



Interim Report 2006

Signal Media and Communications Holdings Limited
烽火傳媒控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)



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CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	NOTES	1.1.2006 to 30.6.2006 HK\$'000 (Unaudited)	1.1.2005 to 30.6.2005 HK\$'000 (Unaudited)
Turnover	3	1,935	1,384
Cost of sales		(890)	(1,494)
Gross profit (loss)		1,045	(110)
Other operating income		4,361	1,058
Selling expenses		-	(2,831)
Administrative expenses		(19,886)	(6,776)
Finance costs		(1,902)	-
Fair value change in investment properties		(369)	-
Loss before taxation	4	(16,751)	(8,659)
Taxation	5	(100)	(100)
Loss for the period		(16,851)	(8,759)
Loss per share (HK cents)	7		
- Basic		(0.88)	(0.52)

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	NOTES	30.6.2006 HK\$'000 (Unaudited)	31.12.2005 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	28,191	29,067
Prepaid lease payments		9,155	9,450
Investment properties		45,738	46,107
Available-for-sale investment	9	100,000	-
Restricted bank deposits		7,000	7,000
Goodwill	13	21,440	-
Deferred tax assets		61	-
		211,585	91,624
Current assets			
Trade and other receivables, prepayments and deposits	10	3,416	2,379
Prepaid lease payments		590	590
Tax recoverable		188	188
Cash and bank balances		247,070	180,081
		251,264	183,238
Current liabilities			
Trade and other payables	11	1,630	1,203
Accruals		3,440	2,468
Bank overdrafts		458	-
Tax payable		1,146	400
		6,674	4,071
Net current assets		244,590	179,167
Total assets less current liabilities		456,175	270,791
Non-current liabilities			
Convertible bonds		43,945	42,043
Net assets		412,230	228,748
Capital and reserves			
Share capital	12	134,365	84,993
Reserves		277,865	143,755
Equity attributable to equity holders of the Company		412,230	228,748

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Convertible bonds reserve HK\$'000	Exchange reserve HK\$'000	Special reserve HK\$'000	Statutory reserve funds HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2006	84,993	72,657	8,018	8,957	(36)	73	7,321	46,765	228,748
Issue of share for acquisition of a subsidiary	1,422	7,111	-	-	-	-	-	-	8,533
Issue of shares	47,950	143,850	-	-	-	-	-	-	191,800
Loss for the period	-	-	-	-	-	-	-	(16,851)	(16,851)
At 30 June 2006	134,365	223,618	8,018	8,957	(36)	73	7,321	29,914	412,230
At 1 January 2005	84,993	72,657	-	-	(36)	73	7,321	79,244	244,252
Loss for the period	-	-	-	-	-	-	-	(8,759)	(8,759)
At 30 June 2005	84,993	72,657	-	-	(36)	73	7,321	70,485	235,493

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	1.1.2006 to 30.6.2006 HK\$'000 (Unaudited)	1.1.2005 to 30.6.2005 HK\$'000 (Unaudited)
Net cash (used in) from operating activities	(11,972)	(9,472)
Net cash (used in) from investing activities	(113,297)	558
Net cash from (used in) financing activities	191,800	-
	66,531	(8,914)
Net increase (decrease) in cash and cash equivalents	66,531	(8,914)
Cash and cash equivalents at beginning of the period	180,081	150,858
Cash and cash equivalents at end of the period	246,612	141,944
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	247,070	141,944
Bank overdrafts	(458)	-
	246,612	141,944

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard (the "HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost convention except for investment properties which are measured at fair value and certain financial instruments which are measured at fair value at initial recognition.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning either on or after 1 December 2005 or 1 January 2006. The application of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies" ²
HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives ⁴

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

2 Effective for annual periods beginning on or after 1 March 2006.

3 Effective for annual periods beginning on or after 1 May 2006.

4 Effective for annual periods beginning on or after 1 June 2006.

3. SEGMENT INFORMATION

Business segments

The Group's turnover and segment results analysed by business segments which is the primary segment, are as follows:

