



**Wonderful World Holdings Limited**

**榮德豐控股有限公司\***

(Incorporated in Bermuda with limited liability)

Stock Code : 00109

Interim Report  
**2008/2009**

\* For identification purpose 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, 2008 (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, 2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover	2	26,954	3,637
Revenue from distribution and trading of goods		1,617	3,637
Cost of sales		(1,367)	(2,611)
Gross profit		250	1,026
Net changes in fair value of investments held-for-trading		(32,983)	(27,985)
Other gains and income	3	131	1,009
Distribution costs		(69)	(223)
Administrative expenses		(4,849)	(6,406)
Disposal of fixed assets		(45)	–
Reversal of allowance for short-term loans receivable		–	535
Loss from operations	4	(37,565)	(32,044)
Finance costs		–	–
Loss for the period, attributable to equity holders of the Company		(37,565)	(32,044)
Basic – Loss per share	6	(HK\$0.0056)	(HK\$0.0061)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 31st December, 2008 (unaudited)*

	Issued capital	Share premium	Special reserve	Distributable reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July, 2008	64,229	538,285	847	39,387	(5)	9,392	(468,545)	183,590
Loss for the period	-	-	-	-	-	-	(37,565)	(37,565)
Issue of shares for cash	12,840	12,840	-	-	-	-	-	25,680
Expenses incurred in connection with issue of shares	-	(692)	-	-	-	-	-	(692)
Lapse of share options	-	-	-	-	-	(2,525)	2,525	-
At 31st December, 2008	77,069	550,433	847	39,387	(5)	6,867	(503,585)	171,013

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

	Issued capital	Share premium	Special reserve	Distributable reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<b>At 31st December, 2008 (Unaudited) HK\$'000</b>	<b>At 30th June, 2008 (Audited) HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>7</i>	<b>904</b>	289
Available-for-sale investments	<i>8</i>	<b>880</b>	880
		<b>1,784</b>	1,169
<b>CURRENT ASSETS</b>			
Inventories	<i>9</i>	<b>222</b>	400
Trade and other receivables	<i>10</i>	<b>1,429</b>	3,107
Short-term loans receivable	<i>11</i>	<b>300</b>	300
Investments held-for-trading	<i>12</i>	<b>30,255</b>	39,503
Bank balances and cash		<b>138,750</b>	142,224
		<b>170,956</b>	185,534
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>13</i>	<b>1,597</b>	2,983
Taxation payable		<b>130</b>	130
		<b>1,727</b>	3,113
<b>NET CURRENT ASSETS</b>		<b>169,229</b>	182,421
		<b>171,013</b>	183,590
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>77,069</b>	64,229
Reserves		<b>93,944</b>	119,361
		<b>171,013</b>	183,590

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the six months ended</b>	
	<b>31st December,</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(4,933)</b>	(1,318)
Net cash used in investing activities	<b>(23,529)</b>	(61,816)
Net cash generated from financing activities	<b>24,988</b>	198,404
Net (decrease)/increase in cash and cash equivalents	<b>(3,474)</b>	135,270
Cash and cash equivalents at beginning of the period	<b>142,224</b>	21,959
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b>138,750</b>	157,229

## 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.

The accounting policies used in preparation of the condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 June 2008 with addition of certain new standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRSs”) issued and effective as at the time of preparing this report. These are:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods.

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



## 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, 2008 (unaudited)*

	Investment and financial services <i>HK\$'000</i>	Distribution and trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>TURNOVER</b>			
External sales	25,337	1,617	26,954
<b>RESULTS</b>			
Segment results	(34,045)	(481)	(34,526)
Unallocated corporate expenses			(3,039)
Loss for the period			(37,565)



## 2. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### By business segments (continued)

#### 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
<b>TURNOVER</b>			
External sales	–	3,637	3,637
<b>RESULTS</b>			
Segment results	(29,219)	(303)	(29,522)
Unallocated corporate expenses			(2,522)
Loss for the period			(32,044)

### By geographical segment

During the six months ended 31st December, 2008 and 31st December, 2007, 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. OTHER GAINS AND INCOME

	For the six months ended	
	31st December, 2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>
Bank interest income	938	1,009
Sundry income	9	–
Loss on disposal of investment held for trading	(1,218)	–
Dividend income from equity securities	402	–
	<b>131</b>	<b>1,009</b>

### 4. LOSS FROM OPERATIONS

	For the six months ended	
	31st December, 2008 (Unaudited) <i>HK\$'000</i>	2007 (Unaudited) <i>HK\$'000</i>
Loss 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)	(25,337)	–
– Cost of trading	26,555	–
	<b>1,218</b>	<b>–</b>
Depreciation of property, plant and equipment		
– owned assets	165	45
– assets held under finance leases	–	–
Dividends from equity securities	(402)	–
Interest income	(938)	(1,009)

## 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 PER SHARE

The calculation of basic loss per share is based on the loss for the period of approximately HK\$37,565,000 (2007: loss of HK\$32,044,000) and on the weighted average number of 6,681,135,652 (2007: 5,239,651,475) ordinary shares in issue during the period.

