

Interim Report **2007/08**

Stock code : 657



**G-Vision International (Holdings) Limited**  
環科國際集團有限公司

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Cheng Hop Fai  
(Chairman and Managing Director)  
Cheng Kwok Kwan Yuk  
Cheng Pak Ming, Judy  
Cheng Pak Man, Anita

#### Independent Non-executive Directors

Kan Lai Kuen, Alice  
Law Toe Ming  
Mark Yiu Tong, William

### COMPANY SECRETARY

Cheng Pak Ming, Judy

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
Fubon Bank (Hong Kong) Limited

### AUDITORS

Deloitte Touche Tohmatsu

### LEGAL ADVISERS

As to Hong Kong law  
Jones Day

### REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

### PRINCIPAL OFFICE

Units 101-108, 1st Floor  
East Ocean Centre, 98 Granville Road  
Tsimshatsui East  
Kowloon  
Hong Kong

### PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda)  
Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

### BRANCH REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
46th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### COMPANY'S WEBSITE

[www.g-vision.com.hk](http://www.g-vision.com.hk)

The Board of Directors of G-Vision International (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007. The unaudited results have been reviewed by Deloitte Touche Tohmatsu and the Company’s Audit Committee.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	<b>1.4.2007 to 30.9.2007 HK\$’000 (unaudited)</b>	1.4.2006 to 30.9.2006 HK\$’000 (unaudited)
Turnover	3	<b>47,926</b>	49,564
Cost of sales		<b>(19,051)</b>	(21,643)
Gross Profit		<b>28,875</b>	27,921
Other income		<b>416</b>	318
Restaurant operation expenses		<b>(26,577)</b>	(25,527)
Administrative expenses		<b>(4,257)</b>	(5,689)
Finance costs		<b>(447)</b>	(471)
Loss for the period	4	<b>(1,990)</b>	(3,448)
Attributable to:			
Equity holders of the parent		<b>(1,985)</b>	(3,443)
Minority interests		<b>(5)</b>	(5)
		<b>(1,900)</b>	(3,448)
Loss per share			
Basic	6	<b>(HK0.4 cent)</b>	(HK0.7 cent)

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	Notes	30.9.2007 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	1,831	2,411
Investment properties	8	56,210	56,210
		<b>58,041</b>	58,621
Current assets			
Inventories		4,202	4,266
Trade and other receivables	9	6,600	7,054
Taxation recoverable		178	133
Pledged bank deposits		965	919
Bank balances and cash		13,876	14,128
		<b>25,821</b>	26,500
Current liabilities			
Trade and other payables	10	9,597	10,414
Amounts due to directors		11,475	10,200
Amounts due to minority shareholders		286	281
		<b>21,358</b>	20,895
Net current assets		<b>4,463</b>	5,605
Total assets less current liabilities		<b>62,504</b>	64,226
Non-current liabilities			
Loans from a related company	11	21,224	20,777
		<b>41,280</b>	43,449
Capital and reserves			
Share capital		48,485	48,485
Reserves		(23,268)	(21,104)
Equity attributable to equity holders of the parent		<b>25,217</b>	27,381
Minority interests		<b>16,063</b>	16,068
Total equity		<b>41,280</b>	43,449

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Attributable to equity holders of the parent								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006	48,485	90,676	84,123	642	(227)	(191,995)	31,704	16,083	47,787
Exchange differences arising from translation of foreign operations, representing net expense recognised directly in equity	-	-	-	-	(385)	-	(385)	-	(385)
Loss for the year	-	-	-	-	-	(3,938)	(3,938)	(15)	(3,953)
Total recognised expense for the year	-	-	-	-	(385)	(3,938)	(4,323)	(15)	(4,338)
Share options forfeited during the year	-	-	-	(107)	-	107	-	-	-
At 31 March 2007 and 1 April 2007	48,485	90,676	84,123	535	(612)	(195,826)	27,381	16,068	43,449
Exchange differences arising from translation of foreign operations, representing net expense recognised directly in equity	-	-	-	-	(179)	-	(179)	-	(179)
Loss for the period	-	-	-	-	-	(1,985)	(1,985)	(5)	(1,990)
Total recognised expense for the period	-	-	-	-	(179)	(1,985)	(2,164)	(5)	(2,169)
At 30 September 2007	48,485	90,676	84,123	535	(791)	(197,811)	25,217	16,063	41,280
At 1 April 2006	48,485	90,676	84,123	642	(227)	(191,995)	31,704	16,083	47,787
Exchange differences arising from translation of foreign operations, representing net expense recognised directly in equity	-	-	-	-	(189)	-	(189)	-	(189)
Loss for the period	-	-	-	-	-	(3,443)	(3,443)	(5)	(3,448)
Total recognised expense for the period	-	-	-	-	(189)	(3,443)	(3,632)	(5)	(3,637)
Share options forfeited during the period	-	-	-	(107)	-	107	-	-	-
At 30 September 2006	48,485	90,676	84,123	535	(416)	(195,331)	28,072	16,078	44,150

