



Tomorrow International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 760)

Interim Report
2009

The Board of Directors (the “Board”) of Tomorrow International Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively called the “Group”) for the six months ended 30 June 2009 with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited) (re-presented)
Continuing operations			
Revenue	4	135,003	163,019
Cost of sales		(110,048)	(137,072)
Gross profit		24,955	25,947
Other revenue and net income	5	14,166	13,627
Distribution costs		(3,143)	(3,739)
Administrative expenses		(35,731)	(36,947)
Profit/(loss) before income tax	6	247	(1,112)
Income tax expense	7	-	-
Profit/(loss) for the period from continuing operations		247	(1,112)
Discontinued operations			
Loss for the period from discontinued operations		-	(4,607)
Profit/(loss) for the period attributable to owners of the Company		247	(5,719)
Other comprehensive income/(loss)			
Exchange differences arising on translation of foreign operations		-	(678)
Fair value changes of available-for-sale financial assets		1,079	(24,211)
Other comprehensive income/(loss) for the period, net of tax		1,079	(24,889)
Total comprehensive income/(loss) for the period attributable to owners of the Company		1,326	(30,608)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued)

	Six months ended 30 June	
	2009	2008
	HK cents	HK cents
	(unaudited)	(unaudited)
Earnings/(loss) per share	9	
Basic		
From continuing operations	0.011	(0.049)
From discontinued operations	-	(0.205)
	<u>0.011</u>	<u>(0.254)</u>
From continuing and discontinued operations		
Diluted		
From continuing operations	N/A	N/A
From discontinued operations	N/A	N/A
	<u>N/A</u>	<u>N/A</u>
From continuing and discontinued operations		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2009	31 December 2008
Notes		HK\$'000 (unaudited)	HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
		50,751	57,683
		9,177	9,301
		1,072	1,000
	10	3,792	1,901
		64,792	69,885
Current assets			
		2,546	4,012
		252	252
		41,020	52,425
	11	17,336	32,408
		5,574	9,041
		657,709	643,884
		724,437	742,022
			52,698
	8	–	52,698
		724,437	794,720
Current liabilities			
	12	25,087	34,403
		19,562	26,355
		574	1,069
		55	55
		45,278	61,882
			51,300
	8	–	51,300
		45,278	113,182
Net current assets		679,159	681,538
Total assets less current liabilities		743,951	751,423

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Notes	As at	
		30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Non-current liabilities			
Provision for long service payment		2,963	2,963
Obligation under finance leases		54	100
		<u>3,017</u>	<u>3,063</u>
NET ASSETS		<u>740,934</u>	<u>748,360</u>
CAPITAL AND RESERVES			
Issued capital	13	8,991	8,991
Reserves		<u>731,943</u>	<u>730,470</u>
Equity attributable to owners of the Company		<u>740,934</u>	<u>739,461</u>
Minority interests		<u>–</u>	<u>8,899</u>
TOTAL EQUITY		<u>740,934</u>	<u>748,360</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 (unaudited)

	Attributable to owners of the Company												
	Share capital	Share premium	Currency translation reserve	Capital reserve	Contributed surplus	Capital redemption reserve	Property revaluation reserve	compensation reserve	Fair value based for-sale financial assets	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	8,991	365,359	(1,633)	801	283,208	77	4,012	16,966	1,901	59,779	739,461	8,899	748,360
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,079	247	1,326	-	1,326
Disposal of subsidiaries	-	-	147	-	-	-	-	-	-	-	147	(8,899)	(8,752)
At 30 June 2009	8,991	365,359	(1,486)	801	283,208	77	4,012	16,966	2,980	60,026	740,934	-	740,934

For the six months ended 30 June 2008 (unaudited)

	Attributable to owners of the Company												
	Share capital	Share premium	Currency translation reserve	Capital reserve	Contributed surplus	Capital redemption reserve	Property revaluation reserve	compensation reserve	Fair value based for-sale financial assets	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	8,991	365,359	(1,080)	801	283,208	77	3,813	16,966	44,517	239,852	962,504	8,899	971,403
Total comprehensive income for the period	-	-	(678)	-	-	-	-	-	(24,211)	(5,719)	(30,608)	-	(30,608)
At 30 June 2008	8,991	365,359	(1,758)	801	283,208	77	3,813	16,966	20,306	234,133	931,896	8,899	940,795

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Net cash generated from/(used in) operations	13,671	(22,430)
Net cash used in investing activities	(1,461)	(2,354)
Net cash (used in)/generated from financing activities	(46)	6,293
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,164	(18,491)
Cash and cash equivalents at beginning of period	645,545	657,200
CASH AND CASH EQUIVALENTS AT END OF PERIOD	657,709	638,709

Notes:

1 Corporate information

The principal activity of the Company is investment holding. The Group's principal activities consist of the design, development, manufacture and sale of electronic products, the trading of listed equity investments and the provision of loan financing.

