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眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement, for which the directors of China Vanguard Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to China Vanguard Group Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

RESULTS

The board of directors (the “Board”) of China Vanguard Group Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 31 December 2007, together with the comparative unaudited figures for the corresponding period in 2006, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 December 2007

	Notes	(Unaudited)		(Unaudited)	
		Three months ended 31 December		Six months ended 31 December	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	2	34,053	12,442	75,136	34,427
Cost of sales		(22,093)	(3,804)	(50,629)	(23,332)
Gross profit		11,960	8,638	24,507	11,095
Other revenue		1,377	1,004	1,828	1,622
Selling and distribution costs		(4,587)	(370)	(7,758)	(1,441)
Administrative expenses		(10,238)	(45,809)	(29,807)	(84,533)
Loss from continuing operations	4	(1,488)	(36,537)	(11,230)	(73,257)
Finance costs		(9,864)	(3,511)	(17,713)	(4,113)
Loss on deemed disposal of a subsidiary of a jointly controlled entity		–	–	(7)	–
Share of results of an associate		6	–	17	–
Loss before income tax		(11,346)	(40,048)	(28,933)	(77,370)
Income tax expenses	5	(182)	(393)	(998)	(393)
Loss for the period from continuing operations		(11,528)	(40,441)	(29,931)	(77,763)
Discontinued operations					
Profit for the period from discontinued operations		–	–	–	29,342
Loss for the period		(11,528)	(40,441)	(29,931)	(48,421)
Attributable to:					
Equity holders of the Company		(11,784)	(30,447)	(31,233)	(26,924)
Minority interests		256	(9,994)	1,302	(21,497)
		(11,528)	(40,441)	(29,931)	(48,421)
Loss per share	7				
From continuing and discontinued operations:					
Basic		(1.26) cents	(3.25) cents	(3.33) cents	(2.88) cents
From continuing operations					
Basic		(1.26) cents	(3.25) cents	(3.33) cents	(6.01) cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		250,308	235,697
Goodwill		280,689	280,689
Other intangible assets		1,265	2,603
Interest in associates		2,081	238
Prepaid lease payments		24,757	12,496
Construction in progress		2,664	14,004
Deferred tax assets		1,337	–
		<u>563,101</u>	<u>545,727</u>
CURRENT ASSETS			
Inventories		6,997	6,536
Trade and other receivables and prepayments	8	114,376	89,656
Prepaid lease payments – current portion		395	380
Pledged bank deposits		5,000	5,000
Bank balances and cash		171,935	204,722
		<u>298,703</u>	<u>306,294</u>
CURRENT LIABILITIES			
Trade and other payables	9	54,559	57,528
Tax liabilities		1,319	1,422
Bank and other borrowings – due within one year		18,978	5,617
		<u>74,856</u>	<u>64,567</u>
NET CURRENT ASSETS		<u>223,847</u>	<u>241,727</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>786,948</u>	<u>787,454</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings		99,636	106,105
Convertible bonds	10	257,344	243,144
		<u>356,980</u>	<u>349,249</u>
NET ASSETS		<u>429,968</u>	<u>438,205</u>
CAPITAL AND RESERVES			
Share capital	11	9,444	9,361
Reserves		406,907	416,336
Equity attributable to equity holders of the Company		416,351	425,697
Minority interests		13,617	12,508
TOTAL EQUITY		<u>429,968</u>	<u>438,205</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007

