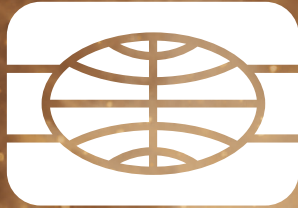




美亞娛樂資訊集團有限公司
MEI AH ENTERTAINMENT GROUP LTD.

STOCK CODE: 391



MEI AH ENTERTAINMENT GROUP LIMITED

INTERIM REPORT 2009/2010



MEI AH
ENTER-
TAINMENT



MATV

MEI AH
Movie
Channel
HK



MEI AH
Drama
Channel
HK



MEI AH
Movie
Channel
ASIA



MEI AH
Drama
Channel
ASIA



MATV
JAPAN

MULTI
MEDIA



FILM
Production
& Distribution

The directors present the Interim Report and condensed consolidated financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2009. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2009, and the consolidated interim balance sheet of the Group as at 30th September 2009, all of which are unaudited and condensed, along with selected explanatory notes, are set out as follows:

Condensed Consolidated Income Statement

For the Six Months Ended 30th September 2009

		Unaudited Six months ended 30th September	
		2009	2008
	Note	HK\$'000	HK\$'000
Turnover	4	67,018	90,726
Cost of sales		(36,380)	(53,833)
Gross profit		30,638	36,893
Other income	5	15,033	10,120
Other losses		—	(25,700)
Selling and marketing expenses		(1,118)	(8,552)
Administrative and other expenses		(22,671)	(18,065)
Operating profit/(loss)	6	21,882	(5,304)
Finance costs		(1,825)	(4,126)
Share of profits less losses of associated companies		—	(1,447)
Profit/(loss) for the period		20,057	(10,877)
Attributable to:			
Equity holders of the Company		20,282	(10,880)
Minority interests		(225)	3
		20,057	(10,877)
Earning/(loss) per share	8		
Basic		2.07 cents	(1.11 cents)
Diluted		2.07 cents	(1.11 cents)

Condensed Consolidated Interim Balance Sheet

As at 30th September 2009 and 31st March 2009

	Unaudited 30th September 2009	Audited 31st March 2009
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Leasehold land and land use rights	11,785	11,946
Property, plant and equipment	134,433	106,129
Investment properties	84,261	84,261
Available-for-sale financial assets	23,755	18,180
Film rights, films in progress and film royalty deposits	60,305	55,582
Current assets		
Inventories	6,929	6,945
Trade and other receivables	59,719	68,712
Financial assets at fair value through profit and loss	30,407	22,476
Pledged deposit	43,500	43,500
Bank balances and cash	53,126	56,620
	193,681	198,253
Total assets	508,220	474,351
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	98,209	98,209
Share premium	167,569	167,569
Reserves	96,269	71,638
Shareholders' funds	362,047	337,416
Minority interests	40	265
Total equity	362,087	337,681

		Unaudited 30th September 2009	Audited 31st March 2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		7,612	7,612
Borrowings	12	13,738	—
Obligations under finance leases	13	1,391	3,023
		22,741	10,635
Current liabilities			
Trade and other payables	11	84,310	78,848
Borrowings	12	34,046	22,387
Obligations under finance leases	13	3,353	3,677
Derivative financial instrument		—	36
Convertible notes — liability portion		—	19,404
Current income tax liabilities		1,683	1,683
		123,392	126,035
Total liabilities		146,133	136,670
Total equity and liabilities		508,220	474,351
Net current assets		70,289	72,218
Total assets less current liabilities		384,828	348,316

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30th September 2009

	Attributable to shareholders									
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings/(accumulated losses)	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group										
At 1st April 2009	98,209	167,569	12	107,099	(819)	14,357	15,756	(64,767)	265	337,681
Translation of foreign subsidiaries	—	—	—	—	(1,226)	—	—	—	—	(1,226)
Revaluation surplus	—	—	—	—	—	—	5,575	—	—	5,575
Net income recognized directly in equity	—	—	—	—	(1,226)	—	5,575	—	—	4,349
Profit for the period	—	—	—	—	—	—	—	20,202	(225)	20,057
Total recognized income for the period	—	—	—	—	(1,226)	—	5,575	20,202	(225)	24,406
At 30th September 2009	98,209	167,569	12	107,099	(2,045)	14,357	21,331	(44,485)	40	362,087