	Development and distribution of solvent pesticides		Property investment		Public media		Eliminations		Consolidation	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
INCOME STATEMENT										
Revenue										
External sales	-	1,641	500	500	1,935	-	-	-	2,435	2,141
Inter-segment sales	-	-	-	-	109	-	(109)	-	-	-
Total revenue	-	1,641	500	500	2,044	-	(109)	-	2,435	2,141
Segment results	(2,849)	(4,833)	131	305	22	-	-	-	(2,696)	(4,528)
Other income									3,861	301
Unallocated corporate expenses									(17,916)	(4,432)
Loss before taxation									(16,751)	(8,659)
Taxation									(100)	(100)
Loss for the period									(16,851)	(8,759)
OTHER INFORMATION										
Depreciation of property, plant and equipment	1,860	1,793	-	-	-	-	-	-	1,860	1,793
Amortisation of intangible assets	-	321	-	-	-	-	-	-	-	321

4. LOSS BEFORE TAXATION

	1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
Loss before taxation has been arrived at after charging:		
Depreciation on property, plant and equipment	1,860	1,793
Release of prepaid lease payments	295	295
and after crediting:		
Interest income	3,861	558

5. TAXATION

	1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	100	100
	100	100
Deferred tax	–	–
Taxation attributable to the Company and its subsidiaries	100	100

Pursuant to relevant laws and regulations in the PRC, the Company's subsidiaries are entitled to exemption from income tax under certain tax holidays and concessions. Income tax was calculated at rates given under the concessions.

6. DIVIDENDS

No dividend has been paid or declared by the Company during both periods.

7. LOSS PER SHARE

The calculation of the loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	1.1.2006 to 30.6.2006	1.1.2005 to 30.6.2005
Loss		
Loss for the purposes of loss per share (HK\$'000)	16,851	8,759
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,907,526,874	1,699,860,000

No diluted loss per share has been presented as there is no dilutive offset for potential ordinary shares by the period.

No diluted loss per share was presented as there were no potential ordinary shares in prior period.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

In addition, the Group spent approximately HK\$908,000 on acquisition of property, plant and equipment.

9. AVAILABLE-FOR-SALE INVESTMENT

The amount represented the Group's 8.7% equity interest in Sociedade de Investimento Imobiliario Pun Keng Van, S.A.R.L. ("Macau Co.,"). Macau Co., is a company incorporated in Macau with limited liability. Macau Co., is engaged in the business of property holding and its core asset represented a bare land located at Baia de Praia Grande, Macau for residential development. In the opinion of directors, the fair value of Macau Co., cannot be measured reliably and accordingly, Macau Co., is stated at cost less impairment at the balance sheet date.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

At 30 June 2006, included in trade and other receivables are trade receivables of approximately HK\$853,000 (31.12.2005: HK\$nil). The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Within 90 days	488	-
Between 91-180 days	133	-
Between 181-365 days	205	-
Over 365 days	27	-
	853	-

11. TRADE AND OTHER PAYABLES

At 30 June 2006, included in trade and other payables are trade payables of approximately HK\$752,000 (31.12.2005: HK\$nil). The following is an aged analysis of trade payables at the reporting date:

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
0 to 180 days	437	-
181 to 365 days	121	-
Over 365 days	194	-
	752	-

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Shares of HK\$0.05 each		
At 1 January 2006 and 30 June 2006	10,000,000,000	500,000
Issued and fully paid:		
Shares of HK\$0.05 each		
At 1 January 2006	1,699,860,000	84,993
Issue of shares for acquisition of a subsidiary	28,441,949	1,422
Issue of shares	959,000,000	47,950
At 30 June 2006	2,687,301,949	134,365

- (a) On 3 January 2006, the Group entered into a sale and purchase agreement with Jovian Communication Group Limited to acquire the entire issued share capital of Jovian Financial Communications Limited ("Jovian") at consideration of HK\$21,331,462. The consideration was to be satisfied as to HK\$12,798,877 by cash and HK\$8,532,585 by the Company allotting and issuing 28,441,949 new shares to Jovian Communication Group Limited, credited as fully paid, at an issue price of HK\$0.30 per share. The consideration would be subject to adjustment for any shortfall of audited profit before taxation of Jovian for the year ended 31 December 2005 as pre-determined in the sale and purchase agreement (the "Shortfall").

On 12 April 2006, the acquisition of Jovian was completed and the consideration was adjusted for the Shortfall. On 18 April 2006, 28,441,949 shares were issued and allotted at HK\$0.30 per share in accordance with the sale and purchase agreement. The new shares issued rank pari passu in all respects with the then existing shares.

