of subsidiaries | | | | | (57,854) |
| Loss on redemption of convertible bonds | | | | | (25,514) |
| Loss before income tax | | | | | (250,846) |

4. Segmental information (continued)

Business segments (continued)

| | Unaudited | | | | |
|---------------------------------------|--|------------------------------|---------|---|--------------|
| | For the six months ended 31 December 2008 | | | | |
| | Continuing operations | | | Discontinued operations | |
| | Hardware and software maintenance services | Consumer electronic products | Total | ODM and proprietary packaged softwares, satellite and telecommunication products and ODM of electronic components and accessories | Consolidated |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| REVENUE | | | | | |
| External sales | – | 68,705 | 68,705 | 348,068 | 416,773 |
| Segment results | – | 4,558 | 4,558 | 25,977 | 30,535 |
| Interest income and unallocated gains | | | | | 618 |
| Unallocated corporate expenses | | | | | (6,946) |
| Profit before income tax | | | | | 24,207 |

5. Other operating expenses

| | Unaudited | |
|---|------------------|----------|
| | Six months ended | |
| | 31 December | |
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Impairment of goodwill | 200,000 | – |
| Loss on disposal of subsidiaries | 57,854 | – |
| Loss on redemption of convertible bonds | 25,514 | – |
| | 283,368 | – |

6. Finance costs

| | Unaudited | |
|---|------------------|--------------|
| | Six months ended | |
| | 31 December | |
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Interest on bank loans and overdrafts wholly repayable within five years | – | 3 |
| Imputed interest on convertible bonds | 2,885 | 4,946 |
| | 2,885 | 4,949 |

7. (Loss)/profit before income tax

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

| | Unaudited | |
|---|------------------|---------|
| | Six months ended | |
| | 31 December | |
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Cost of inventories sold/services provided | 9,500 | 60,481 |
| Depreciation | 133 | – |
| Staff costs (including directors' remuneration and retirement scheme contribution) | 631 | 16,834 |
| Interest income | (69) | – |
| Loss on disposal of subsidiaries | 57,854 | – |

8. Income tax expense

Hong Kong profits tax has been provided at the tax rate of 16.5% on the estimated assessable profits for the six months ended 31 December 2009 and 31 December 2008 respectively. 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 2008 and 2009 is as follows:

| | Unaudited | | | | | |
|-----------------------|-----------------------|---------|-------------------------|---------|--------------|---------|
| | Continuing operations | | Discontinued operations | | Consolidated | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Hong Kong profits tax | - | - | 52 | 143 | 52 | 143 |
| PRC income tax | - | 218 | 1,420 | 1,546 | 1,420 | 1,764 |
| | - | 218 | 1,472 | 1,689 | 1,472 | 1,907 |

9. Interim dividends

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2009 (corresponding period in 2008: Nil).

10. Discontinued operations

On 12 October 2009, the Group has disposed the Satellite and ODM of consumer electronic business to its substantial shareholders for a cash consideration of HK\$60,000,000 and cancellation of its convertible bonds amounting of HK\$62,987,500 for an aggregate consideration of HK\$122,987,500.

The Group re-presented the results of discontinued operations for prior year in accordance with HKFRS 5. An analysis of the results and cash flows of the discontinued operations included in the consolidated income statement are as follows:

| | Unaudited | |
|--|-------------------------|-----------|
| | Six months ended | |
| | 31 December | |
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Revenue | 146,568 | 348,068 |
| Cost of sales | (125,682) | (306,861) |
| Gross profit | 20,886 | 41,207 |
| Other income | 4,320 | 5,060 |
| Selling and distribution costs | (3,465) | (9,051) |
| Administrative expenses | (4,832) | (11,662) |
| Finance cost | (105) | (1,467) |
| Other operating expenses | (3,302) | – |
| Profit before income tax | 13,502 | 24,087 |
| Income tax expense | (1,472) | (1,689) |
| Profit for the period from discontinued operations | 12,030 | 22,398 |
| Operating cashflows | 28,265 | 60,502 |
| Investing cashflows | 886 | (4,349) |
| Financing cashflows | 11,807 | (62,430) |
| Net increase/(decrease) in cashflows | 40,958 | (6,277) |

11. 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 2009 from continuing and discontinued operations is based on the loss attributable to the equity holders of the Company of approximately RMB54,625,000 and RMB254,536,000, respectively (profit for the three months and six months ended 31 December 2008: RMB4,977,000 and RMB8,767,000, respectively) on the weighted average of the 2,416,500,000 and the 2,416,500,000 ordinary shares in issue during the three months and six months ended 31 December 2009 (three months and six months ended 31 December 2008: the weighted average of the 2,416,500,000 and 2,416,500,000 ordinary shares).