	(Unaudited)	
	Six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(19,785)	(12,208)
Net cash outflow from investing activities	(29,838)	(310,527)
Net cash inflow from financing activities	6,419	224,379
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(43,204)	(98,356)
Effect of foreign exchange rates changes	10,417	808
Cash and cash equivalents at beginning of period	204,722	244,983
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>171,935</u>	<u>147,435</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Share	Share	Equity	Employee	Share	Translation	Special	Retained	Minority	Total
	capital	premium	component of	share-based	option	reserve	reserve	(accumulated	interests	
	HK\$'000	HK\$'000	convertible	compensation	reserve	reserve	reserve	losses)		HK\$'000
	HK\$'000	HK\$'000	bonds	reserve	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2007	9,361	286,884	10,712	35,572	122,746	8,136	(1)	(47,713)	12,508	438,205
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	9,652	-	-	556	10,208
Share issued on exercise of options	83	3,615	-	-	-	-	-	-	-	3,698
Deemed disposal of a subsidiary of a jointly controlled entity	-	-	-	-	-	-	-	-	(749)	(749)
Recognition of equity-settled share based payments	-	-	-	-	8,537	-	-	-	-	8,537
Net (loss)/profit for the period	-	-	-	-	-	-	-	(31,233)	1,302	(29,931)
At 31 December 2007	<u>9,444</u>	<u>290,499</u>	<u>10,712</u>	<u>35,572</u>	<u>131,283</u>	<u>17,788</u>	<u>(1)</u>	<u>(78,946)</u>	<u>13,617</u>	<u>429,968</u>
At 1 July 2006	6,241	290,004	-	35,572	39,399	1,935	(1)	24,808	55,893	453,851
Issue of bonus shares	3,120	(3,120)	-	-	-	-	-	-	-	-
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	803	-	-	-	803
Issue of convertible bonds	-	-	10,712	-	-	-	-	-	-	10,712
Recognition of equity-settled share based payments	-	-	-	-	56,441	-	-	-	-	56,441
Disposal of minority interest	-	-	-	-	-	-	-	-	(4,815)	(4,815)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(6,337)	(6,337)
Net loss for the period	-	-	-	-	-	-	-	(26,924)	(21,497)	(48,421)
At 31 December 2006	<u>9,361</u>	<u>286,884</u>	<u>10,712</u>	<u>35,572</u>	<u>95,840</u>	<u>2,738</u>	<u>(1)</u>	<u>(2,116)</u>	<u>23,244</u>	<u>462,234</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2007

1. Basis of preparation and accounting policies

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong.

The unaudited consolidated results have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the preparation of these unaudited consolidated results are consistent with those applied in the annual financial statements for the year ended 30 June 2007.

2. Revenue

The principal activities of the Group are (i) the distribution of natural supplementary products, (ii) the provision of lottery-related hardware and software systems, (iii) the sales and distribution of edible oil, and (iv) the sales of gas and gas appliances, provision of gas transportation services and installation services for gas connection.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable.

3. Segment information

a. Business segments

	(Unaudited)						
	Six months ended 31 December 2007						
	Distribution of natural supplementary products <i>HK\$'000</i>	Provision of lottery-related hardware and software systems <i>HK\$'000</i>	Sales and distribution of edible oil <i>HK\$'000</i>	Oil mining <i>HK\$'000</i>	Gas related <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	1,266	17,647	24,678	-	31,522	23	75,136
Segment results	(2,697)	4,342	(1)	(513)	1,843	(163)	2,811
Unallocated income							936
Unallocated expenses							(14,967)
Finance costs							(17,713)
Loss before income tax							(28,933)
Income tax expenses							(998)
Loss for the period							<u>(29,931)</u>

(Unaudited)
Six months ended 31 December 2006

	Continuing operations					Discontinued operations		Total <i>HK\$'000</i>
	Distribution of natural supplementary products <i>HK\$'000</i>	Provision of lottery- related hardware and software systems <i>HK\$'000</i>	Sales and distribution of edible oil <i>HK\$'000</i>	Oil mining <i>HK\$'000</i>	Other activities <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Manufacturing and distribution of honey mead <i>HK\$'000</i>	
Revenue	1,431	14,433	17,431	–	1,132	34,427	929	35,356
Segment results	1,329	5,111	98	(396)	(586)	5,556	422	5,978
Unallocated income						339	–	339
Unallocated expenses						(79,152)	–	(79,152)
Finance costs						(4,113)	(11)	(4,124)
Gain on disposal of manufacturing and distribution of honey mead operations						–	28,962	28,962
Profit/(loss) before income tax						(77,370)	29,373	(47,997)
Income tax expenses						(393)	(31)	(424)
Profit/(loss) for the period						<u>(77,763)</u>	<u>29,342</u>	<u>(48,421)</u>

b. Geographical market segments

A summary of the geographical segments is set out as follows:

	(Unaudited)					
	Six months ended 31 December					
			Elimination		Consolidated	
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical market						
Segment revenue:						
Continued operations						
PRC	49,192	14,435	–	–	49,192	14,435
Hong Kong	1,266	1,431	–	–	1,266	1,431
South East Asia	24,678	16,761	–	–	24,678	16,761
Europe	–	670	–	–	–	670
Macau	–	1,130	–	–	–	1,130
Sub-total	75,136	34,427	–	–	75,136	34,427
Discontinued operations						
PRC	–	1,416	–	(487)	–	929
Total	75,136	35,843	–	(487)	75,136	35,356
Segment results:						
Continued operations						
PRC					5,509	4,475
Hong Kong					(2,697)	1,330
South East Asia					(1)	72
Europe					–	3
Macau					–	(346)
Discontinued operations						
PRC					–	421
Unallocated income					936	339
Unallocated expenses					(14,967)	(79,129)
Finance costs					(17,713)	(4,124)
Gain on disposal of manufacturing and distribution of honey mead operations					–	28,962
Loss before income tax					(28,933)	(47,997)
Income tax expenses					(998)	(424)
Loss for the period					(29,931)	(48,421)