The Group disposed of its business segment of manufacture and sale of printed circuit boards ("PCBs") on 5 January 2009, and such business segment and the associated assets and liabilities were classified as discontinued operations and assets and liabilities of a disposal group classified as held for sale for the year ended 31 December 2008 respectively.

2 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2009 are unaudited but have been reviewed by the Audit Committee.

The interim 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 (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2008 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except as stated in note 3 below.

3 Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in redesign of the Group's reportable segments. Comparatives have been restated on a basis consistent with the new standards.

The segment accounting policies under HKFRS 8 are stated in note 4 to the condensed financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4 Segment information

The Group has four reportable segments as follows:

- (a) Electronic products segment consists of the manufacture and sale of electronic products;
- (b) Equity investments segment consists of the trading of listed equity investments;
- (c) Provision of finance segment consists of the provision of loan financing services; and
- (d) PCBs segment consists of the manufacture and sale of PCBs.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The adoption of HKFRS 8 has changed the identified operating segments for the Group compared to 2008 interim financial statements. In 2008 interim financial statements, the electronic components and parts segment was presented as a separate segment which is now grouped under the electronic products segment.

The accounting policies of the operating segments are the same as those described in the Group's financial statements for the year ended 31 December 2008.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services.

The manufacture and sale of PCBs segment has been classified as discontinued operations (note 8).

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Continuing operations										Discontinued operations		Consolidated	
	Electronic products		Equity investments		Provision of finance		Eliminations		Total		PCBs		Six months ended 30 June	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
(unaudited)		(unaudited)		(unaudited)		(unaudited)		(unaudited)		(unaudited)		(unaudited)		
Segment revenue:														
Sales to external customers	135,003	162,828	-	-	-	191	-	-	135,003	163,019	-	49,611	135,003	212,630
Inter-segment sales	-	-	-	-	-	702	-	(702)	-	-	-	-	-	-
Other revenues	1,976	1,665	2,099	16	-	-	-	-	4,075	1,701	-	1,381	4,075	3,082
Total	136,979	164,513	2,099	16	-	893	-	(702)	139,078	164,720	-	50,992	139,078	215,712
Segment results	(2,963)	(2,665)	2,019	(1,110)	(20)	(311)	-	(202)	(969)	(4,308)	-	(4,608)	(969)	(8,916)
Interest, dividend income and unallocated gains													10,092	9,035
Unallocated expenses													(8,876)	(5,838)
Profit/(loss) from operating activities before taxation													247	(5,719)
Taxation													-	-
Profit/(loss) for the period													247	(5,719)

The following is an analysis of the Group's assets by operating segment:

	Continuing operations			Discontinued operations		Consolidated HK\$'000	
	Electronic products	Equity investments	Provision of finance	Total	PCB		Unallocated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		HK\$'000
As at 30 June 2009 (unaudited)							
Segment assets	<u>135,199</u>	<u>140,429</u>	<u>1,000</u>	<u>276,628</u>	<u>-</u>	<u>512,601</u>	<u>789,229</u>
As at 31 December 2008 (audited)							
Segment assets	<u>162,889</u>	<u>51,008</u>	<u>-</u>	<u>213,897</u>	<u>52,698</u>	<u>598,010</u>	<u>864,605</u>

The following table presents revenue information for the Group's geographical segments.