From continuing operations

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

| | Unaudited | | | |
|--|-----------------------------------|------------|---------------------------------|------------|
| | Three months ended 31 December | | Six months ended 31 December | |
| | 2009 | 2008 | 2009 | 2008 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (Restated) | | (Restated) |
| (Loss)/Profit for the Period attributable to the equity holders of the Company | (54,625) | 4,977 | (254,536) | 8,767 |
| Profit for the Period from discontinued operations | (6,197) | (12,712) | (12,030) | (22,398) |
| Loss for the Period for the purpose of basic loss per share from continuing operations | (60,822) | (7,735) | (266,566) | (13,631) |

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

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

From discontinued operations

Basic earnings per share from the discontinued operations is RMB0.26 and RMB0.50 cents per share for the three and six months ended 31 December 2009 (2008: earnings per share of RMB0.53 and RMB0.92 cents per share in the corresponding periods in 2008) which was calculated based on the profit from discontinued operations of RMB6,197,000 and RMB12,030,000 for the three and six months ended 31 December 2009 (2008: profit of RMB12,712,000 and RMB22,398,000) in the corresponding periods in 2008. The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

Diluted

No diluted earnings per share is presented for the three months and six months ended 31 December 2009 as the outstanding convertible bonds were anti-dilutive. Diluted earnings per share for the corresponding period was not presented as there is no potential ordinary shares.

12. Property, plant and equipment

During the six months ended 31 December 2009, after disposal of Highway Bright Group, the Group still have approximately RMB8,837,000 plant and machinery on hand (as at 30 June 2009: RMB113,825,000).

13. Goodwill

| | 31 December 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|-----------------------------|---|---|
| Opening net carrying amount | 291,436 | – |
| Acquisition of subsidiaries | – | 291,436 |
| Impairment | (200,000) | – |
| Disposal of subsidiaries | (68,000) | – |
| | <hr/> | <hr/> |
| Closing net book value | 23,436 | 291,436 |

14. Inventories

| | 31 December 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|------------------|---|---|
| Raw materials | 595 | 3,177 |
| Work in progress | – | 8,542 |
| Finished goods | – | 3,925 |
| | 595 | 15,644 |

15. 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 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|---|---|---|
| Trade receivable | 3,300 | 114,228 |
| Less: Provision for impairment of receivables | – | – |
| | 3,300 | 114,228 |

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 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|--------------------------|---|---|
| Within one month | 3,145 | 52,884 |
| One to three months | 155 | 43,817 |
| Three months to one year | – | 17,357 |
| Over one year | – | 170 |
| | 3,300 | 114,228 |

16. Due from related companies

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

| | |
|--|---|
| 1. Name | Jieyang Diamond Electronics Co., Ltd ("Jieyang Diamond") |
| Substantial shareholder connected with the related company | Chinasing Investment Holdings Limited |
| Amounts outstanding at | |
| 1 July 2009 | RMB1,500,000 |
| 31 December 2009 | RMB1,400,000 |
| Maximum amount outstanding during the period | RMB1,500,000 |
| Terms | Unsecured, interest-free and repayable on demand |
| 2. Name | Diamond Electronics Hong Kong Company Limited ("Diamond HK") |
| Substantial shareholder connected with the related company | Chinasing Investment Holdings Limited |
| Amount outstanding at | |
| 1 July 2009 | RMB NIL |
| 31 December 2009 | RMB1,179,600 |
| Maximum amount outstanding during the period | RMB1,184,000 |
| Terms | Unsecured, interest-free and repayable on demand |

17. Trade and bills payables

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

| | 31 December 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|--------------------------|---|---|
| Within one month | 2,263 | 26,950 |
| One to three months | 1,320 | 60,700 |
| Three months to one year | — | 4,735 |
| Over one year | — | 1,348 |
| | 3,583 | 93,733 |

18. Due to a related party

| | 31 December 2009 RMB'000 (Unaudited) | 30 June 2009 RMB'000 (Audited) |
|--------------|---|---|
| 南昌金鼎軟件發展有限公司 | 130 | 130 |

The above amount due to a related company is unsecured, interest free and has no fixed terms of repayment.