4. Loss from operations

Loss from operations has been arrived at after charging/(crediting):

	(Unaudited)	
	Six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Amortization of technical know-how	1,409	887
Depreciation of property, plant and equipment	14,004	1,479
Interest on borrowings	3,513	1,173
Interest on convertible bonds	14,200	2,951
Interest income	(994)	(1,203)
	<u>14,122</u>	<u>5,287</u>

5. Income tax expenses

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: Nil).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. Dividend

The Board does not recommend the payment of any dividend for the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: Nil).

7. Loss per share

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

Loss

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the purposes of basic loss per share	<u>(11,784)</u>	<u>(30,447)</u>	<u>(31,233)</u>	<u>(26,924)</u>

Number of shares

	(Unaudited)		(Unaudited)	
	Three months ended 31 December		Six months ended 31 December	
	2007	2006	2007	2006
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic loss per share	937,596	936,079	938,591	936,079
Effect of dilutive potential ordinary shares:				
Share options	19,012	17,150	23,790	26,923
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	956,608	953,229	962,381	963,002

No diluted loss per share has been presented in both periods, as the outstanding share options of the Company are anti-dilutive since their exercise would result in a decrease in loss per share.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Loss figures are calculated as follows:

	(Unaudited)		(Unaudited)	
	Three months ended 31 December		Six months ended 31 December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to equity holders of the Company	(11,784)	(30,447)	(31,233)	(26,924)
Less:				
Profit for the period from discontinued operations	-	-	-	29,342
Loss for the purposes of basic loss per share from continuing operations	(11,784)	(30,447)	(31,233)	(56,266)

The denominators used are the same as those detailed above for the basic loss per share.

No diluted loss per share has been presented in both periods as the outstanding share options of the Company are anti-dilutive since their exercise would result in a decrease in loss per share.

From discontinued operations

Basic earnings per share for the discontinued operations is HKnil cent per share and HKnil cent per share respectively for the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: HKnil cent per share and HK3.13 cents per share) and diluted earnings per share for the discontinued operations is HKnil cent per share and HKnil cent per share respectively for the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: HKnil cent per share and HK3.05 cents per share), based on the profit for the period from the discontinued operations of HK\$nil and HK\$nil for the three months and six months ended 31 December 2007 (three months and six months ended 31 December 2006: HK\$nil and HK\$29,342,000 respectively) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

8. Trade receivables

Payment terms with customer are mainly on credit together with deposits. Invoices are normally payable within 90 days of issuance.

An aged analysis of the Group's trade receivables at the balance sheet dates, is as follows:

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
0 to 30 days	2,979	2,934
31 to 60 days	1,354	1,893
61 to 365 days	1,197	5,696
Over 1 year	441	338
	<u>5,971</u>	<u>10,861</u>

9. Trade payables

An aged analysis of the Group's trade payables at the balance sheet dates, is as follows:

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
0 to 30 days	–	1,662
31 to 120 days	4,504	1,040
121 to 180 days	2,583	2,986
181 to 365 days	1,329	3,981
Over 1 year	–	867
	<u>8,416</u>	<u>10,536</u>

10. Convertible bonds

On 22 November 2006, the Company's non wholly-owned subsidiary, Aptus Holdings Limited ("Aptus"), issued convertible bonds due on 21 November 2011 with a principal amount of HK\$234,000,000, which is interest-bearing at 5% per annum from and including 21 May 2008. The convertible bonds were issued for the purpose of the acquisition of a 48.33% equity interest in Changde Huayou Gas Co., Ltd., 33% equity interest in the Hunan Huayou Natural Gas Transportation & Distribution Company Limited and general working capital purposes.

Unless previously redeemed, converted or purchased and cancelled, the convertible bonds will be redeemed at 150.15% of their principal amount on 21 November 2011.

The fair value of the liability component of the convertible bonds is estimated by computing the present value of all future cash flows discounted using prevailing market rate of interest for similar instrument with a similar credit rating and with consideration of the convertible bonds. The residual amount, representing the value of the equity component, is credited to Aptus' reserve account.