The Company's share options granted had an anti-dilutive effect to the loss per share calculation for the current period.

Diluted loss per share for the current and previous period has not been disclosed as no dilutive event existed during both periods.

## 7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$825,000 (2007: HK\$736,000) on additions to property, plant and equipment.

## 8. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st December, 2008 (unaudited) and 30th June, 2008 (audited) comprise:

	Cost	Accumulated impairment	Net
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investments in equity securities listed			
in Hong Kong ( <i>note (i)</i> )	9,569	(8,689)	880
Investments in unlisted equity securities			
in Hong Kong ( <i>note (ii)</i> )	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.

**8. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)**

- (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**

	<b>At 31st December, 2008 (Unaudited) HK\$'000</b>	<b>At 30th June, 2008 (Audited) HK\$'000</b>
Merchandise for sale	222	400

**10. TRADE AND OTHER RECEIVABLES**

	<b>At 31st December, 2008 (Unaudited) HK\$'000</b>	<b>At 30th June, 2008 (Audited) HK\$'000</b>
Trade receivables	22,312	22,821
Less: Allowance for doubtful debts	(22,171)	(22,171)
	<b>141</b>	<b>650</b>
Other receivables	18,379	19,548
Less: Allowance for doubtful debts	(17,091)	(17,091)
	<b>1,288</b>	<b>2,457</b>
	<b>1,429</b>	<b>3,107</b>

**10. TRADE AND OTHER RECEIVABLES (CONTINUED)**

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:

	<b>At 31st December, 2008 (Unaudited) HK\$'000</b>	<b>At 30th June, 2008 (Audited) HK\$'000</b>
Trade receivables:		
Within 30 days	27	328
Within 31-60 days	5	5
Within 61-90 days	26	19
Over 90 days	83	298
	<b>141</b>	<b>650</b>

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

**11. SHORT-TERM LOANS RECEIVABLE**

The loans at 31st December, 2008 and 30th June, 2008 were denominated in Hong Kong dollars and were made in general for a period of from four to six months, but may be extended on mutual agreement and carry interest at fixed rate of 30% per annum.

**12. INVESTMENTS HELD-FOR-TRADING**

The amount at 31st December, 2008 represented investments in equity securities listed in Hong Kong, stated at market value.

### 13. TRADE AND OTHER PAYABLES

Included within trade and other payable were trade payables of approximately HK\$43,000 (30th June, 2008: HK\$936,000) and the aged analysis is as follows:

	<b>At 31st December, 2008 (Unaudited) HK\$'000</b>	<b>At 30th June, 2008 (Audited) HK\$'000</b>
Trade payables:		
Within 30 days	–	198
Within 31-60 days	<b>41</b>	28
Within 61-90 days	–	328
Over 90 days	<b>2</b>	382
	<b>43</b>	936

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

#### 14. EQUITY SETTLED SHARE-BASED TRANSACTION

In 2008, the Company adopted a share option scheme that entitles key management personnel and employees to subscribe for shares in the Company. The terms and conditions of the share option scheme are disclosed in the consolidated financial statements for the year ended 30 June 2008.

A summary of option movements for the six months ended 31 December 2008 is presented below:

	Six months ended 31 December 2008 (Unaudited)		Year ended 30 June 2008 (Audited)	
	Weighted Average exercise price <i>HK\$'000</i>	Number of shares involved in the options	Weighted average exercise price <i>HK\$'000</i>	Number of shares involved in the options
At beginning of period/year	0.121	295,000,000	-	-
Granted	-	-	0.121	295,000,000
Exercised	-	-	-	-
Cancelled	0.123	(78,000,000)	-	-
<b>Outstanding at end of period/year</b>	<b>0.120</b>	<b>217,000,000</b>	0.121	295,000,000
<b>Exercisable of the end of period/year</b>	<b>0.120</b>	<b>86,800,000</b>	0.121	91,600,000

No share option has been exercised during the six months ended 31 December 2008.

