



智富能源金融(集團)有限公司*
Smart Rich Energy Finance (Holdings) Ltd.

(Incorporated in Bermuda with limited liability)
(Stock Code: 1051)

Interim Financial Report
For The Six Months
Ended 31st December 2006

* For identification purposes only

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wong Kam Fu (*Chairman*)
Mr. Tam Wai Keung, Billy (*Vice President*)
Mr. Lew Mon Hung
Mr. Wong Hong Loong
Mr. Sin Chi Keung, Mega
Mr. Edward Patrick, Jacobson

Non-Executive Directors

Mr. Frank Douglas Magnus
Mr. Tang Yantian Michael

Independent Non-Executive Directors

Ms. Ha Ping
Mr. Wong Che Man, Eddy
Mr. Tang King Fai, Kelvin

AUDIT COMMITTEE

Mr. Wong Che Man, Eddy (*Chairman*)
Ms. Ha Ping
Mr. Tang King Fai, Kelvin

REMUNERATION COMMITTEE

Mr. Wong Che Man, Eddy (*Chairman*)
Ms. Ha Ping
Mr. Tang King Fai, Kelvin

QUALIFIED ACCOUNTANT

Mr. Kwan Kei Chor

AUDITORS

Shine Wing (HK) CPA Limited
Certified Public Accountants

LEGAL ADVISORS

Hong Kong: Kirkpatrick & Lockhart
Preston Gates Ellis
Bermuda: Appleby Hunter Bailhache

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial
Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

SHARE REGISTRARS

Hong Kong
Union Registrars Limited
Room 1803
Fook Lee Commercial Centre Town Place
33 Lockhart Road
Wanchai
Hong Kong

Bermuda
Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1606-7, 16/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

WEBSITE:

<http://www.creditcarddna.com>

GROUP RESULTS

The Board of Directors (the “Board”) of Smart Rich Energy Finance (Holdings) Limited (the “Company”) announced the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31st December 2006 together with the comparative figures for the six months ended 31st December 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2006

	Notes	For the six months ended	
		31st December	2005
		2006	2005
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	(2)	3,163	2,041
Cost of sales		(2,209)	(1,677)
Gross profit		954	364
Other operating income		527	874
Distribution costs		(624)	(456)
Administrative expenses		(19,458)	(22,549)
Finance costs		(211)	(104)
Gain attributable to investments		–	1,347
Gain on redemption of convertible note		–	945
Gain on disposal of jointly controlled entity		920	–
Share of loss of a jointly controlled entity		(365)	(187)
Loss before taxation	(3)	(18,257)	(19,766)
Taxation	(4)	–	–
Loss for the period and attributable to equity holders of the Company		(18,257)	(19,766)
Loss per share			
– Basic	(5)	HK(0.76) cent	HK(1.01) cents

CONDENSED CONSOLIDATED BALANCE SHEET*As at 31st December 2006*

		At 31st December 2006 HK\$'000 (unaudited)	At 30th June 2006 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,924	3,095
Intangible asset	(6)	10,472	10,472
Available-for-sales financial assets		140,020	140,020
Interest in a jointly controlled entity		958	406
Deposits paid for acquisition of properties		9,340	9,340
		163,714	163,333
CURRENT ASSETS			
Debtors, deposits and prepayments	(7)	5,192	1,813
Available-for-sale investments		15,980	10,435
Financial assets at fair value through profit or loss	(8)	66	2,836
Amount due from an associated entity		176	700
Pledged bank deposit	(9)	6,560	5,263
Bank balances and cash		2,814	2,983
		30,788	24,030
CURRENT LIABILITIES			
Other creditors and accrued charges		2,778	3,201
Loan from a director		4,000	–
Bank borrowings		11,443	1,943
		18,221	5,144
NET CURRENT ASSETS		12,567	18,886
TOTAL ASSETS LESS CURRENT LIABILITIES		176,281	182,219
CAPITAL AND RESERVES			
Share capital	(10)	23,993	23,993
Reserves		144,480	150,418
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		168,473	174,411
NON-CURRENT LIABILITIES			
Deferred taxation		7,808	7,808
		7,808	7,808
		176,281	182,219