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	<b>1.4.2007</b>	1.4.2006
	<b>to</b>	to
	<b>30.9.2007</b>	30.9.2006
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash used in operating activities	<b>(346)</b>	(2,536)
Net cash from (used in) investing activities	<b>94</b>	(98)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(252)</b>	(2,634)
Cash and cash equivalents at beginning of the period	<b>14,128</b>	14,377
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>13,876</b>	11,743
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

### 1. BASIS OF PREPARATION

The condensed consolidated 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair values.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standard (“HKFRSs”), amendment of Hong Kong Accounting Standard (“HKAS”) and Interpretations (“INTs”) (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007. The adoption of the new HKFRSs had no material effect on the results and financial position for the current and prior accounting periods. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective:

HKAS 23 (Revised)	Borrowing cost <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>2</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>2</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for accounting periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for accounting periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the financial statements of the Group.

### 3. SEGMENT INFORMATION

#### Business segments

For management purposes, the Group is currently organised into three main operating divisions – restaurant operations, environmental friendly paper tableware and property investment. These divisions are the basis on which the Group reports its primary segment information.

	Restaurant operations HK\$'000	Environmental friendly paper tableware HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2007</b>				
TURNOVER				
External	<u>44,479</u>	<u>3,447</u>	<u>-</u>	<u>47,926</u>
SEGMENT RESULT	<u>(1,467)</u>	<u>(202)</u>	<u>(19)</u>	<u>(1,688)</u>
Unallocated corporate expenses				(35)
Interest income				180
Finance costs				<u>(447)</u>
Loss for the period				<u><u>(1,990)</u></u>

	Restaurant operations HK\$'000	Environmental friendly paper tableware HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2006</b>				
TURNOVER				
External	<u>42,617</u>	<u>6,947</u>	<u>-</u>	<u>49,564</u>
SEGMENT RESULT	<u>(1,711)</u>	<u>(1,343)</u>	<u>(13)</u>	<u>(3,067)</u>
Unallocated corporate expenses				(47)
Interest income				137
Finance costs				<u>(471)</u>
Loss for the period				<u><u>(3,448)</u></u>



#### 4. LOSS FOR THE PERIOD

	<b>1.4.2007 to 30.9.2007 HK\$'000</b>	1.4.2006 to 30.9.2006 HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation	<b>625</b>	761
Interest income	<b>(180)</b>	(137)
	<b><u>          </u></b>	<b><u>          </u></b>

#### 5. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries either did not have assessable profit for the period or the assessable profit had been wholly absorbed by tax losses brought forward.

#### 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the parent for the period of HK\$1,985,000 (six months ended 30 September 2006: HK\$3,443,000) and on the 484,853,527 shares (six months ended 30 September 2006: 484,853,527 shares) in issue during the period.

No diluted loss per share is presented for both periods because the assumed exercise of the Company's share options would result in a decrease in loss per share.

#### 7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$45,000 (six months ended 30 September 2006: HK\$211,000) on additions to property, plant and equipment.

#### 8. INVESTMENT PROPERTIES

The fair value of the Group's investment properties as at 30 September 2007 was determined based on valuation carried out by professional valuers. There were no changes in the fair value of the investment properties for both periods ended 30 September 2006 and 2007.

The investment properties were vacant during the current period.

## 9. TRADE AND OTHER RECEIVABLES

Most of the restaurant customers settle in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	<b>30.9.2007</b> <b>HK\$'000</b>	31.3.2007 <i>HK\$'000</i>
0 – 60 days	1,621	1,911
61 – 90 days	5	13
More than 90 days	26	26
	<u>1,652</u>	<u>1,950</u>

## 10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	<b>30.9.2007</b> <b>HK\$'000</b>	31.3.2007 <i>HK\$'000</i>
0 – 60 days	3,235	3,480
More than 60 days	1,122	1,136
	<u>4,357</u>	<u>4,616</u>

## 11. LOANS FROM A RELATED COMPANY

	<b>30.9.2007</b> <b>HK\$'000</b>	31.3.2007 <i>HK\$'000</i>
Principal	18,804	18,804
Accrued interest	2,420	1,973
	<u>21,224</u>	<u>20,777</u>

The loans are borrowed from Hover City Industrial Limited (“Hover City”). The loans are unsecured, bear interest at 3 % below the best lending rate quoted by a bank in Hong Kong and are repayable in one lump sum (including accrued interests) by 31 December 2008.

Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk, Ms Cheng Pak Ming, Judy and Miss Cheng Pak Man, Anita are deemed to be beneficially interested in Hover City.

## 12. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group leased certain premises for its restaurant operations from Homley Development Limited (“Homley”). On 15 April 2005, the Group renewed the tenancy agreement with Homley for a further period of three years commencing 1 May 2005 to 30 April 2008 at a monthly rental of HK\$270,000 (exclusive of rates, management fees and air-conditioning charges) and a rental deposit of HK\$810,000. The monthly rental was negotiated with Homley with reference to the market rents as at 11 April 2005 as advised by RHL Appraisal Ltd. Details of the arrangement are set out in the announcement dated 15 April 2005 issued by the Company.

Rentals charged by Homley under the above tenancy agreement during the period amounted to HK\$1,620,000 (six months ended 30 September 2006: HK\$1,620,000). At 30 September 2007, accrued rental payable to Homley amounted to HK\$810,000 (31 March 2007: HK\$810,000) and was included in trade and other payables.

Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk, Ms Cheng Pak Ming, Judy and Miss Cheng Pak Man, Anita are deemed to be beneficially interested in Homley.

- (b) During the period, the Group leased certain residential premises from Hover City. On 31 January 2007, the Group further renewed the tenancy agreement with Hover City for a period of one year from 1 February 2007 to 31 January 2008 at a monthly rental of HK\$58,000 and a rental deposit of HK\$116,000.

Rental charged by Hover City under the above agreement during the period amounted to HK\$348,000 (six months ended 30 September 2006: HK\$300,000). The monthly rental was determined by both parties with reference to the prevailing market rates.

- (c) On 25 April 2003, the Group entered into a loan agreement with Hover City for a loan facility of HK\$10,000,000 offered to the Group by Hover City. The sum drawn down by the Group will bear interest at 3% below the best lending rate quoted by a bank in Hong Kong and shall be repaid in one lump sum (including accrued interests) by 24 April 2005. On 9 July 2004, the Group renewed the terms of the loan agreement with Hover City and the loan facility was extended to HK\$15,000,000 and the final repayment date to 30 June 2006. On 7 January 2005, the loan facility was further extended to HK\$25,000,000 and the final repayment date to 31 December 2006. On 7 March 2006, the final repayment date was further extended to 31 December 2008. Interest expense charged to the consolidated income statement during the period amounted to approximately HK\$447,000 (six months ended 30 September 2006: HK\$471,000) (also see note 11).
- (d) The remuneration of the Company’s directors and other key management members during the period amounted to HK\$2,007,000 (six months ended 30 September 2006: HK\$1,959,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the six months ended 30 September 2007, the Group recorded a consolidated turnover of approximately HK\$47.9 million, representing a decrease of approximately HK\$1.6 million or 3.3% compared to the last corresponding period. The decrease was mainly attributable to decreased sales in the Group's environmental friendly paper tableware business.

The net loss for the period under review was approximately HK\$2.0 million, representing a decrease of 42% as compared to the net loss of approximately HK\$3.5 million of the last corresponding period. The improvement in the overall results was mainly due to an approximately HK\$1.4 million decrease in administrative expenses.

### Review of Operations

The Group's restaurant operation in Hong Kong continues to provide a stable source of revenue and remains the largest contributor to turnover, generating 93% of the Group's turnover for the period under review. The segment turnover related to the reporting period increased by 4.4% to HK\$44.5 million, while the segment loss declined by 14% to HK\$1.5 million. The improvement in sales and profit margin was partly offset by a substantial increase in rental expenditure of approximately HK\$1.6 million.

The Group's environmental friendly paper tableware segment recorded a turnover of approximately HK\$3.5 million which is below the last corresponding period's turnover of approximately HK\$6.9 million. The decline in sales was mainly due to reduced orders from our US customers. The segment loss however was HK\$0.2 million, representing an improvement of HK\$1.1 million from the last corresponding period and was mainly attributable to lower operating and administrative costs.

### Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK\$14.8 million as at 30 September 2007. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2007 and 31 March 2007.

The Group has obtained loan facilities from a related company, Hover City Industrial Limited, which bear interest at 3% below the best lending rate quoted by a bank in Hong Kong. As at 30 September 2007, the sum drawn down by the Group was approximately HK\$18.8 million (31 March 2007: HK\$18.8 million), with accrued interests of approximately HK\$2.4 million (31 March 2007: HK\$2.0 million). The loans are repayable in one lump sum (including accrued interests) by 31 December 2008.

With the cash generated from the Group's operation in its ordinary course of business and the existing unutilised loan facilities, the directors consider that the Group has sufficient working capital for its operation.

**Foreign Exchange Exposure**

As most of our sales, purchases, cash and bank balances were denominated in Hong Kong dollars during the period, the Group was not exposed to material foreign exchange risks.

**Employees and Remuneration Policies**

At 30 September 2007, the Group had approximately 230 staff. Review of the employees' remuneration packages is normally conducted annually and as required from time to time. The salary and benefit levels of the Group's employees are competitive and individual performance is rewarded through the Group's bonus scheme. Other benefits including medical coverage and Mandatory Provident Fund Scheme are also provided to employees.

**INTERIM DIVIDEND**

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2007 (for the six months ended 30 September 2006: Nil).

**PROSPECTS**

The second half of the financial year is traditionally the peak season for the food and beverage industry. The Group expects its restaurant business to achieve higher turnover and positive results benefiting from the generally favourable economic environment, higher consumer expenditure and increased number of tourists during the festive season. For the Group's environmental friendly paper tableware business, through our continuous effort to restructure the plant operation and to explore new business opportunities, we aim to improve the overall sales and results in the near future.

Management review has been conducted across all business segments of the Group with the aim to better position the Group to meet the challenges ahead and to capture any business opportunities as they arise.

## SHARE OPTIONS

The Company's share option scheme (the "Scheme"), which was adopted on 22 August 2002 for the primary purpose of enabling the Company to grant options to employees, directors, consultants, advisers and/or agents of the Company or any of its subsidiaries as incentives or rewards for their contribution to the Company or such subsidiaries, will expire on 21 August 2012.

At 30 September 2007, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 24,242,675 shares, representing 5% of the shares of the Company in issue at that date. A summary of the said share options is set out below:

Participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options			Outstanding as at 30.9.2007
				Outstanding as at 1.4.2007	Granted during the period	Lapsed during the period	
Directors	12.5.2005	12.5.2005 – 12.5.2011	0.10	19,394,140	–	–	19,394,140
Employees	12.5.2005	12.5.2005 – 12.5.2011	0.10	4,848,535	–	–	4,848,535
				<u>24,242,675</u>	<u>–</u>	<u>–</u>	<u>24,242,675</u>

Note: Details of the share options granted to each director of the Company are set out in the section headed "Directors' Interests in Shares, Underlying Shares and Debentures".

No share options granted under the Scheme were exercised, cancelled or lapsed during the period ended 30 September 2007.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2007, the interests of the directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### Long positions

(I) Ordinary shares of HK\$0.10 each of the Company:

Name of director	Capacity	Number of issued ordinary shares held	% of the issued share capital of the Company
Mr. Cheng Hop Fai	Beneficiary of trusts (note)	339,397,470	70%
Mrs. Cheng Kwok Kwan Yuk	Beneficiary of trusts (note)	339,397,470	70%
Ms. Cheng Pak Ming, Judy	Beneficiary of trusts (note)	339,397,470	70%
Miss Cheng Pak Man, Anita	Beneficiary of trusts (note)	339,397,470	70%
Mr. Law Toe Ming	Beneficial owner	500,000	0.1%

Note: Golden Toy Investments Limited ("Golden Toy") and Kong Fai International Limited ("Kong Fai") held 43,217,445 shares (or 8.91% interest) and 296,180,025 shares (or 61.09% interest) of the Company, respectively. Golden Toy and Kong Fai are wholly-owned by two discretionary trusts of which family members of Mr. Cheng Hop Fai, including Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk, Ms. Cheng Pak Ming, Judy and Miss Cheng Pak Man, Anita, are discretionary objects.

