



Wonderful World Holdings Limited

榮德豐控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code : 00109



Interim Report
2007/2008

* for identification purposes only

UNAUDITED CONSOLIDATED INTERIM RESULTS

The board (the “Board”) of Directors (the “Directors”) of Wonderful World Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 2007 (the “Period”) together with the comparative figures. The consolidated interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 31st December,	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	2	3,637	12,677
Turnover from distribution and trading of goods		3,637	1,879
Cost of sales		(2,611)	(2,769)
Gross profit/(loss)		1,026	(890)
Other income		1,009	136
Distribution costs		(223)	(157)
Administrative expenses		(6,406)	(4,374)
Net changes in fair value of investments held-for-trading		(27,985)	1,601
Reversal of allowance for short-term loans receivable		535	685
Reversal of long outstanding payables and accruals	3	–	3,178
(Loss)/profit from operations	4	(32,044)	179
Finance costs		–	–
(Loss)/profit for the Period, attributable to equity holders of the Company		(32,044)	179
(Loss)/earnings per share – Basic	6	(HK\$0.0061)	HK\$0.0004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six months ended 31st December, 2007 (unaudited)**

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Distributable reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st July, 2007	5,098	399,012	847	39,387	(5)	(426,155)	18,184
Loss for the period	-	-	-	-	-	(32,044)	(32,044)
Issue of bonus shares using share premium	40,780	(40,780)	-	-	-	-	-
Issue of shares for cash	18,351	185,345	-	-	-	-	203,696
Expenses incurred in connection with issue of shares	-	(5,292)	-	-	-	-	(5,292)
At 31st December, 2007	64,229	538,285	847	39,387	(5)	(458,199)	184,544

For the six months ended 31st December, 2006 (unaudited)

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Distributable reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st July, 2006	4,248	388,088	847	39,387	(5)	(426,258)	6,307
Profit for the period	-	-	-	-	-	179	179
At 31st December, 2006	4,248	388,088	847	39,387	(5)	(426,079)	6,486

CONDENSED CONSOLIDATED BALANCE SHEET

		At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	935	244
Available-for-sale investments	8	880	880
		1,815	1,124
CURRENT ASSETS			
Inventories	9	805	381
Trade and other receivables	10	1,916	1,661
Short-term loans receivable	11	300	2,305
Investments held-for-trading	12	33,097	–
Bank balances and cash		157,229	21,959
		193,347	26,306
CURRENT LIABILITIES			
Trade and other payables	13	3,488	3,120
Provision for legal claims	15	7,000	5,996
Taxation payable		130	130
		10,618	9,246
NET CURRENT ASSETS		182,729	17,060
		184,544	18,184
CAPITAL AND RESERVES			
Share capital	14	64,229	5,098
Reserves		120,315	13,086
		184,544	18,184

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	31st December, 2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(1,318)	2,190
Net cash used in investing activities	(61,816)	(157)
Net cash from financing activities	198,404	–
Net increase in cash and cash equivalents	135,270	2,033
Cash and cash equivalents at beginning of the period	21,959	5,749
Cash and cash equivalents at end of the period, represented by bank balances and cash	157,229	7,782

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The preparation of the Interim Financial Report in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Report has been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, investments held-for-trading and certain financial instruments, which are carried at fair values, and in accordance with accounting principles generally accepted in Hong Kong, and accounting standards issued by the HKICPA.

This Interim Financial Report should be read in conjunction with the annual financial statements for the year ended 30th June, 2007. The accounting policies adopted are consistent with those adopted by the Group in its annual financial statements for the year ended 30th June, 2007.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (“INT”) (hereinafter collectively referred to as “new HKFRSs”) which are either mandatory or are available for early adoption and are not yet effective.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 30th June, 2008.

HKAS 1 (Amendment)	Presentation to Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The adoption of the above standards, amendments to standards and interpretations did not have any significant financial impact to the Group. Full disclosures as required by HKAS 1 and HKFRS 7 (whichever relevant) will be disclosed in the annual accounts for the year ending 30th June, 2008.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 30th June, 2008 and have not been early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-INT 12	Service Concession Arrangements
HK(IFRIC)-INT 13	Customer Loyalty Programmes
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset. Minimum Funding Requirements and their Interaction

The Directors anticipate that the adoption of these new standards, amendments to standards and interpretations in future periods will have no significant financial impact to the Group.

2. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group is currently organized into two operating divisions, namely, investment and financial services (including trading of securities and loan financing services) and distribution and trading (mainly sales of goods).