The convertible bonds have been split between the liability and equity components as follows:

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
Nominal value of convertible bonds issued	234,000	234,000
Equity component	(10,712)	(10,712)
Liability component at the issuance date	223,288	223,288
Imputed finance cost	34,056	19,856
Non-current liability component as at the balance sheet date	257,344	243,144

11. Share capital

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
Authorized: 20,000,000,000 (30 June 2007: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid: 944,379,000 (30 June 2007: 936,079,000) ordinary shares of HK\$0.01 each	9,444	9,361

Share options

The Company operates the Share Option Scheme, details of the share option scheme of the Company are set out in the paragraph headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation". At 31 December 2007, the Company had outstanding share options entitling the holders to subscribe for 132,910,000 shares in the Company.

Warrants

On 1 November 2006, a bonus issue of 124,810,561 warrants was made on the basis of one warrant for every five issued shares held on 24 October 2006. Each warrant entitles its holder to subscribe in cash at a price of HK\$1.33 for one share of the Company at any time from 3 November 2006 to 2 November 2008, both days inclusive. No warrant was exercised during the period and exercise in full of these warrants would result in the issue of 124,810,561 additional shares of HK\$0.01 each.

12. Pledge of assets

At 31 December 2007, the Group has pledged its bank deposits of approximately HK\$5,000,000 (30 June 2007: approximately HK\$5,000,000) to a bank to secure the general banking facilities granted to the Group.

As at 31 December 2007 and up to the date of this announcement issued, the 100% of the issued share capital of Good United Management Limited (“GUM”), a wholly-owned subsidiary of the Company’s non wholly-owned subsidiary, Aptus Holdings Limited (“Aptus”), was pledged in favour of the holder(s) of the convertible bonds issued by Aptus on 22 November 2006, GUM held 70% equity interests in CNPC Huayou Cu Energy Investment Co., Ltd., which owned profit sharing rights on Xin Jiang Oilfield. In addition, borrowings of approximately HK\$56,447,000 (30 June 2007: approximately HK\$54,232,000) has been secured by gas network of a jointly controlled entity, Hunan Huayou Natural Gas Transportation and Distribution Company Limited.

13. Operating leases commitments

The Group as lessee

At 31 December 2007, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
Within one year	2,936	2,149
In the second to fifth year inclusive	3,213	2,797
	<u>6,149</u>	<u>4,946</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties.

The Group as lessor

At 31 December 2007, the Group had contracted with tenants for the following minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
Within one year	237	129
In the second to fifth year inclusive	–	246
	<u>237</u>	<u>375</u>

Leases are negotiated for an average term of 3 years.

14. Capital commitments

	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
Capital expenditure in respect of the investment in a subsidiary – authorized but not contracted for	<u>41,588</u>	<u>39,956</u>

15. Events after the balance sheet date

Pursuant to an announcement dated 17 January 2008, on 17 January 2008, the Company entered into a conditional Share Purchase Agreement with a related party, pursuant to which the Group will acquire the entire issued share capital of Grand Promise International Limited (“Grand Promise”) at a consideration of approximately HK\$1,560,900,000 to the vendors, which shall be satisfied by the allotment and issue of 2,262,173,906 new shares of the Company.

Grand Promise, via its subsidiary, Birdview Group Limited, holds a 49% interest in China Culture Development Digital Technology Co., Ltd. (“CCDDT”), a sino-foreign joint venture company established in the People’s Republic of China (“PRC”). Ministry of Culture of the PRC (“MOC”), the government authority which supervises and regulates the cultural and arts industries (中國文化藝術產業的監督管理政府部門) in the PRC, approved the MOC Market Development Center to establish and operate a nationwide karaoke content management service system in the PRC (“Karaoke CMS”). The MOC Market Development Center has granted to CCDDT the exclusive rights to establish and operate the Karaoke CMS. Karaoke CMS is an information system that connects the Karaoke CMS data centre to karaoke venues to supervise and keep track of karaoke music videos played in these venues. This information system could also be utilised to facilitate the provision of product advertisement and promotion services and to carry out copyright transaction settlement services.

The transaction will be put forth for approval by the Company’s shareholders at an extraordinary general meeting to be held.

For further details on this acquisition, please refer to the announcement of the Company dated 17 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company through various subsidiaries, is contracted to provide software, hardware and other support services to the China lottery industry in various provinces in the PRC. Further, the Group is also involved in the distribution of bee related products and other natural products. Via its listed subsidiary, Aptus Holdings Limited (“Aptus”), the Group is also engaged in the oil and gas related business in the PRC.