	Attributable to shareholders										
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Share-based payment	Available-for-sale financial assets revaluation reserve	Buildings revaluation reserve	Retained earnings/(accumulated losses)	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
The Group											
At 1st April 2008	98,209	167,569	12	107,099	(16)	22,197	56,358	11,485	(15,435)	41	447,519
Translation of foreign subsidiaries	—	—	—	—	(220)	—	—	—	—	—	(220)
Transfer	—	—	—	—	—	(22,197)	—	—	22,197	—	—
Revaluation surplus	—	—	—	—	—	—	1,818	—	—	—	1,818
Net income recognized directly in equity	—	—	—	—	(220)	(22,197)	1,818	—	22,197	—	1,590
Loss for the period	—	—	—	—	—	—	—	—	(10,880)	3	(10,877)
Total recognized income for the period	—	—	—	—	(220)	(22,197)	1,818	—	11,317	3	(9,287)
At 30th September 2008	98,209	167,569	12	107,099	(244)	—	58,176	11,485	(4,118)	44	438,232

Condensed Consolidated Cash Flow Statement

For the Six Months Ended 30th September 2009

	Unaudited	
	Six months ended	
	30th September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	14,126	10,810
Net cash outflow from investing activities	(51,959)	(70,778)
Net cash outflow before financing activities	(37,833)	(59,968)
Net cash inflow from financing activities	8,250	23,201
Decrease in cash and cash equivalents	(29,583)	(36,767)
Cash and cash equivalents at the beginning of the period	50,233	86,936
Cash and cash equivalents at the end of the period	20,650	50,169
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	53,126	75,760
Bank loans with maturity less than three months	(17,000)	(23,853)
Bank overdrafts	(15,476)	(1,738)
	20,650	50,169

Selected Notes to Condensed Consolidated Financial Information

1 General information

Mei Ah Entertainment Group Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in television operations, film exhibition, film rights licensing and sub-licensing, and sale and distribution of films and programs.

The Company is a limited liability company incorporated in Bermuda and listed on the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 28th December 2009.

2 Basis of preparation

This condensed consolidated interim financial information for the half-year ended 30th September 2009 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31st March 2009.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2009. Those new accounting standards, amendments to accounting standards and interpretations which are mandatory for financial year ending 31st March 2010 have no material impact on the Group.

4 Segment information

An analysis of the Group's revenues and results for the period by business segments, being the primary reporting format, is as follows:

	Unaudited Six months ended 30th September 2009				
	Television operations	Film exhibition and film rights licensing and sub-licensing	Sale and distribution of films and programs in audio visual product format	Elimination	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	50,345	3,966	12,707	—	67,018
Inter-segment sales	—	3,325	—	(3,325)	—
	50,345	7,291	12,707	(3,325)	67,018
Segment results	11,961	4,237	(2,842)	(467)	12,889
Unallocated income					14,262
Unallocated costs					(5,269)
Operating profit					21,882
Finance costs					(1,825)
Profit for the period					20,057
Property, plant and equipment					
— Additions	76	1	15	—	92
— Unallocated additions					31,970
					32,062
— Depreciation	319	19	310	—	648
— Unallocated depreciation					3,110
					3,758
Film rights, film sub-licensing rights and deposits					
— Additions	15,665	3,704	2,205	(3,155)	18,419
— Amortisation	13,525	1,118	1,911	(2,858)	13,696

	Unaudited Six months ended 30th September 2008				Group HK\$'000
	Television operations HK\$'000	Film exhibition and film rights licensing and sub-licensing HK\$'000	Sale and distribution of films and programs in audio visual product format HK\$'000	Elimination HK\$'000	
External sales	34,068	34,176	22,482	—	90,726
Inter-segment sales	—	3,400	—	(3,400)	—
	34,068	37,576	22,482	(3,400)	90,726
Segment results	9,578	5,753	(295)	455	15,491
Unallocated income					9,793
Unallocated costs					(30,588)
Operating loss					(5,304)
Finance costs					(4,126)
Share of profits/(losses) of associated companies					(1,447)
Loss for the period					(10,877)
Property, plant and equipment					
— Additions	82	121	55	—	258
— Unallocated additions					157
					415
— Depreciation	258	9	304	—	571
— Unallocated depreciation					3,237
					3,808
Film rights, film sub-licensing rights and deposits					
— Additions	9,469	5,269	13,722	(3,400)	22,424
— Amortisation	8,461	11,536	5,024	(3,855)	21,166

	Unaudited As at 30th September 2009				
	Television operations	Film exhibition and film rights licensing and sub- licensing	Sale and distribution of films and programs in audio visual product format	Elimination	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment asset	44,343	35,978	147,506	(3,825)	224,002
Unallocated assets					284,218
Total assets					508,220
Segment liabilities	14,359	18,523	58,898	—	91,780
Unallocated liabilities					54,353
Total liabilities					146,133

	Audited As at 31st March 2009				
	Television operations	Film exhibition and film rights licensing and sub-licensing	Sale and distribution of films and programs in audio visual product format	Elimination	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment asset	39,107	42,763	155,411	(3,531)	233,750
Unallocated assets					240,601
Total assets					474,351
Segment liabilities	16,681	34,742	31,710	—	83,133
Unallocated liabilities					53,537
Total liabilities					136,670

The amortization of leasehold land and land use rights amounting to HK\$161,000 (2008: HK\$161,000) is unallocated to the Group's business segments.