The financial statements on pages 2 to 9 were approved and authorised for issue by the Board of Directors on 22nd March 2007 and are signed on its behalf by :

Wong Kam Fu
Director

Tam Wai Keung Billy
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December 2006

	Attributable to equity holders of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Equity component of convertible note reserve <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>(Audited)</i>										
At 1st July 2005	108,203	298,056	-	-	-	4,340	1,129	(68)	(369,594)	42,066
Issue of shares during the period	21,200	106,000	-	-	-	-	-	-	-	127,200
Repurchase of shares	(807)	(2,991)	807	-	-	-	-	-	-	(2,991)
Exercise of share options	355	1,777	-	-	-	-	-	-	-	2,132
Share option benefits	-	273	-	-	-	-	586	-	-	859
Redemption of convertible note	-	-	-	-	-	(4,340)	-	-	320	(4,020)
Exchange differences arising on translation of the Group	-	-	-	-	-	-	-	67	-	67
Loss for the period	-	-	-	-	-	-	-	-	(19,766)	(19,766)
At 31st December 2005 and 1st January 2006	128,951	403,115	807	-	-	-	1,715	(1)	(389,040)	145,547
Issue of shares for acquisition of subsidiaries	14,929	69,091	-	-	-	-	-	-	-	84,020
Exercise of share options	78	700	-	-	-	-	(317)	-	-	461
Share option benefits	-	(273)	-	-	-	-	(586)	-	-	(859)
Recognition of equity settled share based payment	-	-	-	-	-	-	5,989	-	-	5,989
Capital reduction	(119,965)	-	-	-	119,965	-	-	-	-	-
Elimination of accumulated losses of the Company	-	-	-	-	(119,965)	-	-	-	119,965	-
Cancellation of share option	-	-	-	-	-	-	(101)	-	101	-
Changes in fair value of available-for-sale investments	-	-	-	2,679	-	-	-	-	-	2,679
Exchange difference arising on translation of the Group	-	-	-	-	-	-	-	1	-	1
Loss for the period	-	-	-	-	-	-	-	-	(63,427)	(63,427)
At 30th June 2006 and 1st July 2006	23,993	472,633	807	2,679	-	-	6,700	-	(332,401)	174,411
<i>(Unaudited)</i>										
Recognition of equity settled share based payment	-	-	-	-	-	-	7,259	-	-	7,259
Cancellation of share option	-	-	-	-	-	-	(1,246)	-	1,246	-
Changes in fair value of available-for-sale investments	-	-	-	5,547	-	-	-	-	-	5,547
Exchange differences arising on translation of the Group	-	-	-	-	-	-	-	(487)	-	(487)
Loss for the period	-	-	-	-	-	-	-	-	(18,257)	(18,257)
At 31st December 2006	<u>23,993</u>	<u>472,633</u>	<u>807</u>	<u>8,226</u>	<u>-</u>	<u>-</u>	<u>12,713</u>	<u>(487)</u>	<u>(349,412)</u>	<u>168,473</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 31st December 2006*

	For the six months ended	
	31st December	
	2006	2005
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(13,225)	(19,727)
Net cash generated from/(used in) investing activities	263	(39,915)
Net cash generated from financing activities	13,289	110,444
Net increase in cash and cash equivalents	327	50,802
Cash and cash equivalents at the beginning of the period	2,983	11,229
Effect of changes in exchange rate	(496)	35
Cash and cash equivalents at the end of the period	2,814	62,066
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	2,814	62,066

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31st December 2006

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim 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 and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 30th June 2006.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRS”) issued by the HKICPA, which are effective for accounting periods beginning on or after 31st December 2005 or 1st January 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented. For those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

2. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions as detailed below. These divisions are the bases on which the Group reports its primary information. An analysis of the Group’s turnover and contributions to operating results is as follows:

	For the six months ended 31st December			
	2006		2005	
	Turnover <i>HK\$’000</i>	Segment results <i>HK\$’000</i>	Turnover <i>HK\$’000</i>	Segment results <i>HK\$’000</i>
Provision of financial information services	1,333	(165)	1,258	(55)
Provision of credit card security device and digital network authorisation services	1,815	(3,417)	768	(5,221)
Others	15	(40)	15	(36)
	<u>3,163</u>	<u>(3,622)</u>	<u>2,041</u>	<u>(5,312)</u>
Unallocated corporate expenses		(15,506)		(17,329)
Other operating income		527		874
Finance costs		(211)		(104)
Gain attributable to investments		–		1,347
Share of loss of a jointly controlled entity		(365)		(187)
Gain on disposal of jointly controlled entity		920		–
Gain on redemption of convertible note		–		945
Loss before taxation		<u>(18,257)</u>		<u>(19,766)</u>

3. LOSS BEFORE TAXATION

	For the six months ended 31st December	
	2006	2005
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:		
Staff costs:		
Staff costs, including directors' emoluments	15,072	16,015
Retirement benefit schemes contributions	156	168
Total staff costs	15,228	16,183
Depreciation of property, plant and equipment	571	782

4. TAXATION

The tax credit for the period ended 31st December 2006 represents deferred tax credit.

No provision for tax in other jurisdictions for both periods has been made as neither the Company nor any of its subsidiaries had any assessable profits subject to tax in other jurisdictions.

For the periods ended 31st December 2006 and 2005, no provision for Hong Kong Profits Tax had been made in the condensed financial statements as the Group had no assessable profit.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of HK\$18,257,000 (six months ended 31st December 2005: HK\$19,766,000) and on the weighted average number of 2,399,314,349 (six months ended 31st December 2005: 1,957,351,296) ordinary shares in issue during the period.

No diluted loss per share has been presented for the six months ended 31st December 2006 and 2005 as the exercise of the share options and convertible note would result in a decrease in the loss per share.

6. INTANGIBLE ASSET

During the period, no amortisation (six months ended 31st December 2005 : Nil) was charged to the income statement in respect of the Group's intangible asset with indefinite useful life.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 60 days to its trade customers. Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	At 31st December 2006	At 30th June 2006
	HK\$'000	HK\$'000
0-60 days	883	598
61-90 days	226	1
Over 90 days	1	1
Trade debtors	1,110	600
Other debtors, deposits and prepayments	4,082	1,213
	5,192	1,813

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31st December 2006 HK\$'000	At 30th June 2006 HK\$'000
Listed equity securities held for trading, at fair value	66	1,230
Unlisted investment in investment fund, at fair value	–	1,606
	<u>66</u>	<u>2,836</u>
Market value of listed securities	<u>66</u>	<u>1,230</u>

9. PLEDGED BANK DEPOSIT

At 31st December 2006, the Group has a pledged deposit of HK\$156,000 to secure for utilising the merchant acquiring services of a bank.

Included in the pledged bank deposits, there was approximately HK\$6,404,000 pledged to a bank to secure the general banking facilities granted to a subsidiary and the remaining amount was pledged to a bank to secure a merchant account of a subsidiary.

The deposits carry fixed interest rate ranging from 3.4125% to 5.035% per annum. The carrying amount of the pledged bank deposits approximated to their fair value.

10. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30th June 2006 and 31st December 2006	<u>60,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 30th June 2006 and 31st December 2006	<u>2,399,314,349</u>	<u>23,993</u>

11. COMMITMENTS

At the balance sheet date, the Group had the following commitments, so far as not provided for in the financial statements, in respect of:

(a) Capital commitments:

	At 31st December 2006 HK\$'000	At 30th June 2006 HK\$'000
Authorised and contracted for		
– acquisition of property, plant and equipment	1,039	1,039
– additional investment in the interest in jointly controlled entity	–	1,002
– additional investment in company	1,500	–
	<u>2,539</u>	<u>2,041</u>

(b) Operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	At 31st December 2006 HK\$'000	At 30th June 2006 HK\$'000
Within one year	1,545	840
In the second to fifth year inclusive	1,438	–
	<u>2,983</u>	<u>840</u>

(c) Operating lease commitments for future minimum lease payment under non-cancellable operating leases of a jointly controlled entity in respect of land and buildings which fall due as follows:

	At 31st December 2006 HK\$'000	At 30th June 2006 HK\$'000
Within one year	–	11

Operating lease payments represent rentals payable by the Group for certain of its office premises.

12. RELATED PARTY TRANSACTIONS

During the period, the Group have entered into the following transactions with related parties:

(a) Key management personnel compensation

	For the six months ended 31st December	
	2006 HK\$'000	2005 HK\$'000
Salaries, bonus and other benefits	4,039	11,439
Share option benefits (<i>Note (i)</i>)	176	106
Contributions to retirement benefit scheme	38	62
	<u>4,253</u>	<u>11,607</u>

- (i) Share option benefits represent fair value at grant date of share options issued under 2004 Scheme amortised to the income statement during the period disregarding whether the options have been vested/exercised or not.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31st December 2006 (for the six months ended 31st December 2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months period ended 31st December 2006, the Group's turnover amounted to approximately HK\$3.16 million, comparing to HK\$2.04 million reported in the same period of 2005. It was an increase of approximately 54.97%. Gross profit from operation for the first six months under review was approximately HK\$0.95 million, comparing to a gross profit of HK\$0.36 million for the corresponding period in 2005. Loss attributable to shareholders for the first six months under review was HK\$18.26 million, compared to loss of HK\$19.77 million in the same period of 2005, representing a decrease of 7.6%.

BUSINESS REVIEW

During the period under review, DNA security device and DNA services (DNA Services) and financial information services (WINFCS) were still the Group's core business segments, while the Group diversified its business scope into the oil and gas exploitation industry.

During the period under review, the DNA services contributed to approximately 57% of the Group's total turnover amounting to approximately HK\$1.8 million. It was reported a strong growth in China and Hong Kong. The Group launched services through the agreements made with Lanzhou City Commercial Bank (蘭州市城商銀行), Beijing Postal Savings and Remittance Bureau (北京郵政儲匯局) and BOC Credit Card (International) Ltd in China and Hong Kong successfully and started to generate revenue to the Group.

The Group's financial information service (WINFCS) recorded a turnover of HK\$1.3 million which accounted for 42% of the total turnover. The Group aimed at developing WINFCS which will provide users with the latest technology to access various information.

The results for the period under review are encouraging. Recurring operating costs of the Group for the period have been cut down but the share based payment to the directors and staff of the Group of HK\$7.2 million was included in the total loss for the period. DNA services and financial information service continued to grow in a steady pace both in China and Hong Kong. During the period, the Group's DNA Services were eventually launched in market through the partner banks in China and Hong Kong. And also, the financial information service (WINFCS) was kept on a growth and benefited from the local economic and stock market boom. Revenue from these businesses continued to improve in a steady increase in number of users using these services.

Apart from the core businesses of provision of financial information services and provision of credit card security device, digital network authorization services, the Company diversified its investment into the oil and gas exploitation industry for the prospect of which the Board has assessed as promising.

On the other hand, the Company still continued to control the operation cost at a reasonable level. The total number of staff under the Group's employment maintained at 57 (including executive directors) as at 31st December 2006.

Net asset value

As at 31st December 2006, the Group's total net asset amounted to HK\$168.5 million represented a decrease of HK\$5.94 million comparing to financial year ended 30th June 2006. Based on the total number of 2,399,314,349 ordinary shares issued as at 31st December 2006, net asset value per share was HK7.02 cents.