Financial Review

For the six months ended 31 December 2007, the Group’s unaudited consolidated revenue was approximately HK\$75,136,000, which represented an increase of approximately 118.2% as compared to approximately HK\$34,427,000 (excluding the revenue from discontinued operations of approximately HK\$929,000) for the six months ended 31 December 2006. The increase was mainly due to the contributions from Changde Huayou Gas Co., Ltd (“Changde Joint Venture”) and Hunan Huayou Natural Gas Transportation and Distribution Limited (“Hunan Joint Venture”), which were approximately HK\$31,522,000. In addition, there were greater contributions from the China lottery-related operation from Zhejiang Province as compared with the previous corresponding period.

The gross profit for the six months ended 31 December 2007 increased by approximately 1.2 times to approximately HK\$24,507,000 (2006: approximately HK\$11,095,000). Approximately HK\$14,745,000 of gross profit was generated by the lottery-related operations and approximately HK\$9,177,000 of gross profit was generated by the oil and gas operations. Overall, gross profit ratio remained fairly stable at approximately 32% for the current period and corresponding period.

Net loss attributable to shareholders for the six months ended 31 December 2007 was approximately HK\$31,233,000 (2006: approximately HK\$26,924,000). There was an approximate 16% increase in the net loss attributable to shareholders over the last corresponding period. The bulk of this increase in net loss was due to the lack of profit from the discontinued operations. In the current period we had no profit contribution from discontinued operations against HK\$29,342,000 in the previous corresponding period. During the period under review, there was approximately HK\$8,537,000 (2006: approximately HK\$56,441,000) in share option expenses charged to the profit and loss, an approximately 84.9% decrease as compared to the last corresponding period. Factoring out the share option expenses, net loss for the current period was approximately HK\$22,696,000 against a net profit of approximately HK\$175,000 after factoring out both share option expenses and profit from the discontinued operations in the previous corresponding period.

Financial resources and liquidity

As at 31 December 2007, the Group enjoyed a healthy financial position, with cash and bank balances of approximately HK\$176,935,000 (30 June 2007: approximately HK\$209,722,000). Net asset value per share was approximately HK\$0.46 (30 June 2007: approximately HK\$0.47), and current assets stood at approximately HK\$298,703,000 (30 June 2007: approximately HK\$306,294,000). The gearing ratio was 17.4% as at 31 December 2007 (30 June 2007: 14.7%). Gearing ratio is calculated as current liabilities divided by total equity.

The Group’s sales and purchase are transacted mainly in Renminbi, Hong Kong Dollars, Singaporean Dollars and US Dollars and the books are recorded in Hong Kong dollars. The exchange rate fluctuation between these currencies have not been material. The foreign exchange risk was very low and no hedging was undertaken.

Capital structure

During the six months ended 31 December 2007, 8,300,000 shares were issued due to the exercises of share options under existing share option scheme.

Charges on the Group assets

As at 31 December 2007 the Group has pledged its bank deposits of approximately HK\$5,000,000 (30 June 2007: approximately HK\$5,000,000) to a bank to secure the general banking facilities granted to the Group.

As at 31 December 2007 and up to the date of this announcement issued, the 100% of the issued share capital of Good United Management Limited (“GUM”), a wholly-owned subsidiary of the Company’s non wholly-owned subsidiary, Aptus, was pledged in favour of the holder(s) of the convertible bonds issued by Aptus on 22 November 2006. GUM held 70% equity interest in CNPC Huayou Cu Energy Investment Co., Limited, which owned profit sharing rights on Xin Jiang Oilfield. In addition, borrowings of approximately HK\$56,447,000 (30 June 2007: approximately HK\$54,232,000) has been secured by gas network of a jointly controlled entity, Hunan Huayou Natural Gas Transportation and Distribution Company Limited.

Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2007 (30 June 2007: Nil).

Commitments

The Group had capital commitments of approximately HK\$41,588,000 and operating leases commitments (i) as lesser of approximately HK\$6,149,000 and (ii) as lessor of approximately HK\$237,000 as at 31 December 2007 (30 June 2007: approximately HK\$39,956,000, approximately HK\$4,946,000 and approximately HK\$375,000 respectively).

Significant investments and acquisitions

The Group did not make any material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 31 December 2007.

Employees

The Group employed 131 employees as at 31 December 2007. Employees’ remuneration is in line with market conditions, working experience and performance. In addition to basic salaries and provident fund contributions, the Group also offers medical benefit and training programs.

Business Review

During the period under review, the Group continued to work on the development of its China lottery related operations and China oil and gas related businesses to improve the overall financial position of the Group.