Segment information about these businesses is presented below:

By business segments

INCOME STATEMENT

For the six months ended 31st December, 2007 (unaudited)

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Consolidated HK\$'000
TURNOVER			
External sales	–	3,637	3,637
RESULTS			
Segment results	(29,219)	(303)	(29,522)
Unallocated corporate expenses			(2,522)
Loss for the Period			(32,044)

2. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

By business segments (continued)

INCOME STATEMENT

For the six months ended 31st December, 2006 (unaudited)

	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Consolidated HK\$'000
TURNOVER			
External sales	10,798	1,879	12,677
RESULTS			
Segment results	(1,418)	(890)	(2,308)
Unallocated corporate expenses			(691)
Unallocated sundry income (reversal of long outstanding payables and accruals)			3,178
Profit for the period			179

By geographical segment

During the six months ended 31st December, 2007 and 31st December, 2006, all of the Group's operations were principally located in Hong Kong. No geographical segmental analysis is presented as all of the Group's turnover and assets were mainly attributable to Hong Kong.

3. REVERSAL OF LONG OUTSTANDING PAYABLES AND ACCRUALS

There was no reversal (2006: reversal of HK\$3.18 million) for the six months ended 31st December, 2007 for long outstanding payable and accruals brought forward from prior years.

4. (LOSS)/PROFIT FROM OPERATIONS

	For the six months ended 31st December,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
(Loss)/profit for the Period has been arrived at after charging (crediting):		
Realised gains and losses on investments held-for-trading:		
– Proceeds on trading (included in turnover)	–	(10,798)
– Cost of trading (included in cost of sales)	–	10,720
	–	(78)
Depreciation of property, plant and equipment		
– owned assets	45	53
– assets held under finance leases	–	–
Dividends from equity securities	–	(15)
Interest income	(1,009)	(120)

5. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for both periods.

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the Period of approximately HK\$32,044,000 (2006: profit of HK\$179,000) and on the weighted average number of 5,239,651,475 (2006: 424,800,000) ordinary shares in issue after adjusting for the bonus issue on 7th September, 2007 and share placement approved on 28th September, 2007 as disclosed in note 14.

No diluted (loss)/earnings per share was presented in 2007 and 2006 as there were no dilutive potential ordinary shares in existence for both periods.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group spent HK\$736,000 (2006: HK\$172,000) on additions to property, plant and equipment.

8. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st December, 2007 (unaudited) and 30th June, 2007 (audited) comprise:

	Cost HK\$'000	Accumulated impairment HK\$'000	Net HK\$'000
Investments in equity securities listed in Hong Kong (note (i))	9,569	(8,689)	880
Investments in unlisted equity securities in Hong Kong (note (ii))	129,458	(129,458)	–
	139,027	(138,147)	880

Notes:

- (i) Investments in listed equity securities are stated at fair value. As the shares of the listed investee had been suspended for trading since 29th December, 2004, the fair value is determined by reference to the consideration of such securities in a recent sales transaction.
- (ii) Investments in unlisted equity securities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably. The Directors consider that these investments contribute no significant value to the Group and accordingly, the investment costs in these unlisted equity securities should be fully impaired.

9. INVENTORIES

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Merchandise for sale, at cost	805	381

10. TRADE AND OTHER RECEIVABLES

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Trade receivables, net of accumulated impairment	566	392
Other receivables, net of accumulated impairment	1,350	1,269
	1,916	1,661

The Group allows an average credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment losses at the balance sheet date:

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Trade receivables:		
Within 30 days	236	300
Within 31-60 days	34	67
Within 61-90 days	32	5
Over 90 days	264	20
	566	392

The fair values of the Group's trade and other receivables approximate their corresponding carrying amounts.

11. SHORT-TERM LOANS RECEIVABLE

Included in loan receivables at 30th June, 2007 are loans receivable with carrying amounts of HK\$1,000,000 and HK\$700,000, which are secured by lease hold land interest in Hong Kong and certain equipment, respectively.

The loans at 31st December, 2007 are unsecured, denominated in Hong Kong dollars and are made in general for a period of four months, but may be extended on mutual agreement and carry interest at 30% per annum. The loans at 30th June, 2007 were denominated in Hong Kong dollars and were made in general for a period of from one to three months, but may be extended on mutual agreement and carry interest at 24% per annum.

12. INVESTMENTS HELD-FOR-TRADING

Investments held-for-trading represent investments in equity securities listed in Hong Kong. The fair values of these securities are determined on the basis of the quoted market bid prices available on the Stock Exchange.