Liquidity and financing

The Group recorded a net cash inflow of approximately HK\$0.33 million during the period under review. At 31st December 2006, cash and bank balances of the Group amounted to approximately HK\$2.81 million, compared to approximately HK\$2.98 million at 30th June 2006.

Bank and other borrowings of the Group as at 31st December 2006 amounted to approximately HK\$15.44 million, compared to approximately HK\$1.94 million at 30th June 2006. At 31st December 2006, the bank deposits of HK\$6.41 million and the available-for-sale investment of HK\$15.98 million were pledged to banks to secure the general banking facilities granted to the Group and its subsidiaries, compared to the pledged bank deposits of approximately HK\$5.11 million at 30th June 2006.

The Group's assets and liabilities were principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars, the exchange rates between them are relative stable, and therefore the Group's exposure to currency exchange risk was minimal.

The gearing ratio was 9.2% (30th June 2006: 1.1%). The computation is based on bank and borrowings of the Group divided by shareholders' fund as at 31st December 2006.

Subsequent to the balance sheet date on 7th March 2007, the sale proceed of approximately HK\$18.9 million was received by disposal of an investment in equity and fund market with a realized gain amounting to approximately HK\$11.15 million. A part of the sale proceed amounting to HK\$5.5 million was used to pay off a part of bank loan and the remaining proceed was used as the working capital of the Group. The disposal gain will be booked to account in 2007.

BUSINESS OUTLOOK

During the period under review, business result was slightly improved under the continued hard work and dedication of the Company in exploring and developing business opportunities in China, Hong Kong.

The increasing popularity of Short Messaging Service (SMS) makes it easier to introduce DNA solutions. DNA project with Bank of China has been successfully launched in December 2006. New features will be introduced in the coming months. We will be launching new DNA services with different partners to enhance existing services and enable new services.

Financial information service industry is growing positively. We are revamping the whole services offerings adopting the latest technology. Feather enriched new software and services will be launched at the end of March 2007. Targeting end-users and corporations in Hong Kong and mainland China, we aim at providing an integrated financial information service platform.

The Group has identified a huge potential market for mobile email services – EmailCallYou. Targeting mass market, it will address the ever-increasing needs of mobile email for any mobile users with or without data services enabled. Services will be launched together with one of the major mobile operator in early 2007. We believe our win-win revenue sharing model with partners will help us quickly penetrate market and gain significant market share.

To strengthen our ability at strategic planning in oil and gas business, we set up the Oil and Gas Development Committee and appointed: (i) Mr. Edward Patrick Jacobson as the Group's executive director and chairman of the Oil and Gas Development Committee, (ii) Mr. Frank D. Magnus as the Group's non-executive director and a member of the Oil and Gas Development Committee and the general manager of corporate funding of Oil and Gas Development Department of the Group and (iii) Mr. Tang Yantian Michael as the Group's non-executive director. They will advise on the Group's future strategies and appropriate development plans for oil and gas business.

The Board believes that the continued e-banking and e-commerce boom in both Hong Kong and China shall bring about a continuous growth in demand for our services and, together with expected returns from our long term and short term investments. The Board also expects that the Group's financial and business prospects would improve for the current financial year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31st December 2006, the interests and short positions of the Directors and their respective associates in the shares, underlying shares and convertible notes of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares, underlying shares and convertible notes of the Company

Name of director	Number of shares held		Underlying shares Share options	Total interests	Approximate percentage (including underlying shares) of the issued share capital
	Personal interest	Corporate interest			
Wong Kam Fu	22,555,000	483,029,423 (Note 1)	16,666,666	522,251,089	21.76
Tam Wai Keung, Billy	54,500,000	–	3,333,333	57,833,333	2.41
Lew Mon Hung	–	–	16,666,666	16,666,666	0.69
Wong Hong Loong	–	–	10,500,000	10,500,000	0.43
Sin Chi Keung, Mega	834	–	833,333	834,167	0.03
Ha Ping	–	–	333,333	333,333	0.01
Wong Che Man, Eddy	–	–	333,333	333,333	0.01