- (b) On 11 April 2006, the Company entered into a subscription agreement in relation to the subscription by four subscribers of an aggregate of 959,000,000 shares of HK\$0.05 each at a subscription price of HK\$0.20 per share. On 25 May 2006, 959,000,000 shares were issued and allotted at HK\$0.20 per share in accordance with the subscription agreement. The new shares issued rank pari passu in all respects with the then existing shares.

13. PURCHASE OF A SUBSIDIARY

During the period, the Group acquired the entire issued share capital of Jovian.

The net assets acquired in the transaction and goodwill arising on acquisition are as follows:

	Carrying amounts	Fair value adjustment	Fair value
	HK\$'000	HK\$'000	HK\$'000
Net assets acquired			
Property, plant and equipment	76	–	76
Deferred tax assets	61	–	61
Trade and other receivables, prepayments and deposits	730	(125)	605
Cash and bank balances	590	–	590
Trade and other payables	(605)	–	(605)
Accruals	(9)	–	(9)
Bank overdrafts	(181)	–	(181)
Tax payable	(646)	–	(646)
	16	(125)	(109)
Goodwill			21,440
Consideration			21,331
Satisfied by:			
Cash consideration			12,798
Issues of shares			8,533
			21,331
Analysis of net cash outflow arising from acquisition:			
Cash consideration			(12,798)
Cash and bank balances acquired			590
Bank overdrafts assumed			(181)
			(12,389)

14. RELATED PARTY TRANSACTIONS

There is no related party transaction during the period.

15. SUBSEQUENT EVENTS

- (a) On 11 September 2006, the Company entered into a subscription agreement pursuant to which, the Company conditionally agreed to issue to LCF II Holdings, Limited (“LCF II”) one series A warrant and one series B warrant (together, the “Warrant(s)”) at the nominal subscription price of HK\$1.00 per Warrant. Subject to certain subscription right conditions being fulfilled, each Warrant carries the subscription right entitling LCF II to subscribe, in whole or in part, up to HK\$53,500,036.60 in cash for new share(s) in the Company at an initial subscription price of HK\$0.1999 each (subject to adjustment in accordance with the terms of the Warrants) at any time within three years commencing from the issue date of the Warrants. Details of the aforesaid placing of unlisted Warrants are set out in the announcement of the Company dated 13 September 2006.
- (b) On 11 September 2006, Winning Elite Investments Limited (“Winning Elite”), a wholly-owned subsidiary of the Company, entered into a subscription agreement whereby Winning Elite agreed to subscribe for and purchase an approximately 6.4% interest as a limited partner in LCF Macau Co-Investors, L.P., (“LCF Macau”), a limited partnership formed under the Partnership Act 1996 of the British Virgin Islands, with a total capital commitment of HK\$100 million. The capital commitment will be drawn down in cash at the discretion of the general partner of LCF Macau as and when investment opportunities are identified. The subscription became unconditional and completion thereof took place on 11 September 2006. Details of the aforesaid subscription of interest in LCF Macau are set out in the announcement of the Company dated 14 September 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND PROSPECTS

Interim dividend

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2006 (30 June 2005: Nil).

Financial Performance

The Group's turnover for the six months ended 30 June 2006 (the "Period") was HK\$1.94 million, an increase of 40% compared with the same period in 2005. Consolidated unaudited loss attributable to equity holders of the Company was HK\$16.85 million, compared with a loss of HK\$8.76 million in the same period last year.


Operating expenses increased to HK\$22.15 million in 2006 from HK\$9.6 million in 2005 due to the increase of HK\$1.9 million in finance costs and HK\$13 million in administrative expenses. Increase in administrative expenses was attributable to additional professional and other expenses incurred by the Company in relation to the acquisition of subsidiary company, investment in Macau project and placement of new shares.

Other Income increased by HK\$3.3 million to HK\$4.3 million in 2006 from HK\$1 million in 2005. Other income was mainly represented by rental income received from the Group's investment properties and interest income from fixed deposits in banks.

Business Review

The Group successfully completed its first media acquisition, Jovian Financial Communications Ltd. ("Jovian"), on 12 April 2006. Jovian has maintained its client base and continued to perform well after being acquired by the Group. Since being acquired by the Group in April and up to the report date of 30 June 2006, Jovian contributed sales of approximately HK\$1.9 million. In addition to delivering a six-month performance comparable to the same period last year, Jovian has embarked on an expansion plan with new products and services and active recruitment supported by expanded office space.