	Six months ended 30 June			
	2009	2008		Total HK\$'000 (unaudited)
	HK\$'000 (unaudited)	Continuing operations HK\$'000 (unaudited)	Discontinued operations HK\$'000 (unaudited)	
Sales to external customers				
Europe	14,500	19,118	835	19,953
North America	20,270	25,377	3,771	29,148
Hong Kong	19,178	27,165	43,720	70,885
Japan	69,526	83,375	-	83,375
Others	11,529	7,984	1,285	9,269
Consolidated	135,003	163,019	49,611	212,630

5 Other revenue and net income

	2009	Six months ended 30 June			
		2008	Continuing operations	Discontinued operations	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Bank interest income	2,912	8,444	2	8,446	
Dividend income from listed investments	-	147	-	147	
Sale of obsolete inventories and raw materials	-	-	828	828	
Product development income	964	1,019	-	1,019	
Other interest income	21	226	-	226	
Compensation from vendors	69	46	547	593	
Gain on disposal of subsidiaries	7,454	-	-	-	
Realised gain on financial assets at fair value through profit or loss	1,928	3,382	-	3,382	
Unrealised gain on financial assets of fair value through profit or loss	354	-	-	-	
Exchange gain/(loss), net	(355)	25	-	25	
Others	819	338	6	344	
	14,166	13,627	1,383	15,010	

6 Profit/(loss) before income tax

The Group's profit/(loss) before income tax is arrived at after charging/(crediting):

	2009	Six months ended 30 June			
		2008	Continuing operations	Discontinued operations	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Cost of inventories sold	110,048	137,072	46,141	183,213	
Depreciation	4,893	5,552	3,773	9,325	
Amortisation of prepaid rental	-	-	352	352	
Amortisation of deferred product development costs	590	1,009	-	1,009	
Net gain on disposal of property, plant and equipment	(60)	-	-	-	
Written back of allowance for inventories	(1,064)	-	-	-	
	113,317	143,633	50,266	163,906	

7 Income tax expenses

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision has been made for Hong Kong Profits Tax and overseas taxation in 2009 and 2008 as the Company and its subsidiaries either sustained losses for taxation purposes or have tax losses brought forward from prior years which exceed the estimated assessable profits for the year.

8 Assets of a disposal group classified as held for sale and discontinued operations

During the year ended 31 December 2008, the Group decided to discontinue the operation of manufacture and sale of printed circuit boards operated by Allied Trade Limited (a subsidiary of the Company) and its subsidiaries (collectively the "ATL Group"). Allied Trade Limited was disposed after the year end date.

The business segment of this operation was presented as discontinued operations upon classification of the related assets and liabilities as assets of a disposal group classified as held for sale and liabilities of a disposal group classified as held for sale. The disposal was completed on 5 January 2009.

9 Earnings/(loss) per share

Basic earnings/loss per share from continuing and discontinued operations

The calculation of basic earnings/loss per share is based on the profit attributable to owners of the Company of approximately HK\$247,000 (2008: Loss of HK\$5,719,000) and on weighted average of 2,247,682,010 (2008: 2,247,682,010) ordinary shares in issue during the period.

Basic earnings/loss per share from continuing operations

The calculation of basic earnings/loss per share for continuing operations is based on the profit attributable to owners of the Company of approximately HK\$247,000 (2008: Loss of HK\$1,112,000) and on weighted average of 2,247,682,010 (2008: 2,247,682,010) ordinary shares in issue during the period.

Basic earnings/loss per share from discontinued operations

The calculation of basic earnings/loss per share for discontinued operations is based on the profit attributable to owners of the Company of approximately HK\$Nil (2008: Loss of HK\$4,607,000) and on weighted average of 2,247,682,010 (2008: 2,247,682,010) ordinary shares in issue during the period.

10 Available-for-sale financial assets

	As at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Listed equity security in Hong Kong at fair value	2,816	1,901
Unlisted debt securities at fair value	976	–
	<u>3,792</u>	<u>1,901</u>
Unlisted security outside Hong Kong, at cost (note)	1,549	1,549
Less: Provision for impairment	(1,549)	(1,549)
	<u>–</u>	<u>–</u>
Market value of listed security	<u>2,816</u>	<u>1,901</u>

Note: Unlisted equity securities represents investment in a private company incorporated in Japan. This investment is measured at cost less accumulated impairment at each balance sheet date, because the range of reasonable fair value estimates is so wide that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

11 Trade and bills receivables

	As at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Trade receivables	17,654	32,427
Less: Provision for impairment on trade receivables	(318)	(773)
Trade receivables – net	<u>17,336</u>	<u>31,654</u>
Bill receivables	–	754
	<u>17,336</u>	<u>32,408</u>

The aging analysis of the Group's trade receivables is as follows:

	As at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
0 to 90 days	14,186	31,335
91 to 180 days	3,149	319
181 to 365 days	1	–
	<u>17,336</u>	<u>31,654</u>

The normal credit period granted by the Group to customers ranges from 30 days to 90 days.