Secondary reporting format — geographical segment

The Group's three main business segments operate in two main geographical areas — Hong Kong, and Singapore and other countries.

	Unaudited Six months ended 30th September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Hong Kong	42,134	74,239
Singapore and other countries	24,884	16,487
	67,018	90,726

Turnover is allocated based on the country in which the customers are located. No geographical analysis is provided for the Group's assets and capital expenditure as less than 10% of the Group's consolidated assets and capital expenditure were attributable to markets outside Hong Kong as at 30th September 2009 and 2008.

5 Other income

	Unaudited Six months ended 30th September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from available-for-sale financial assets	382	208
Fair value gains on financial assets at fair value through profit or loss	10,247	—
Rental income	3,633	7,595
Commission and other income	771	2,317
	15,033	10,120

6 Expenses by nature

Operating profit is stated at after charging the following:

	Unaudited Six months ended 30th September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of film rights	13,696	21,166
Patent rights	6,552	7,399
Amortisation of leasehold land and land use rights	161	161
Depreciation of fixed assets	3,758	3,808
Cost of goods sold	2,728	5,612
Wages and salaries	11,019	8,802
Pension costs — defined contribution plans	247	226
Provisions for trade and other receivables and amounts due from associated companies	—	13,337
Impairment losses on film rights	—	3,605
Fair value changes on investment properties	—	2,560
Fair value losses on revaluation of financial assets at fair value through profit and loss	—	6,198

7 Taxation

No provision for Hong Kong profits tax and overseas taxation has been made for the period as the Group has available tax losses brought forward from prior years.

The Group's jointly controlled entity in the People's Republic of China ("PRC") did not have any assessable income for the year for the PRC tax purposes and accordingly no provision for PRC tax has been made in the condensed financial information.

8 Earning/(loss) per share

The calculation of basic earning/(loss) per share is based on the Group's profit attributable to equity holders of the Company of HK\$20,282,000 (2008: loss of HK\$10,880,000) and on the weighted average of 982,090,905 (2008: 982,090,905) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30th September 2009 and 2008 was not presented as conversion of the Company's outstanding convertible notes would be anti-dilutive.

9 Dividends

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2009 (2008: Nil).

10 Trade and other receivables

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	28,230	43,746
Less: provision for impairment of receivables	(22,639)	(23,045)
Trade receivables-net	5,591	20,701
Prepayments, deposits and other receivables	54,128	48,011
	59,719	68,712

The ageing analysis of trade receivables is as follows:

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	4,623	19,620
4 to 6 months	682	70
Over 6 months	22,925	24,056
	28,230	43,746

The Group's credit terms to trade receivables generally ranges from 7 to 90 days.

11 Trade payables

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	5,822	5,755
Receipts in advance and accruals	78,488	73,093
	84,310	78,848

The ageing analysis of trade payables is as follows:

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	3,844	2,483
4 to 6 months	91	485
Over 6 months	1,887	2,787
	5,822	5,755

12 Borrowings

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts-secured	15,476	6,387
Current portion of secured bank loans	18,570	16,000
Borrowings — current portion	34,046	22,387
Non-current portion of secured bank loans	13,738	—
Total borrowings	47,784	22,387

- (a) Non-current portion of the secured bank loans were repayable in the following periods:

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
In the second year	1,570	—
In the third to fifth year	4,710	—
After the fifth year	7,458	—
	13,738	—

13 Obligations under finance leases

Obligations under finance leases are repayable in the following periods:

	Unaudited 30th September 2009	Audited 31st March 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	3,581	3,964
In the second year	1,442	3,164
Future finance charges on finance leases	5,023 (279)	7,128 (428)
Present value of finance lease liabilities	4,744	6,700
The present value of finance lease liabilities were repayable as follows:		
Within one year	3,353	3,677
In the second year	1,391	3,023
	4,744	6,700

14 Share capital

	Number of ordinary shares		Ordinary shares	
	Unaudited 30th September 2009 <i>'000</i>	Audited 31st March 2009 <i>'000</i>	Unaudited 30th September 2009 <i>HK\$'000</i>	Audited 31st March 2009 <i>HK\$'000</i>
Authorised	3,000,000	3,000,000	300,000	300,000
Issued and fully paid	982,091	982,091	98,209	98,209