19. 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 |

19. Convertible bonds (continued)

| | |
|-------------------------------------|--|
| 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 |

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 convertible bonds recognised in the statements of financial position were calculated as follows:

| | Asset component | Liability component | Equity component |
|---|----------------------------|--------------------------------|-----------------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Net carrying amounts at 1 July 2009 | 10,301 | 121,430 | 72,040 |
| Gain on fair value change in respect of redemption option | 22,979 | – | – |
| Imputed interest expenses (<i>note 6</i>) | – | 2,885 | – |
| Redemption | (33,280) | (124,315) | (72,040) |
| Net carrying amounts at 31 December 2009 | – | – | – |

During the period and subsequent to the issue of convertible bonds, no convertible bonds were converted into ordinary shares of the Company. But all convertible bonds have been redeemed on or before 14 October 2009.

Imputed interest expenses of approximately RMB2,885,000 has been recognised in the income statement in respect of the convertible bonds for the period ended 31 December 2009 and is calculated using the effective interest method by applying the effective interest rate of 8.5% per annum to the liability component of the convertible bonds.

20. Disposal of subsidiaries

On 12 October 2009, the Group has disposed entire interest in Highway Bright Holdings Limited (“Highway Bright”) and its subsidiaries Diamond Electronics Hong Kong Company Ltd., Jiedong Diamond Technology Electronics Co., Ltd, Jiedong Zuanbao Plastics Metal Products Co., Ltd and Jie Yang Diamond Electronics Co., Ltd (collectively the “Highway Bright Group”), to its substantial shareholder, Chinasing Investment Holdings Limited (“Chinasing”) for a cash consideration of HK\$60,000,000 and the cancellation of convertible bond amounting HK\$62,987,500 hold by Cytech Investment Limited which is a wholly-owned subsidiary of Chinasing for an aggregate consideration of HK\$122,987,500. The principal activities of these subsidiaries are the manufacture, trading and sale of Satellite, telecommunication products, ODM for gaming and consumer electronics products.

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-----------------|-----------------|
| Net asset disposed of: | | |
| Property, plant and equipment | 103,969 | – |
| Investment property | 11,000 | – |
| Goodwill | 68,000 | – |
| Land use rights | 48,774 | – |
| Cash at banks and in hand | 83,716 | – |
| Trade receivables | 94,217 | – |
| Inventories | 13,990 | – |
| Prepayments, deposits and other receivables | 18,924 | – |
| Financial assets at fair value through profit and loss | 2 | – |
| Other loans | (43,865) | – |
| Trade payables | (88,178) | – |
| Other payables, deposits and accruals | (23,484) | – |
| Amount due to a related company | (1,500) | – |
| Tax payable | (7,707) | – |
| Deferred tax liabilities | (11,077) | – |
| Minority interests | (89,451) | – |
| | 177,330 | – |
| Release of exchange fluctuation reserve upon disposal | (4,800) | – |
| Release of statutory reserves upon disposal | (16,100) | – |
| Loss on disposal of subsidiaries | (57,854) | – |
| | 98,576 | – |
| Satisfied by: | | |
| Cash | 52,800 | – |
| Redemption of convertible bonds | 45,776 | – |
| | 98,576 | – |

20. Disposal of subsidiaries (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-----------------|-----------------|
| Cash consideration | 52,800 | – |
| Cash and cash equivalents disposed of | <u>(83,716)</u> | <u>–</u> |
| Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries | <u>(30,916)</u> | <u>–</u> |

21. Share capital

| | 31 December 2009 | | 30 June 2009 | |
|---|-------------------------|------------------------|-----------------------|----------------------|
| | HK\$'000 (Unaudited) | RMB'000 (Unaudited) | HK\$'000 (Audited) | RMB'000 (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 2009: 2,416,500,000 ordinary shares) of HK\$0.01 each | <u>24,165</u> | <u>23,992</u> | <u>24,165</u> | <u>23,992</u> |

22. 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.