## (2) Share options

Details of share options granted to the directors under the Scheme at the beginning and at the end of the six months period ended 30 September 2007 were as follows:

Directors	Date of grant	Exercisable period	Exercise price per share	Number of share options	
				Outstanding as at 1.4.2007	Outstanding as at 30.9.2007
Mr. Cheng Hop Fai	12 .05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Mrs. Cheng Kwok Kwan Yuk	12 .05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Ms. Cheng Pak Ming, Judy	12 .05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
Miss Cheng Pak Man, Anita	12 .05.2005	12.05.2005 – 12.05.2011	HK\$0.10	4,848,535	4,848,535
				<u>19,394,140</u>	<u>19,394,140</u>

Save as disclosed above, as at 30 September 2007, none of the directors and the chief executive of the Company was, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in the Model Code.



## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO indicated that other than the interests disclosed above in respect of certain directors, the following persons had notified the Company of interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the SFO.

### Long positions

Ordinary shares of HK\$0.10 each of the Company:

Name	Capacity	Number of issued ordinary shares held	% of the issued share capital of the Company
Golden Toy	Beneficial owner	43,217,445 <sup>(1)</sup>	8.91%
Kong Fai	Beneficial owner	296,180,025 <sup>(1)</sup>	61.09%
Trustcorp Limited	Trustee of trusts	339,397,470 <sup>(1)</sup>	70.00%
Newcorp Ltd.	Interest of controlled corporation	339,397,470 <sup>(2)</sup>	70.00%
Newcorp Holdings Limited	Interest of controlled corporation	339,397,470 <sup>(2)</sup>	70.00%
David William Roberts	Interest of controlled corporation	339,397,470 <sup>(3)</sup>	70.00%
David Henry Christopher Hill	Interest of controlled corporation	339,397,470 <sup>(3)</sup>	70.00%
Rebecca Ann Hill	Interest of spouse	339,397,470 <sup>(4)</sup>	70.00%

#### Notes:

- (1) Trustcorp Limited is deemed under the SFO to have an interest in the same 339,397,470 shares, in aggregate, beneficially owned by Golden Toy and Kong Fai by virtue of it being the trustee of the two discretionary trusts which own 100% of the shares of Golden Toy and Kong Fai.
- (2) The corporate substantial shareholder notices filed by Newcorp Ltd. and Newcorp Holdings Limited indicated that Trustcorp Limited was wholly-owned by Newcorp Ltd. which in turn was wholly-owned by Newcorp Holdings Limited. Therefore, Newcorp Holdings Limited and Newcorp Ltd. are deemed to have interest in the 339,397,470 shares under the SFO.
- (3) The individual substantial shareholder notices filed by David William Roberts and David Henry Christopher Hill indicated that they are deemed to be interested in the 339,397,470 shares under the SFO by virtue of their interests held in Newcorp Holdings Limited.
- (4) The individual substantial shareholder notice filed by Rebecca Ann Hill indicated that her deemed interest in the 339,397,470 shares represents the interest of her spouse, David Henry Christopher Hill.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 September 2007, had interests or short positions in the shares, underlying shares or debentures of the Company that were required to be entered into the register kept by the Company pursuant to section 336 of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period under review.

### **CODE ON CORPORATE GOVERNANCE PRACTICE**

The Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months period ended 30 September 2007 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive officer and Code provision A.4.1 in respect of the service term of non-executive directors.

Code provision A.2.1 sets out that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Cheng Hop Fai assumes the role of both the Chairman and the Managing Director of the Company. The Board considers that such arrangement will not result in undue concentration of power and is, at this stage, conducive to the efficient formulation and implementation of the Group's strategies thus allowing the Group to develop its business more effectively.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for a specific term. This constitutes a deviation from Code provision A.4.1. However, as all the INEDs of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the directors, this meets the objective of the Code.

## AUDIT COMMITTEE

The members of the Audit Committee are Ms. Kan Lai Kuen, Alice (Chairman), Mr. Law Toe Ming and Mr. Mark Yiu Tong, William, the INEDs of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the Board of Directors the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2007.

## REMUNERATION COMMITTEE

Pursuant to Code provision B.1.1, the Company has established a Remuneration Committee comprising the three INEDs, namely Mr. Law Toe Ming (Chairman), Ms. Kan Lai Kuen, Alice and Mr. Mark Yiu Tong, William. The terms of reference of the Remuneration Committee are consistent with the Code provisions. The principal function of the Remuneration Committee is to make recommendation to the Board on the Group's policy and structure for the remuneration of directors and senior management.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months period ended 30 September 2007.

By Order of the Board  
**Cheng Hop Fai**  
*Chairman*

Hong Kong, 18 December 2007