13. TRADE AND OTHER PAYABLES

Included within trade and other payable were trade payables of approximately HK\$805,000 (30th June, 2007: HK\$1,250,000) and the aged analysis is as follows:

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Trade payables:		
Within 30 days	275	140
Within 31-60 days	54	105
Within 61-90 days	8	85
Over 90 days	468	920
	805	1,250

The fair values of the Group's trade and other payables approximate their corresponding carrying amounts.

14. SHARE CAPITAL

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Authorized:		
20,000,000,000 (30th June, 2007: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid:		
6,422,940,000 (30th June, 2007: 509,760,000) ordinary shares of HK\$0.01 each (<i>Note</i>)	64,229	5,098

Note: On 7th September, 2007, the Company issued eight bonus shares for every share held by the shareholders in the register of members of the Company resulting in 4,078,080,000 bonus shares issued of HK\$0.01 each. On 28th September, 2007, the shareholders approved placing of 1,835,100,000 new ordinary shares of HK\$0.01 each and the issue of new shares was completed on 25th October, 2007.

15. PROVISION FOR LEGAL CLAIMS/CONTINGENT LIABILITIES

On 10th November, 2000, the Company was named as a defendant in a legal action in which a claim was made against the Company for failure to pay, as the guarantor, an amount of approximately HK\$5,996,000 and interest thereon (the "Claim"). In January 2003, the Company's lawyers had sought discovery of the original copies of the relevant documents from the plaintiff (the "Plaintiff") and yet the Plaintiff had failed to respond or furnish any of the requested documents. The Plaintiff had since then not taken any further steps to activate the proceedings which had then become dormant for over a year. In July 2004, the Company was informed by the Plaintiff of its decision of re-activating the proceedings. The Directors, after seeking legal advice, had decided to make a provision of HK\$5,996,000 for potential liability during the year ended 30th June, 2004. The Company applied for an order to strike out the proceedings during the year ended 30th June, 2005, but the application for striking out was subsequently dismissed. By way of Consent Summons and an order from the High Court of Hong Kong dated 22nd February 2008, the Company and the Plaintiff agreed to full and final settlement of the Claim with payment of HK\$7,000,000 from the Company. On the aforesaid basis, the Directors have made a provision of HK\$7,000,000 for the Claim.

16. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date and on 13 March 2008, the Company paid an amount of HK\$7,000,000 as full and final settlement of the Plaintiff's Claim.

17. COMMITMENTS

Commitments under operating leases

As at 31st December, 2007, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	At 31st December, 2007 (Unaudited) HK\$'000	At 30th June, 2007 (Audited) HK\$'000
Within one year	925	724
In second to third year inclusive	1,851	–
	2,776	724

There were no material capital commitments for property, plant and equipment as at 31st December, 2007.

18. APPROVAL OF THE INTERIM REPORT

These interim financial statements were approved and authorized for issue by the Board on 25th March, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months period ended 31st December, 2007, the turnover of the Group decreased by approximately HK\$9,040,000 to approximately HK\$3,637,000 (2006: HK\$12,677,000), representing a decrease of approximately 71% as compared to the corresponding period of last year. The Group did not incur any turnover (2006: HK\$10,798,000) for its investment and financial services for the period under review. Business activities in distribution and trading have continued to contribute to turnover of HK\$3,637,000 (2006: HK\$1,879,000) for the Group. As a result, the Group's total turnover decreases for the six months period ended 31st December, 2007.

The Group incurred a net loss of HK\$32,044,000 for the period under review compared to a net profit of HK\$179,000 of the corresponding period of last year. The Group has steadily built up portfolio for listed shares investments held-for-trading based on a prudent and risk balanced approach during the period under review, however as a result of the volatility of the worldwide markets impacting the local market during the fourth quarter of year 2007, the Group recognised accounting loss for the listed shares investments held which were stated at market value at period end. The Group has also further provided a provision of approximately HK\$1 million for the legal contingency as further detailed in notes 15 and 16 to the consolidated financial statements in respect of the latest development of a settlement of the legal case. Combining the impacts as above narrated, a net loss was resulted for the six months ended 31st December, 2007.

Business Review

Although there had been decrease in activities in financial and investment services in particular in realisation of its shares investment, the Group had continued putting effort into its distribution and trading arm as part of the reinforcement of its strategic planning. The turnover generated from distribution and trading businesses maintained its momentum during the period under review and it forms an important portion of the Group's turnover. The healthy diversification of the Group's revenue sources is under the radar of the management and remains the focus of the Group.