Pursuant to an announcement dated 5th November 2009, the Board proposed to effect a capital reorganisation (the "Capital Reorganisation") which involved:

- (a) the cancellation of the entire amount standing to the credit of the share premium account of the Company, with part of the credit arising therefrom being applied towards offsetting the entire amount of the accumulated losses of the Company and the remaining balance being credited to the contributed surplus account of the Company; and
- (b) the subdivision of every issued and unissued ordinary share of par value HK\$0.10 into 5 subdivided shares of par value of HK\$0.02 each.

The Capital Organisation was approved by the shareholders of the Company in a special general meeting dated 21st December 2009.

15 Contingent liabilities

At 30th September 2009, the Company had contingent liabilities of guarantees given to banks in respect of banking facilities granted to subsidiaries to the extent of approximately HK\$31,308,000 (31st March 2009: HK\$16,000,000).

16 Commitments

As at 30th September 2009, the Group had commitments contracted but not provided for in these financial information in respect of leasehold properties, film production and licensing agreements amounting to approximately HK\$8,313,000 and HK\$1,984,000 respectively (31st March 2009: Nil and HK\$2,114,000).

Interim Dividend

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2009 (2008: Nil).

Management Discussion and Analysis

During the six months ended 30th September 2009, the Group recorded an unaudited consolidated turnover of HK\$67,018,000 (2008: HK\$90,726,000) and a profit attributable to equity holders of the Company of HK\$20,282,000 (2008: loss of HK\$10,880,000). Benefited from the market rebound during the period, the Group recorded fair value gains on financial assets at fair value through profit or loss amounting to approximately HK\$10.2 million (2008: loss of HK\$6 million).

The contribution of revenues from the Group's television segment was at the level of approximately HK\$50 million (2008: HK\$34 million). Since the launch of its first broadcasting channel in 2001, which provides movies from the Group's film library and other programs from its business partners, the Group has continuously explored various sources of revenue streams from its television operations. As at 30th September 2009, the Group provided three channels to now TV. In July 2007, the Group commenced a movie channel in Singapore and another drama channel in Singapore also commenced in October 2008 which lead to an increase of segment revenue during the period. These channels contributed steady and secured contribution to the Group. Looking forward, the Group aims to provide channels to other Asian countries and secure advertising income from available air-time in those TV channels, and develop channels with increasing varieties.

The Group will continue to strengthen its film library through acquisition, own production and co-production. Equipped by the Group's film library and through the Group's experience and network in program sourcing, the Group is confident that it will continue to provide high quality and customised TV programs to its audiences. The Group also believes that its television segment has huge potential of growth and will continue to bring significant and increasing contribution to the Group's results. Following the increasing popularity of pay TV in Hong Kong and digitalisation of TV signal in Hong Kong and China which allows more broadcasting channels than the existing analogue system, the demand for TV channel contents is expected to increase significantly and the Group believes that it will receive fruitful and encouraging rewards from these new market opportunities and enjoy the prospect of its television operations.

The contribution of revenues from the Group's segment of film exhibition and film rights licensing and sub-licensing decreased from HK\$34 million to HK\$4 million, which is mainly attributable to the release of "Red Cliff" last year.

Since 2007, the Group has strengthened its production arm through the professional production team of BIG Media Group Limited ("BIG") to support its content requirement in respect of the Group's television, licensing and distribution operations and favour from the synergy effect in respect of BIG's film library and the Group's distribution network. The Group was appointed as the exclusive distribution agent to market and license BIG's films. The Group will continue to support Hong Kong's film industry by participating to invest in high quality and popular films.

The revenues attributable to sale and distribution of films and programs in audio visual product format was decreased from HK\$22 million to HK\$13 million, which was mainly attributable to the overall industrial climate and less new titles were released during the period. Since April 2008, the Group has widened its network and source of audio visual products distribution by distributing titles for an international entertainment and media company. The Group will continue to acquire customised and popular films and diversify its distribution channels in order to maintain its competitiveness.

Looking forward, the Group will exploit every opportunities to generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 30th September 2009, the Group has available banking facilities of approximately HK\$70.8 million, of which approximately HK\$47.8 million were utilised. Certain of the Group's deposits, financial assets at fair value through profit and loss and properties with aggregate net book values of HK\$194.4 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 15% as at 30th September 2009 was based on the total of bank loans and overdrafts (of which HK\$34,046,000, HK\$1,570,000, HK\$4,710,000 and HK\$7,458,000 are repayable within one year, in the second year, in the third to fifth year and after the fifth year respectively) and obligations under finance leases (of which HK\$3,353,000 and HK\$1,391,000 are repayable within one year and in the second year respectively) of HK\$52,528,000 and the shareholders' funds of approximately HK\$362,047,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollars and the Group has no significant exposure to foreign currency fluctuations.