## 15. SHARE CAPITAL

	At 31st December, 2008 (Unaudited) <i>HK\$'000</i>	At 30th June, 2008 (Audited) <i>HK\$'000</i>
Authorized:		
20,000,000,000 (30th June, 2008: 20,000,000,000) ordinary shares of HK\$0.01 each	<b>200,000</b>	200,000
Issued and fully paid:		
7,706,940,000 (30th June, 2008: 6,422,940,000) ordinary shares of HK\$0.01 each ( <i>Note</i> )	<b>77,069</b>	64,229

*Note:* On 13th November, 2008, the shareholders approved placing of 1,284,000,000 new ordinary shares of HK\$0.01 each and the issue of new shares was completed on 25th November, 2008.

## 16. COMMITMENTS

### Commitments under operating leases

As at 31st December, 2008, 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, 2008 (Unaudited) <i>HK\$'000</i>	At 30th June, 2008 (Audited) <i>HK\$'000</i>
Within one year	<b>2,264</b>	2,203
In second to fifth year inclusive	<b>2,121</b>	3,314
	<b>4,385</b>	5,517

There were no material capital commitments for property, plant and equipment as at 31st December, 2008.



## 17. APPROVAL OF THE INTERIM REPORT

These interim financial statements were approved and authorized for issue by the Board on 25th March, 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months period ended 31st December, 2008, the turnover of the Group increased by approximately HK\$23,317,000 to approximately HK\$26,954,000 (2007: HK\$3,637,000), representing a increase of approximately 641.10% as compared to the corresponding period of last year. Turnover for the Group's investment and financial services for the period under review was approximately HK\$25,337,000 whereas there had been no turnover incurred for the same period of last year. Business activities in distribution and trading have reduced but still contributed turnover of HK\$1,617,000 (2007: HK\$3,637,000) for the Group. As a result, the Group's total turnover increases for the six months period ended 31st December, 2008.

The Group incurred a net loss of approximately HK\$37,565,000 for the period under review compared to a net loss of HK\$32,044,000 of the corresponding period of last year. The Group has rationalised its portfolio for listed shares investments held-for-trading based on a prudent and risk balanced approach during the period under review and has offloaded some of its portfolio upon relatively better prices were available at the market, however as a result of the volatility of the credit crunch in the United States leading to serious aftermath on the worldwide markets during the fourth quarter of year 2008, the Group recognised accounting loss higher than the same period last year for the listed shares investments held which were stated at market value at period end based on the lowering price at end of year 2008. The Group has controlled and lowered its administrative expense for the current period but the resulting profit impact was net-off by the lowering in other gains and income during the period as compared to the same period last year. Combining the impacts as above narrated, a slightly higher net loss compared to same period last year was resulted for the six months ended 31st December, 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Review

Although there had been increase in activities in financial and investment services in particular in realisation of its shares investment as market allowed to manage and reduce loss due to the negative impact of the global credit crisis, the Group had continued its effort into its distribution and trading arm as a diversification goal of our income source, however a more cautious manner had been taken on approval of credit terms to the customers and consequently the activities for the trading arm had been lowered compared to previous periods. Maintenance and protection of the Group's assets have been the prime focus of the Group in view of the global downturn.

### Future Prospects

The Group will continue to and increasingly exercise due care on the investment portfolio in view of the volatility of the stock markets internationally, stocks likely to be further impacted substantially by the global down turn will not be considered, in addition time to review and decide on new investment undertaken by the Group have been lengthened consistent with our priority to maintain our resources through the forthcoming prolonged difficult period resulting from the global financial tsunami. We expect the investment portfolio to contribute to the Group's profit during the recovery path of the worldwide market to be re-established later on.

The Group will continue to review and consider investment opportunities which are more recession-proof and able to reap the parachute impact of the domestic spending and government incentives in China, we will explore business scope in different arena to diversify and help our business to survive the global slowdown.

### Liquidity and Financial Resources

The Group maintains its strong financial position with cash and cash equivalents of approximately HK\$138.75 million (30th June, 2008: HK\$142.23 million). The Group is basically debt-free and at a strong net cash position with completion of the placement and issue of 1,284,000,000 new shares in November 2008.