22. Share option scheme (continued)

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.

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.

23. 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 | |
| | | 2009 | 2008 |
| | <i>Notes</i> | RMB'000 | RMB'000 |
| Rental income received from a related company | (i) | – | 55 |
| Operating lease rentals paid to a related company | (ii) | 104 | 192 |

- (i) The rentals were received, in respect of the Group's office premises situated in Hong Kong, to Joinn Strategic. 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 and PRC to Diamond H.K. and Jieyang Diamond, a subsidiary of Chinasing Investment Holdings Limited, a substantial shareholder of the Company. 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 | |
| | | 2009 | 2008 |
| | | RMB'000 | RMB'000 |
| Total remuneration of directors and other members of key management during the Period | | | |
| – short-term employee benefits | | 631 | 747 |

FINANCIAL REVIEW

Continuing operations

In the continuing operations, the Group recorded a revenue of RMB11,473,000 for the six months ended 31 December 2009, representing an decrease of 83.3% as compared to the corresponding period in 2008. The decrease in revenue of the Group is due to the economic downturn during the period.

The Group's gross profit margin increase to approximately 17.2% for the six months ended 31 December 2009, as compared to approximately 11.9% for the corresponding period in 2008.

Discontinued operations

In the discontinued operations, the revenue amounting HK\$146,568,000 was recorded for the six months ended 31 December 2009, as compared to a revenue of RMB348,068,000 for the corresponding period in 2008. The decrease in revenue in the discontinued operations is the result of the economic downturn during the period.

Loss attributable to equity holders of the Company

The unaudited loss attributable to the equity holders of the Company for the Period amounting of RMB254,536,000, as compared to the profit of RMB8,767,000 for the corresponding period in 2008.

Liquidity and financial resources

We generally finance our operation by our operating cashflow. As at 31 December 2009, we had cash and bank balances amounting to a total of approximately RMB4,199,000 (30 June 2009: RMB88,707,000) and we had current assets of approximately RMB11,437,000 (30 June 2009: RMB268,769,000).

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

Charge on the Group's assets

As at 31 December 2009, no assets have been pledged to financial institutions for banking facilities granted to the Group (30 June 2009: RMB Nil).

Gearing ratio

As at 31 December 2009, our gearing ratio as a percentage for other borrowings, amount due to relevant parties and convertible bonds over total assets was NIL (30 June 2009: 23.5%).



Material acquisitions and disposals of subsidiaries and affiliated companies

The Group complete the disposal of the 55% equity interest in Highway Bright Group on 12 October 2009. Except for the above, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 December 2009 and 2008.

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 2009, the Group's businesses in manufacturing of electronic products and bank and other 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 2009, we did not have any significant contingent liabilities (30 June 2009: Nil).

Details of future plans for material investment or capital assets

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 200 at 31 December 2009 (30 June 2009: 1,400). 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

We are principally engaged in two business segments, namely (i) providing hardware and software maintenance and related business and (ii) manufacture of consumer electronic products and components. The current status of our business segments is shown as follows:

Hardware and software maintenance and related business

As the boost of the development of global computerized environment, the Group has started up the hardware and software maintenance and related business.

Manufacture and sale of consumer electronic products and components

On 21 November 2007, the Group completed its acquisition of a 55% equity interest in Highway Bright Group whose products include three categories: (1) ODM for consumer electronic products, (2) OEM consumer electronic products, and (3) satellite communication products. On 12 October 2009, the Group completed its disposal of a 55% equity interest in Highway Bright Group whose products include two categories: (1) ODM for consumer electronic products, and (2) satellite communications products.

The company keeps the business of producing the OEM consumer electronic products include RS connectors, transmitters for consumer electronic products.