The trading business in children's playground equipment and accessories, and recycled rubber tiles continues to be the major revenue contributor in distribution and trading business. The average contracted amounts for orders completed during the period under review had been very steady and consistent and showed no pace of slowing down.

Future Prospects

The Group will continue to exercise due care on the investment portfolio in view of the volatility of the stock markets internationally, stocks which may be impacted directly by the sub-prime crisis had been avoided and will be our risk management focus in the slow and cautious investment process undertaken by the Group. We expect the investment portfolio to contribute to the Group's turnover after the sub-prime crisis is alleviated and the investment atmosphere is improved.

The Group will continue to review and consider investment opportunities with high return in China to diversify the business scope and to bring new arena to our business. With Olympics raising the China profile and a steady economy in China continues on, more new areas with prosperous opportunities will surface and we will explore the resulting alighting areas.

Liquidity and Financial Resources

The Group maintains its strong financial position with cash and cash equivalents of approximately HK\$157.23 million (30th June, 2007: HK\$21.96 million). The Group is basically debt-free and at a strong net cash position with completion of the placement and issue of 1,835,100,000 new shares in October 2007.

As at 31st December, 2007, the Group had a net current assets of approximately HK\$182.73 million (30th June, 2007: HK\$17.06 million). The shareholders' equity was approximately HK\$184.54 million (30th June, 2007: HK\$18.18 million) and there was no outstanding bank loan or other borrowings, hence a zero gearing ratio.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2007 (2006: nil).

FOREIGN EXCHANGE EXPOSURE

The Group's monetary assets and liabilities were primarily denominated in Hong Kong dollars and thus the Group would not have significant exposures to material fluctuations in exchange rates. As at 31st December, 2007, the Group had no material exposures under foreign exchange contracts, interest, currency swaps or other financial derivatives.

DISCLOSURE OF INTERESTS

(i) Directors

At 31st December, 2007, the interests or short positions of each Director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to be notified to the Company and the Stock Exchange were as follows:

Ordinary shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Ng Leung Ho	Beneficial owner	1,217,418,831	18.95%
Mr. Ho Kam Hung	Beneficial owner	5,000,000	0.08%

Save as disclosed above, none of the Directors and the chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholder

At 31st December, 2007, so far as is known to the Directors, shareholders who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

<u>Name</u>	<u>Capacity</u>	<u>Number of issued ordinary shares held</u>	<u>Approximate percentage of the issued share capital of the Company</u>
Mr. Ng Leung Ho	Beneficial owner	1,217,418,831	18.95%

Save as disclosed herein, no other person was directly or indirectly beneficially interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as at 31st December, 2007.

None of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st December, 2007, the Group employed approximately 22 employees. The Remuneration Committee and the Directors of the Group reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company has a share option scheme to enable the Directors of the Company to grant options to eligible employees, including executive Directors, of the Company and its subsidiaries to subscribe for shares in the Company.

No share options were granted during the Period and there are no share options outstanding as at 31st December, 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st December, 2007.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises the three independent non-executive Directors of the Company. The primary duties of the Audit Committee are to review the Company's annual and interim results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters, including review of the unaudited interim financial statements of the Group for the Period.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied throughout the six months ended 31st December, 2007 with the Code on Corporate Governance Practices (the "Code") as set out by the Stock Exchange in Appendix 14 to the Listing Rules, except for the following deviation:

Under the code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. All independent non-executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation in the annual general meeting according to the provisions of the Company's Bye-Laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (“Model Code”) to Listing Rules during the period under review. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the period ended 31st December, 2007.

POST BALANCE SHEET EVENT

Details of significant event occurring after the balance sheet date is set out in note 16 to the consolidated financial statements.

OTHER INFORMATION

The Company made a press announcement dated 31st October, 2005 in relation to, inter alia, continuing connected transactions involving the leasing of office premises from an associate (as defined in the Listing Rules) of a connected person (as defined in the Listing Rules) of the Company. For the six months ended 31st December, 2007, the total rentals (inclusive of building management fee and services fees but excluding government rates and government rent) amounting to approximately HK\$400,798 (for the six months ended 31st December, 2006 : HK\$499,150) were paid to the said associate of a connected person of the Company.

APPRECIATION

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

On behalf of the Board
Ng Leung Ho
Chairman

Hong Kong, 25th March, 2008