Details of the Group's contingent liabilities and commitments have been set out in notes 15 and 16 to the condensed consolidated financial information. The commitments will be financed by the Group's internal resources and banking facilities.

Employees

At 30th September 2009, the Group employed 89 staff. Remuneration is reviewed periodically based on individual staff's performance. In addition to the basic salaries, staff benefits include discretionary bonus, medical insurance scheme and contributory provident fund. The Group also has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

Share Option Scheme

Details of the share option scheme (the "Scheme") approved by the shareholders of the Company at the annual general meeting on 30th August 2004 (the "Commencement Date") were disclosed in the Company's circular dated 5th August 2004 and the annual report for the year ended 31st March 2009.

There was no outstanding share option as at 30th September 2009.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

At 30th September 2009, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.1 each in Mei Ah Entertainment Group Limited

Name of director	Number of shares beneficially held-long position			% of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	
Mr. LI Kuo Hsing	38,739,500	37,968,750 <i>Note (i)</i>	425,577,510 <i>Note (ii)</i>	51.14
Mr. TONG Hing Chi	3,375,000	—	—	0.34
Mr. CHAU Kei Leung	7,209,000	—	—	0.73
Mr. CHAN Ngan Piu	2,025,000	—	—	0.21

Notes:

- (i) These shares are held by Ms. LI Pik Lin, the spouse of Mr LI Kuo Hsing.
- (ii) These shares are held by Kuo Hsing Holdings Limited, a company beneficially controlled by Mr. LI Kuo Hsing.

(b) Interest in subsidiaries of the Company

Mr. LI Kuo Hsing personally holds non-voting deferred shares of HK\$1 each in the following subsidiaries:

Name	No. of non-voting deferred shares held Personal interests
Mei Ah Laser Disc Company Limited	100,000
Mei Ah Video Production Company Limited	10,000
Mei Ah Investment Company Limited	500,000

With the exception of the interests disclosed above,

- (i) at no time during the period was the Company, its subsidiaries, its associated companies, or its holding company a party to any arrangement to enable the directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation; and
- (ii) at no time during the period, the directors and chief executives (including their spouse and children under 18 years of age) had any interest in or had been granted or exercised, any rights to subscribe for shares of the Company and its associated companies (within the meaning of the SFO).

Substantial Shareholders

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2009, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition of those disclosed above in respect of the directors and chief executives.

Interests in ordinary shares of HK\$0.1 each in the Company

Name	Number of shares — Long position		
	Corporate interests	Interests of persons acting in concert	Total
IDG-Accel China Growth Fund — A L.P.	10,892,000	58,260,000	69,152,000
IDG-Accel China Growth Fund — L.P.	53,294,400	15,857,600	69,152,000
IDG-Accel China Investors L.P.	4,965,600	64,186,400	69,152,000
IDG-Accel China Investors Associates Ltd.	69,152,000	—	69,152,000
IDG-Accel China Growth Fund Associates L.P.	69,152,000	—	69,152,000
IDG-Accel China Growth Fund GP Associates Ltd.	69,152,000	—	69,152,000
Zhou Quan	69,152,000	—	69,152,000
Mc Govern Patrick J.	69,152,000	—	69,152,000
Breyer James	69,152,000	—	69,152,000

Notes:

- (a) The total long position interests in the above parties of 69,152,000 shares, representing 7.04% of the issued share capital of the Company, refer to the same parcel of shares.

Compliance with the Code of Corporate Governance Practices

During the six months ended 30th September 2009, the Group has complied with the code provisions set out in the Code of Corporate Governance Practices under Appendix 14 of the Listing Rules, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to rotation in accordance with the Bye-laws of the Company. Accordingly the Company considers that sufficient measures have been taken to deal with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

Compliance with the Model Code

During the six months ended 30th September 2009, the Group has adopted the code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard set out in the Model Code under Appendix 10 of the Listing Rules and having made specific enquiry of all directors, the directors of the Company have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th September 2009.

Audit Committee

The Company has established an audit committee (the "Audit Committee") comprising the three independent non-executive directors of the Company. The Audit Committee has reviewed the interim results of the Group for the six months ended 30th September 2009.

On behalf of the Board
Li Kuo Hsing
Chairman

28th December 2009