Shenzhen Bozone IT Co., Limited (“Bozone”), our flagship vehicle in the China traditional social welfare lottery space, contributed approximately HK\$14,745,000 of gross profit to the Group for the first two quarters of 2007/2008 against approximately HK\$9,481,000 previously. Bozone is continuing to further expand its existing operations in the areas of software development for large scale computer lottery sales systems, integration of network systems, network security solutions, research, development and manufacturing of computer lottery terminals, and lottery operation solutions and services. In the first two quarters of financial year 2007/2008, Bozone operated in Heilongjiang, Zhejiang and Shenzhen.

With regards to Aptus, operationally, the results continue to predominately reflect the trading of edible oil products and the selling of natural gas. While drilling at the Group’s Xin Jiang Oilfield is in progress, commercial production of crude has yet to commence as the project is still in its initial development stage.

On the natural gas side, our 48.33% owned Changde Huayou Gas Co., Ltd (“Changde Joint Venture”) (a city level natural gas pipeline project) and 33.0% owned Hunan Huayou Natural Gas Transportation and Distribution Company Limited (“Hunan Joint Venture”) (a provincial level natural gas pipeline project) contributed a combined turnover of approximately HK\$31,522,000 to the Group for the first two quarters of 2007/2008 (2006: Nil). Gross profit is approximately HK\$9,177,000 (2006: Nil).

The Changde Joint Venture has completed about 636 km of city-level pipelines connecting approximately 125 commercial users, 7 industrial users, 75 public welfare establishments and approximately 45,000 residential users to its network.

The Hunan Joint Venture has completed the construction of its main pipelines (about 188 km in total) branching out to reach 7 city-level gas distribution stations in the province of Hunan.

Future Outlook and Prospects

The Company has diversified from predominantly being a producer and distributor of bee and natural products into two new exciting industries, namely the lottery-related and the oil and gas-related sectors in China.

Via Bozone, the Company offers vertically integrated software, hardware and related services to the traditional welfare lottery segment in the PRC in return for a share of lottery revenues. This allows the Group to participate in the rapid growth in the PRC lottery sector. It is our objective this year to continue building on our existing products and further develop in the area of POS machines as well as to continue to expand geographically.

At Aptus, we will concentrate on moving to commercial production at the Xin Jiang Oilfield and scaling up operation at the two natural gas joint ventures in the Hunan province. We believe the development of the Xin Jiang Oilfield will enable the Group to capitalize on the current strong demand and pricing environment for crude thereby enhancing profitability and operational cash flow going forward.

On the natural gas side, the short term objective of the Group is to continue the expansion of the pipeline network of the Changde Joint Venture (city level natural gas pipeline project) with a target to extend its reach to about 4,000 more commercial, industrial, welfare establishments and residential users in the city before the end of this fiscal year to take advantage of the fast growing demand in the city of Changde.

As for the Hunan Joint Venture (provincial level natural gas pipeline project), it is the Group's aim to further expand the existing pipelines to branch out to at least one more city-level gas distribution station before the end of the fiscal year to increase the sale of natural gas.

Meanwhile, in addition to the two aforementioned natural gas related projects the Group will continue to explore more opportunities in the natural gas business in the PRC which we considered to have substantial growth potential in light of the PRC government's desire to increase the proportion of gas utilization, a more environmental friendly energy source, in the country's energy mix. The objective of management is to develop Aptus into a major diversified oil and gas group and we will continue to seek out every opportunity to expand further.

The Company is always actively seeking new investment opportunities with a view to increase the value of the Group. Pursuant to an announcement dated 17 January 2008, on 17 January 2008, the Company entered into a conditional Share Purchase Agreement with a related party, pursuant to which the Group will acquire the entire issued share capital of Grand Promise International Limited ("Grand Promise").

Grand Promise, via its subsidiary, Birdview Group Limited, holds a 49% interest in China Culture Development Digital Technology Co., Ltd. ("CCDDT"), a sino-foreign joint venture company established in the People's Republic of China ("PRC"). Ministry of Culture of the PRC ("MOC"), the government authority which supervises and regulates the cultural and arts industries (中國文化藝術產業的監督管理政府部門) in the PRC, approved the MOC Market Development Center to establish and operate a nationwide karaoke content management service system in the PRC ("Karaoke CMS"). The MOC Market Development Center has granted to CCDDT the exclusive rights to establish and operate the Karaoke CMS. Karaoke CMS is an information system that connects the Karaoke CMS data centre to karaoke venues to supervise and keep track of karaoke music videos played in these venues. This information system could also be utilised to facilitate the provision of product advertisement and promotion services; and to carry out copyright transaction settlement services.