12 Trade payables

The aging analysis of the Group's trade payables is as follows:

	As at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
0 to 90 days	25,079	34,403
91 to 180 days	8	–
	<u>25,087</u>	<u>34,403</u>

13 Share capital

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Authorised:		
125,000,000,000 ordinary shares of HK\$0.004 each (2008: 125,000,000,000 ordinary shares of HK\$0.004 each)	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
2,247,682,010 ordinary shares of HK\$0.004 each (2008: 2,247,682,010 ordinary shares of HK\$0.004 each)	<u>8,991</u>	<u>8,991</u>

14 Connected and related party transactions

During the six months ended 30 June 2008, the Group had the following connected and related party transactions:

Name of related party	Relationship with the Group	Nature of transactions	Six months ended 30 June	
			2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Prime Star Industries Limited	Common director of a former fellow subsidiary	Sale of PCB	-	(39,350)

In the opinion of the Directors of the Company, the above related party transactions were carried out in the ordinary and usual course of business and terms mutually agreed between the Group and the respective related party.

15 Contingent liabilities

	Company as at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Guarantee of banking facilities granted to subsidiaries	30,000	30,000

As at 30 June 2009, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 30 June 2009 under the guarantees issued is the outstanding amount of the loan is HK\$Nil (2008: HK\$7.0 million) and the facility available to the subsidiary of HK\$30 million (2008: HK\$30 million).

16 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation. In addition, the comparative figures related to discontinued operations have been re-presented to conform with the disclosure requirements of the discontinued operations.

INTERIM DIVIDENDS

The Board has resolved that no interim dividend will be declared in respect of the six months ended 30 June 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND BUSINESS REVIEW

Due to the global economic slowdown, the turnover of the Group, contributed from the electronic products division, for the six months ended 30 June 2009 has decreased to HK\$135.0 million as compared with HK\$163.0 million for the same period of last year.

Despite the decrease in turnover, the Group has recorded minor profits as compared with the loss position in year 2008. The profit attributable to equity owners of the Company for the period was HK\$0.2 million (2008: loss of HK\$5.7 million).

Although the turnover of the electronic products division for the period under review has decreased by HK\$28.0 million, the segmental loss was only increased by HK\$0.3 million to HK\$3.0 million from 2008's HK\$2.7 million. Facing various rising operating cost, the Division's cost reduction plan has proved to be effective and contributed to the Group result.

In January 2009, the Group has disposed its entire equity interests in the PCB division to an independent third party. The Board was of the view that it was no longer in the best interest of the Group to continue and further invest into the business of manufacturing and trading of PCB. The gain on disposal recorded, booked under other income, was HK\$7.5 million which was mainly due to the decrease in liabilities after the disposal.

In view of the global investment market becoming active in the first six months of 2009, the equity investment division has resumed in trading of listed equity investment after standstill for over a year and has recorded segmental profit of HK\$2.0 million for the period under review (2008: loss of HK\$1.1 million).

Loan financing business was not active during the period.

FUTURE OUTLOOK

Electronic products division has continued to stabilize the business from existing customers as well as to develop potential new customers. It is expected the orders will be increased in coming months. The Group will stick to the direction of emphasizing profitable customers and also niche products and market segments. The new product line, driving recorder, is still under development stage and is expected to launch by end of year 2009. Apart from strengthening the revenue side, the Group will continue to pay extra attention in cost saving measures to enhance the overall profitability.

The Group will continue to explore profitable investment opportunities and the equity investment division will be more active as long as the overall stock market is optimistic.

The management remains positive about the future and believes the unfavorable economic climate will be over in near future.

LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2009, cash and bank balances (including time deposits) maintained by the Group were HK\$657.7 million, representing an increase of HK\$13.8 million compared with the position as at 31 December 2008. In addition, the Group had available banking facilities of HK\$30 million. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments for future development. The gearing of the Group, measured as total debts to total assets, was 6.1% as at 30 June 2009, comparing with 13.4% as at 31 December 2008.

Most of the business transactions conducted by the Group were denominated in Hong Kong Dollars, United States Dollars and Renminbi. As at 30 June 2009, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

CONTINGENT LIABILITIES

As at 30 June 2009, the Company had a guarantee given in favour of a bank amounting to HK\$30,000,000 to secure the general banking facilities of a subsidiary. No amount of the facilities was utilised by the subsidiary as at 30 June 2009.