In its search for long-term sustainable growth opportunities, the Group made a significant investment in a landmark luxury residential development project in Macau on 26 May 2006. The project is situated at the prime waterfront area located at Baía de Praia Grande (Nam Van Lakes District), Macau, which is situated opposite to the Macau Tower and within 10 minutes walk from Wynn Macau and Lisboa and will be amongst the tallest buildings in Macau at 54 floors. Subsequent to the Period, the Group made a further investment in a property fund which aims at investing in property projects including luxury residential properties in Macau.



The Group has been actively developing a number of other potential investments in the PRC and Macau in the target sectors of properties, media, advertising and communications, and consumer products, with a view to making additional investments in growth sectors.

The pesticide business continues to operate but the Group's growth opportunities will come from the new businesses and new investments.

The Period has seen the start of the Group's transition with an increasingly proactive growth strategy, which has successfully attracted significant new funding from international investors. To this end, the Group has successfully conducted a fund raising exercise in April 2006 with the placing of new shares which raised HK\$191.2 million in net proceeds. The Group is now in a position to accelerate its growth strategy to enable shareholders to benefit fully from the sustainable growth from quality PRC opportunities.

Prospects

In the search for high growth sustainable sectors, the PRC continues to provide the bulk of the opportunities and the run up to the Beijing Olympics will provide exceptional growth. Our management team continues to select, assess and negotiate business opportunities with a view of gaining exposure to the growth trends in the PRC over the next several years and deliver superior returns to shareholders.

Liquidity and Financial Resources

As at 30 June 2006, the Group had cash and bank balances of HK\$247 million placed in bank mainly as fixed deposits and one of the subsidiaries of the Group had an overdraft facility of HK\$0.8 million. The directors believe that the Group has sufficient working capital to meet its present requirements.

Capital structure of the Company

The Group is financed by the issue of convertible bonds shares issued during the Period and the Group's cash reserves. In April 2006, as part of the consideration for the Acquisition of Jovian, the Company issued an aggregate of 28,441,949 Shares. In May 2006, the Company issued an aggregate of 959,000,000 new Shares to independent investors to raise an aggregate of HK\$191.2 million in cash. Save as the aforesaid, there was no change in the capital structure of the Company during the Period.

Material acquisitions and disposals of investments

During the Period, the Group acquired a financial communications services provider Jovian and invested in a Macau property project. Other than these two investments, the Group had no other material acquisitions or disposals of subsidiaries or affiliated companies during the Period.

Significant capital expenditures

Save as mentioned above, there were no significant capital expenditures during the Period.

Details of charges on the Group's assets

The Group had a charge on the fixed deposit of HK\$7 million made to a bank for a guarantee granted by that bank to the landlord of one of the Group's rental premises.

Contingent liabilities

The Group had no material contingent liabilities at 30 June 2006.

Foreign exchange exposure

The Directors believe that the exchange rate risk of the Group is minimal because the Group's business transactions are principally denominated in Hong Kong Dollars, which is the reporting currency of the Group.

DISCLOSURE OF INTERESTS

Interests of Directors

- (i) As at 30 June 2006, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provision of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Interests in options of the Company

Director	Option exercise period	Number of outstanding options	Exercise price
Mr. Isao Matsushima	15 November 2005 to 14 November 2015	16,998,600	HK\$0.305
Mr. Kwok King Yan, Edmund	15 November 2005 to 15 November 2015	5,666,200	HK\$0.305
	15 November 2006 to 15 November 2015	5,666,200	HK\$0.305
	15 November 2007 to 15 November 2015	5,666,200	HK\$0.305

Interests in options of i-cf, Inc.'s shares

Director	Option exercise period	Number of outstanding options	Exercise price
Mr. Osamu Nakano	1 February 2007 to 31 December 2014	30	JPY380,869

Save as disclosed above, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

- (ii) As at 30 June 2006, other than Mr. Osamu Nakano being an executive Director and a director of i-cf International Limited which is a Shareholder of 101,472,000 Shares, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests of substantial Shareholders

As at 30 June 2006, so far as is known to the Directors and the chief executive of the Company, the persons, other than Directors or the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, and the amount of each of such person's interest in such securities, together with any options in respect of such capital, were as follows:

Shareholder	Capacity/nature of interest	Number of Shares held/involved	Percentage of the total issued share capital (%)
i-cf, Inc. (Note 1)	Interest of controlled corporations	968,472,000	36.0
Suiko Enterprise Co., Ltd. (Note 1)	Beneficial owner	867,000,000	32.2