As at 31st December, 2008, the Group had a net current assets of approximately HK\$169.23 million (30th June, 2008: HK\$182.42 million). The shareholders' equity was approximately HK\$171.01 million (30th June, 2008: HK\$183.59 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, 2008 (2007: 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, 2008, 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, 2008, 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	Number of share options held	Total	Approximate percentage of the issued share capital of the Company
Mr. Lo Wan Sing, Vincent	Beneficial owner	400,000,000	6,000,000	406,000,000	5.27%
Mr. Ho Kam Hung	Beneficial owner	5,000,000	59,000,000	64,000,000	0.83%
Mr. Law Wai Fai	Beneficial owner	–	6,000,000	6,000,000	0.08%
Mr. Chau On Ta Yuen	Beneficial owner	–	6,000,000	6,000,000	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.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (ii) Substantial Shareholder

At 31st December, 2008, 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:

Name	Capacity	Number of issued ordinary shares held	Number of share options held	Total	Approximate percentage of the issued share capital of the Company
Mr. Ng Leung Ho	Beneficial owner	1,217,418,831	-	1,217,418,831	15.80%
Mr. Lo Wan Sing, Vincent	Beneficial owner	400,000,000	6,000,000	406,000,000	5.27%

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, 2008.

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, 2008, the Group employed approximately 16 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

Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 29th January, 2008, the Company adopted the share option scheme.

Up to 31st December, 2008, there were 295,000,000 share options granted. 78,000,000 option has been cancelled or lapsed. Details of which were as follows:

Director	Number of shares under option			End of period	Subscription price per share	Date of grant of share options	Vesting and exercisable period
	Beginning of period	Granted during the period	Lapsed during the period				
Mr. Ng Leung Ho (Note 1)	6,000,000	-	(6,000,000)	-	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Mr. Ho Kam Hung	59,000,000	-	-	59,000,000	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Mr. Li Xiang Jun (Note 2)	60,000,000	-	(60,000,000)	-	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Mr. Law Wai Fai	6,000,000	-	-	6,000,000	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Mr. Lo Wan Sing, Vincent	6,000,000	-	-	6,000,000	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Mr. Chau On Ta Yuen	6,000,000	-	-	6,000,000	0.125	5th February, 2008	5th February, 2008 to 4th February, 2018
Employees/Non-Directors	96,000,000	-	(12,000,000)	84,000,000	0.111	31st January, 2008	31st January, 2008 to 30th January, 2018
Non-Director	56,000,000	-	-	56,000,000	0.127	6th February, 2008	6th February, 2008 to 5th February, 2018
Total	295,000,000	-	(78,000,000)	217,000,000			

### Notes:

- (1) Mr. Ng Leung Ho resigned from the position of Chairman and Executive Director on 10th November, 2008.
- (2) Mr. Li XiangJun resigned from the position of Executive Director on 15th August, 2008.

## **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, 2008.

## **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 independent non-executive Directors of the Company, Mr. Law Wai Fai and Mr. Chau On Ta Yuen. 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 with the Code on Corporate Governance Practices (the "Code") as set out by the Stock Exchange in Appendix 14 to the Listing Rules during the six months ended 31st December, 2008, except for the following deviations:

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.

## **CORPORATE GOVERNANCE (CONTINUED)**

Following the re-designation of Mr. Lo Wan Sing, Vincent as an executive director on 10th November, 2008, the Company had only two independent non-executive directors and two audit committee members which fall below the minimum number of three independent non-executive directors and three members of audit committee as required under Rule 3.10(1) and Rule 3.21 of the Listing Rules. On 25th February, 2009, Mr. Wang Yan Ming was appointed as an non-executive director, a member of the audit committee and a member of the remuneration committee of the Company. Following the aforesaid appointment, the requirements of Rule 3.10 and Rule 3.21 of the Listing Rules have been complied with by the Company.

## **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, 2008.

## **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, 2008, the total rentals (inclusive of building management fee and services fees but excluding government rates and government rent) amounting to approximately HK\$150,518 (for the six months ended 31st December, 2007: HK\$400,798) 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.

List of all Directors of the Company as of the date of this report:

*Executive Directors:*

Mr. Lo Wan Sing, Vincent (*Chairman*)  
Mr. Ho Kam Hung  
(*Vice-Chairman and Managing Director*)  
Mr. Zheng Jie

*Independent Non-Executive Directors:*

Mr. Chau On Ta Yuen  
Mr. Law Wai Fai  
Mr. Wang Yan Ming

On behalf of the Board  
**Lo Wan Sing, Vincent**  
*Chairman*

Hong Kong, 25th March, 2009