HUMAN RESOURCES

As at 30 June 2009, the Group employed approximately 1,160 employees, with about 1,105 in the Mainland China and about 55 in Hong Kong. All employees are remunerated based on industry practice and in accordance with the prevailing labour law. In Hong Kong, apart from basic salary, staff benefits include medical insurance, performance related bonuses and mandatory provident fund would be provided by the Group.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interests of the directors in the shares and underlying shares 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 ("SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name of Director	Nature of interest	Number of shares
Mr. Yau Tak Wah, Paul	Personal	2,000,000
Ms. Louie Mei Po ("Ms. Louie")	Personal	11,785,710
Ms. Wong Shin Ling, Irene ("Ms. Wong")	Personal	13,000,000

On September 2007, each of Ms. Louie and Ms. Wong was granted a share option, which both of them were entitled to 22,470,000 shares at the option price of HK\$0.296 each. The option period is 25 September 2007 to 24 September 2012.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any minority shareholder of the Company's subsidiaries. The scheme became effective on 29 May 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The following table shows the movement of the Company's share options for the period of six months ended 30 June 2009.

Participants	Date of grant	Outstanding at beginning of the period	Lapsed during the period	Outstanding at end of the period	Exercise price	Exercise period
Employees	21 May 2007	49,050,000	-	49,050,000	HK\$0.3	21 May 2007 to 20 May 2012
Employees	25 September 2007	7,410,000	-	7,410,000	HK\$0.296	25 September 2007 to 24 September 2012
Directors	25 September 2007	44,940,000	-	44,940,000	HK\$0.296	25 September 2007 to 24 September 2012

(a) The closing prices of the ordinary shares of the Company immediately before the date on which the options were granted were HK\$0.3 on 21 May 2007 and HK\$0.275 on 25 September 2007.

(b) According to the binomial model, the theoretical aggregate value of the options was estimated at HK\$8,485,650 and HK\$8,480,700 as at 21 May 2007 and 25 September 2007 respectively (when the options were granted) with the following variables and assumptions:

Risk Free Rate: 4.164% and 4.102%, being the approximate yield of Exchange Fund Bills and Notes issued by Hong Kong government for the time to maturity of the option as at the valuation date quoted by Hong Kong Monetary Authority.

Expected Volatility: 64.44% and 69.35%, being the average annualised standard deviations of the continuously compounded rates of return on the share prices of two other comparable companies with similar business operations.

Expected Life of the Options: 5 years from the date of granting

Expected Dividend Yield: Nil

Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of Ordinary Shares available to be issued under the relevant share option scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, according to the register of interest in shares and short positions required to be kept by the Company under section 336 of the SFO, the Company has been notified that the following shareholder was interested in 5% or more of the share capital of the Company.

Name of Shareholder	Note	Number of Ordinary Shares	Approximate Percentage
Winspark Venture Limited	a	1,240,429,340	55.18%

Note:

- a. The entire issued share capital of Winspark Venture Limited is beneficially owned by Mr. Chan Yuen Ming.

Save as disclosed above, the directors of the Company are not aware of any person who is, directly or indirectly, interested in 5% or more of the issued share capital of the Company, has short positions in the share or underlying shares or has any rights to subscribe for shares in respect of such capital.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS

As at the date of this interim report, the Board comprises of seven directors, of which four are executive directors, namely Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms. Wong Shin Ling, Irene and Ms. Liu Yee Nee and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Cheung Chung Leung, Richard and Mr. Wu Wang Li.

CORPORATE GOVERNANCE

The Board has been committed to maintaining the high level of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interests and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited, except for the following deviations.

CG Code Provision A4.1

Under the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

During the period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, are not appointed for any specific fixed term and one independent non-executive director, Mr. Wu Wang Li, is appointed for the term of one year from 27 September 2007. In accordance with the bye-laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the CG Code.

CG Code Provision B.1

Under the CG Code, the issuers shall establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

Currently, there is no remuneration committee in the Board. Meanwhile, the Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration and their remuneration has been relatively stable in the past years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors whether the directors have complied with the required standard set out in the Model Code regarding directors' securities transactions and all directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE REVIEW

The 2009 interim report is unaudited and has been reviewed by the Company's Audit Committee which comprises three independent non-executive directors.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 18 September 2009