The Company believes that the Karaoke CMS has the potential to become a comprehensive technical platform to provide access to over 110,000 entertainment venues in the PRC. As well, the Company believes that the acquisition of Grand Promise will offer an excellent entry point for the Group to be involved in this business and will provide the Group with a steady stream of income, cashflow and significant earnings growth potential. Furthermore, the Company considers Grand Promise Group has a unique advantage through the development and ownership of the Karaoke CMS and the resultant network of karaoke venues and IP Owners. There are currently no international or domestic competitors engaged in the Karaoke CMS business in the PRC.

The Company believes the acquisition of Grand Promise Group will enhance the future growth of the Group's business activities and enable it to maximize returns to the shareholders. The tapping into of this new business line will also broaden the Group's revenue base and help to diversify the overall business risks of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the ordinary shares of the Company or any of its associated corporations

Name of Directors	Company/Name of associated corporation	Number of ordinary shares held			Total interest	Approximate percentage of shareholding
		Interest in controlled corporation	Beneficial owner	Family interest		
Cheung Kwai Lan	Company	361,695,000 (Note 1)	2,070,000 (Note 2)	–	363,765,000	38.52%
Chan Tung Mei	Company	–	–	363,765,000 (Notes 1 & 2)	363,765,000	38.52%
Lau Hin Kun	Company	–	575,000	–	575,000	0.06%
Cheung Kwai Lan	Best Frontier Investments Limited	–	909	1 (Note 3)	910	–
Chan Tung Mei	Best Frontier Investments Limited	–	1	909 (Note 3)	910	–
Cheung Kwai Lan	Aptus Holdings Limited	971,746,428 (Note 4)	–	–	971,746,428	57.20%
Chan Tung Mei	Aptus Holdings Limited	–	–	971,746,428 (Note 4)	971,746,428	57.20%

Notes:

- The 361,695,000 shares are owned by Best Frontier Investments Limited ("Best Frontier") which is owned as to 99.89% and 0.11% by respectively Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the shares held by Best Frontier and Mr. Chan Tung Mei is deemed to be interested in all 363,765,000 shares by virtue of being the spouse of Madam Cheung Kwai Lan under the SFO.
- The 2,070,000 shares are owned by Madam Cheung Kwai Lan who is the spouse of Mr. Chan Tung Mei. Accordingly, Mr. Chan Tung Mei is deemed to be interested in the shares under the SFO.

3. The 1 share and 909 shares of US\$1 each in Best Frontier is owned respectively by Mr. Chan Tung Mei and Madam Cheung Kwai Lan who are spouse to each other. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the shares held by each other under the SFO.
4. Madam Cheung Kwai Lan and Mr Chan Tung Mei have equity interests of 99.89% and 0.11% respectively of the issued share capital of Best Frontier. Madam Cheung Kwai Lan and Mr. Chan Tung Mei are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be 100% interested in the shares of Best Frontier, and Mr. Chan Tung Mei is also deemed to be interested in the shares of Best Frontier by virtue of being the spouse of Madam Cheung Kwai Lan under the SFO. As at 31 December 2007, Best Frontier is interested in approximately 38.30% of the issued share capital of the Company which in turn holds directly 100% of shareholding of China Success Enterprises Limited and holds indirectly 100% shareholding of Precise Result Profits Limited, the company directly holding 971,746,428 Aptus shares of which, up to 48,750,000 Aptus shares have been lent to Evolution Master Fund Ltd. Spc, Segregated Portfolio M pursuant to a stock lending agreement dated 22 November 2006.

(2) Share option of the Company

The Company has adopted a share options scheme on 18 October 2002 (the “Share Option Scheme”), under which the Board may, at its discretion, invite any persons who satisfies the criteria of the Share Option Scheme, to take up options to subscribe for the shares in the Company:

The Share Option Scheme will remain valid for a period 10 years commencing from 18 October 2002.