Discontinued operations:

Manufacture and sale of satellite communications products and ODM for consumer electronic products

There are two categories:

1. ODM for consumer electronic products include main structure parts for electronic products' console and high frequent modular for consumer electronic products.
2. Satellite communications products include low-noise block converters, transceivers and digital video broadcasting decoders which are used in satellite broadcasting, satellite telephone, satellite monitoring and GPS.



RESEARCH AND DEVELOPMENT

As at 31 December 2009, we have a pool of 3 IT professionals serving our PRC customers and 8 technical staff engaged in the Company (30 June 2009: 25 IT staff and 50 technical staff).

OUTLOOK

The Group established a subsidiary, Goldmond Technologies Limited and has started up the hardware and software maintenance and related business.

After the disposal, the Group will concentrate on the manufacture of consumer electronic products and components. We believe that the Group could concentrate on the development of remaining business.

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 2009, 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. Huang Boqi | The Company | 10,030,000 ordinary shares | Beneficial owner | 0.42% |

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 2009, 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 | Capacity | Approximate percentage to the issued share capital of the Company |
|---|--------------------------------|------------------------------------|---|
| Cytech Investment Limited ("Cytech Investment") (Note 1) | 664,500,000 ordinary shares | Beneficial owner | 27.50% |
| Benep Management Limited ("Benep") (Note 1) | 664,500,000 ordinary shares | Interest of controlled corporation | 27.50% |
| Chinasing Investment Holdings Limited ("Chinasing") (Note 1) | 664,500,000 ordinary shares | Interest of controlled corporation | 27.50% |
| Pioneer Idea Finance Limited ("Pioneer") (Note 2) | 664,500,000 ordinary shares | Interest of controlled corporation | 27.50% |
| Mr. Huang Quan ("Mr. Huang") (Note 2) | 664,500,000 ordinary shares | Interest of controlled corporation | 27.50% |
| Dream Star International Limited ("Dream Star") (Note 3) | 474,285,714 ordinary shares | Beneficial owner | 19.62% |
| Mr. Hong Yuexiong ("Mr. Hong") (Note 3) | 474,285,714 ordinary shares | Interest of controlled corporation | 19.62% |

Notes:

- The 664,500,000 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 Chinasing, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Chinasing and Benep is deemed to be interested in all the shares in which Cytech Investment is interested pursuant to the SFO.

2. The issued share capital of Chinasing 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 Chinasing is interested pursuant to the SFO.
3. 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 2009, 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 <i>(Note 1)</i> | Capacity | Approximately percentage to the issued share capital of the Company |
|---|--|--|---|
| Mr. Li Jiahui | 189,000,000 ordinary shares | Beneficial owner | 7.82% |
| Brow Crown International Limited ("Brow Crown") | 200,000,000 ordinary shares | Beneficial owner <i>(Note 2)</i> | 8.28% |
| Mr. Qian Shiyu ("Mr. Qian") | 200,000,000 ordinary shares | Interest of controlled corporation <i>(Note 2)</i> | 8.28% |
| Mr. Zeng Pui Hui ("Mr. Zeng") | 189,714,286 ordinary shares | Interest of controlled corporation <i>(Note 3)</i> | 7.85% |

Notes:

1. It 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.
3. The 150,000,000 and 39,714,286 shares were registered in the name of Shing Lee Holdings Limited ("Shing Lee") and Diamond Highway Limited (the "Diamond Highway") respectively. Shing Lee and Diamond Highway are wholly owned by Mr. Zeng. Accordingly, Mr. Zeng is deemed to be interested in all the shares in which each of Shing Lee and Diamond Highway 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 2009.

CORPORATE GOVERNANCE

For the six months ended 31 December 2009, 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, save as the following deviation.

The Company has not yet adopted A.2.1. Under the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Huang Boqi, being the Chairman and Chief Executive Director of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considers that, due to the nature and extent of the Group's operations, Mr. Huang is the most appropriate chief executive because he possesses in-depth knowledge and experience in the IT business and is able to ensure the sustainable development of the Group. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

Nomination of Directors

The Board has not established a nomination committee at the moment. The appointment of new director is therefore a matter for consideration and decision by the Board of Director.

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 2009.



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 2009.

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 2009, 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 results announcement 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
Huang Boqi
Chairman

Hong Kong, 28 January 2010

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