Shareholder	Capacity/nature of interest	Number of Shares held/involved	Percentage of the total issued share capital (%)
i-cf International Limited (Note 1)	Beneficial owner	101,472,000	3.8
Cathorne Holdings Limited (Notes 2 & 3)	Beneficial owner	302,503,600	11.3
Mr. Yatsumi Kawakami (Note 2)	Interest of a controlled corporation	302,503,600	11.3
Catot Limited (Note 3)	Nominee	302,503,600	11.3
Newcorp Limited (Note 4)	Interest of a controlled corporation	302,503,600	11.3
Newcorp Holdings Limited (Note 4)	Interest of a controlled corporation	302,503,600	11.3
Power Multi Equity No. 3 Investment Partnership (Note 5)	Beneficial owner	187,983,781	7.0
Crown West Global Limited (Note 6)	Beneficial owner	471,290,141	17.5
Mr. Paul Chen (Note 6)	Interest of a controlled corporation	471,290,141	17.5
Anglo-Asian S.A. (Note 7)	Beneficial owner	244,177,681	9.1
Mr. David Roberts (Note 7)	Interest of a controlled corporation	244,177,681	9.1

Notes:

1. i-cf, Inc. wholly owns all the shares in Suiko Enterprise Co., Ltd. and i-cf International Limited and is therefore deemed to have an interest in an aggregate of 968,472,000 Shares under the SFO.
2. Mr. Yatsumi Kawakami wholly owns all the beneficial interest in the shares in Cathorne Holdings Limited and is therefore deemed to have an interest in 302,503,600 Shares under the SFO.
3. Catot Limited is deemed to be interested in 302,503,600 Shares under the SFO because it holds all the shares in Cathorne Holdings Limited as a nominee for Mr. Yatsumi Kawakami.

4. Catot Limited is a wholly-owned subsidiary of Newcorp Limited, which in turn is a wholly-owned subsidiary of Newcorp Holdings Limited.
5. Power Multi Equity No. 3 Investment Partnership (“PME”) is interested in 187,983,781 Shares under the SFO according to an agreement dated 11 November 2005 entered into between the Company as issuer and PME as subscriber pursuant to which, PME subscribed for the zero coupon convertible bonds issued by the Company in an aggregate principal amount of HK\$51,000,000.
6. Mr. Paul Chen wholly owns all the beneficial interest in the shares in Crown West Global Limited and is therefore deemed to have an interest in 471,290,141 Shares under the SFO.
7. Mr. David Roberts wholly owns all the beneficial interest in the shares in Anglo-Asian S.A. and is therefore deemed to have an interest in 244,177,681 Shares under the SFO.

AUDIT COMMITTEE

The Audit Committee aims at providing an independent and objective review of the financial reporting process, internal controls, and the audit functions of the Group. The current members are Mr. Sun Juyi, Ms. Hin Yat Ha and Ms. Chiu Ching, Katie and they all have extensive experience in accounting, commercial and probate matter. The Committee has reviewed the accuracy of the interim financial statements and the Interim Report 2006 before the reports were sent to Board for approval.

REMUNERATION COMMITTEE

The remuneration Committee was set up to review the remuneration package of the Directors and senior management of the Company. All the Remuneration Committee members are Independent Non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board and the Company has adopted the Model Code for Securities Transactions. Having made specific enquiry of all Directors, during the six months ended 30 June 2006, the Directors of the Company have complied with required standards as set out in the Model Code for Securities Transactions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the six months ended 30 June 2006 with the applicable provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, except that:

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2006, the roles of both the Chairman and the Chief Executive Officer were performed by Mr. Isao Matsushima until his resignation on 31 August 2006. The Board will separate the roles of the Chairman and the Chief Executive Officer upon identification of suitable candidates to take up the posts.

Under provision A.4.2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Directors of the Company were not appointed for a specific term but one-third of the Directors, except the Chairman, are subject to retirement by rotation at each annual general meeting as stated in the Articles of Association of the Company.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINANCIAL RESULTS OF THE GROUP PUBLISHED ON THE EXCHANGE'S WEBSITE

All the information required by the relevant provisions of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board
Signal Media and Communications Holdings Limited
Kwok King Yan, Edmund
Director

20 September 2006