Note:

1. 372,404,423 and 110,625,000 shares are held by Sheung Hai Developments Limited ("Sheung Hai") and Alpha Logistics Group Limited ("Alpha Logistics") respectively and Sheung Hai and Alpha Logistics are wholly-owned by Mr. Wong Kam Fu. By virtue of SFO, Mr. Wong Kam Fu was deemed to be interested in all of the 483,029,423 shares.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as at 31st December 2006.

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OTHER THAN THE DIRECTORS AND THEIR ASSOCIATES

As at 31st December 2006, so far as known to the Directors or chief executives of the Company, the following persons/entity are the substantial shareholders (other than the interests and short positions of the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name	Type of Interest	Number of shares held	Total interest	Approximate interest as a percentage of the issued share capital
Yi Xing Wu	Personal Corporate	2,365,000 303,333,333 (Note 1)	305,698,333	12.74
Hui Chi Ming	Personal Corporate	– 144,320,988 (Note 2)	144,320,988	6.01
Lam Ching Kui	Personal Corporate	76,446,333 46,466,333 (Note 3)	122,912,666	5.12
Chan Oi Mo	Spouse	122,912,666 (Note 4)	122,912,666	5.12

Notes:

- (1) 303,333,333 shares are held by China Sound Limited (“China Sound”), which is wholly-owned by Mr. Yi Xing Wu. By virtue of SFO, Mr. Yi Xing Wu was deemed to be interested in all of the 303,333,333 shares.
- (2) 40,000,000 shares and 104,320,988 shares are held by Barta Holdings Limited (“Barta”) and Feliz Group Limited (“Feliz”) respectively and Barta and Feliz are wholly-owned by Mr. Hui Chi Ming. By virtue of SFO, Mr. Hui Chi Ming was deemed to be interested in all of the 144,320,988 shares.
- (3) 46,466,333 shares are held by Wai Chun Investment Fund (“Wai Chun”), which is wholly-owned by Mr. Lam Ching Kui. By virtue of SFO, Mr. Lam Ching Kui was deemed to be interested in all of the 46,466,333 shares.
- (4) Ms. Chan Oi Mo is the spouse of Mr. Lam Ching Kui. By virtue of SFO, Ms. Chan Oi Mo was deemed to be interested in all of Mr. Lam Ching Kui’s interests in the 122,912,666 shares.

Other than as disclosed above, the Company has not been notified by any other person (other than the Directors or chief executives of the Company) who has interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance or had otherwise notified the Company as at 31st December 2006.

SHARE OPTION SCHEME

The following table discloses movements in the Company's share options held by each of the Directors and the employees of the Company in aggregate granted under the share option scheme of the Company during the period ended 31st December 2006:

Name or Category of Participants	Date of grant	Exercisable period	Exercise price HK\$	Outstanding as at 1.7.2006	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31.12.2006	Market Value per share at date of grant of options HK\$	Option Value per share HK\$
(a) Directors											
Wong Kam Fu	18.10.2004	18.10.2004–17.10.2006	0.4020	16,666,666	-	-	(16,666,666)	-	-	0.3960	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	16,666,666	-	-	-	-	16,666,666	0.3420	0.093
Lew Mon Hung	18.10.2004	18.10.2004–17.10.2006	0.4020	16,666,666	-	-	(16,666,666)	-	-	0.3960	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	16,666,666	-	-	-	-	16,666,666	0.3420	0.093
Tam Wai Keung, Billy	07.02.2006	07.02.2006–06.02.2008	0.3480	3,333,333	-	-	-	-	3,333,333	0.3420	0.093
Yi Xing Wu	02.11.2005	02.11.2005–01.11.2007	0.2820	1,666,666	-	-	(1,666,666)	-	-	0.2820	-
Wong Hong Loong	18.10.2004	18.10.2004–17.10.2006	0.4020	8,333,333	-	-	(8,333,333)	-	-	0.3960	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	10,500,000	-	-	-	-	10,500,000	0.3420	0.093
Sin Chi Keung, Mega	07.02.2006	07.02.2006–06.02.2008	0.3480	833,333	-	-	-	-	833,333	0.3420	0.093
Ha Ping	04.11.2004	04.11.2004–03.11.2006	0.3600	166,666	-	-	(166,666)	-	-	0.3600	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	333,333	-	-	-	-	333,333	0.3420	0.093
Wong Che Man, Eddy	04.11.2004	04.11.2004–03.11.2006	0.3600	166,666	-	-	(166,666)	-	-	0.3600	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	333,333	-	-	-	-	333,333	0.3420	0.093
Total for directors				<u>92,333,327</u>	<u>-</u>	<u>-</u>	<u>(43,666,663)</u>	<u>-</u>	<u>48,666,664</u>		
(b) Employees											
	04.11.2004	04.11.2004–03.11.2006	0.3600	6,913,328	-	-	(6,913,328)	-	-	0.3600	-
	21.01.2005	21.01.2005–20.01.2007	0.4080	3,333,333	-	-	-	-	3,333,333	0.4080	0.1249
	07.02.2006	07.02.2006–06.02.2008	0.3480	3,201,665	-	-	(1,534,999)	-	1,666,666	0.3420	0.093
	28.12.2006	28.12.2006–27.12.2008	0.1320	-	165,000,000	-	-	-	165,000,000	0.1320	0.044
Total for employees				<u>13,448,326</u>	<u>165,000,000</u>	<u>-</u>	<u>(8,448,327)</u>	<u>-</u>	<u>169,999,999</u>		
(c) Others											
	09.11.2005	01.04.2006–08.12.2007	0.3480	3,333,332	-	-	-	-	3,333,332	0.3420	0.0511
	25.11.2005	25.11.2005–24.11.2006	0.3600	2,499,999	-	-	(2,499,999)	-	-	0.3480	-
	10.11.2005	10.11.2005–09.11.2006	0.3600	7,499,998	-	-	(7,499,998)	-	-	0.3480	-
	28.11.2005	28.11.2005–27.11.2006	0.3600	333,333	-	-	(333,333)	-	-	0.3480	-
	01.12.2005	01.12.2005–30.11.2006	0.3600	3,333,332	-	-	(3,333,332)	-	-	0.3540	-
	07.02.2006	07.02.2006–06.02.2008	0.3480	1,999,999	-	-	-	-	1,999,999	0.3420	0.093
Total for others				<u>18,999,993</u>	<u>-</u>	<u>-</u>	<u>(13,666,662)</u>	<u>-</u>	<u>5,333,331</u>		
Total for Scheme				<u>124,781,646</u>	<u>165,000,000</u>	<u>-</u>	<u>(65,781,652)</u>	<u>-</u>	<u>223,999,994</u>		

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period ended 31st December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance of the Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31st December 2006, except the following deviations:

Code provision A.4.1

The code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors and one executive director of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. However, the Company is taking steps to replace the independent non-executive director's and the executive director's current appointment with specific term of appointments as soon as practicable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 31st December 2006.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who are all independent Non-executive Directors of the Company for the six months ended 31st December 2006. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including a review of the unaudited consolidated interim results for the six months ended 31st December 2006.

REMUNERATION COMMITTEE

The Remuneration Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members, a majority of whom are Independent Non-executive Directors of the Company for the six months ended 31st December 2006. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

APPRECIATION

The Board of Directors would like to thank the Group's management and staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

By order of the Board
Wong Kam Fu
Chairman

Hong Kong, 22nd March 2007