Name of Directors	Date of grant	Exercise Price HK\$	Outstanding at 1 July 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2007	Exercise period of share options
Cheung Kwai Lan	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012
Chan Tung Mei	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012
Chan Ting	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012

Name of Directors	Date of grant	Exercise Price HK\$	Outstanding at 1 July 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 December 2007	Exercise period of share options
Lau Hin Kun	18/8/04	0.427 (adjusted)	1,600,000	-	-	-	1,600,000	19/8/2004 – 17/10/2012
	23/11/06	0.62	350,000	-	-	-	350,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	350,000	-	-	-	350,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	700,000	-	-	-	700,000	23/11/2007 – 17/10/2012
Tian He Nian	23/11/06	0.62	260,000	-	-	-	260,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	260,000	-	-	-	260,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	530,000	-	-	-	530,000	23/11/2007 – 17/10/2012
Zhao Zhi Ming	23/11/06	0.62	260,000	-	-	-	260,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	260,000	-	-	-	260,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	530,000	-	-	-	530,000	23/11/2007 – 17/10/2012
To Yan Ming, Edmond	23/11/06	0.62	260,000	-	-	-	260,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	260,000	-	-	-	260,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	530,000	-	-	-	530,000	23/11/2007 – 17/10/2012
Total			<u>24,870,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,870,000</u>	

(3) Long positions in underlying Shares

By an announcement dated 29 September 2006, the Board announced, among other matters, that it had resolved to propose to issue Warrants to qualifying Shareholders on the basis of one Warrant for every five then existing Shares. The Warrants are exercisable at an initial exercise price of HK\$1.33 per Share for a subscription period of two years, i.e. up to and including 2 November 2008. The Warrants were issued to the qualifying Shareholders on 1 November 2006. Each Warrant entitles the holder thereof to subscribe for one Share.

Name of Directors	Capacity	Number of Warrants and number of Shares entitled pursuant to the full exercise of the Warrants held as at 31 December 2007
Cheung Kwai Lan	Beneficial owner	276,000
Lau Hin Kun	Beneficial owner	90,000

Save as disclosed above, as at 31 December 2007, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation” above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2007, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed taken to have, an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or, indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

(1) Long positions in the shares

Name of Shareholders	Capacity	Number of shares held		Approximate Percentage of shareholding
		Long position	Short position	
Best Frontier	Beneficial owner	361,695,000 (Note 1)	–	38.30%
Oppenheimer Funds, Inc.	Investment manager	165,000,000	–	17.47%
Haven Associates Limited	Interest in controlled corporation	69,900,000 (Note 2)	–	7.40%
Shaw Kyle Arnold Junior	Interest in controlled corporation	69,900,000 (Note 2)	–	7.40%

Notes:

1. The 361,695,000 Shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other.
2. The 69,900,000 Shares represent:
 - (a) 1,545,000 Shares beneficially owned by Shaw, Kwei & Partners (Asia) Ltd.
 - (b) 36,930,000 Shares beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L.P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L.P.) is deemed under the SFO to have interest in the same 36,930,000 Shares.
 - (c) 31,425,000 Shares beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) is deemed under the SFO to have interest in the same 31,425,000 Shares.
 - (d) Haven Associates Limited, a company controlled by Mr. Shaw Kyle Arnold Junior, is the controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. and SKP Capital Limited.

(2) Long positions in underlying Shares

Name of Shareholders	Capacity	Number of Warrants and number of Share entitled pursuant to the full exercise of the Warrants held as at 31 December 2007
Best Frontier	Beneficial owner (<i>Note 1</i>)	48,226,000
Oppenheimer Funds, Inc.	Investment manager	22,000,000
Haven Associates Limited	Interest in controlled corporation (<i>Note 2</i>)	9,320,000
Shaw Kyle Arnold Junior	Interest in controlled corporation (<i>Note 2</i>)	9,320,000

Notes:

1. The 48,226,000 Warrants are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other.
2. The 9,320,000 Warrants represent:
 - (a) 206,000 Warrants beneficially owned by Shaw, Kwei & Partners (Asia) Ltd.
 - (b) 4,924,000 Warrants beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L.P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L.P.) is deemed under the SFO to have interest in the same 4,924,000 Warrants.
 - (c) 4,190,000 Warrants beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) is deemed under the SFO to have interest in 4,190,000 Warrants.
 - (d) Haven Associates Limited, a company controlled by Mr. Shaw Kyle Arnold Junior, is the controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. and SKP Capital Limited

Save as disclosed above, as at 31 December 2007, the Directors or chief executives of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

CORPORATE GOVERNANCE

The Company has committed itself to a high standard of corporate governance. The Directors strongly believe that reasonable and sound corporate governance practices are vital to the Group's rapid growth and to safeguarding and enhancing shareholders' interests.

The provision A.4.1 of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 15 of the GEM Listing Rules provides that Non-executive Directors should be appointed for specific terms, subject to re-election. The Company has deviated from this provision in that all Independent Non-executive Directors are not appointed for specific terms. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

Except for the deviation from the provision A.4.1 of the Code on CGP, the Company has complied with all remaining provisions of the Code on CGP during the six months ended 31 December 2007.

The Directors will review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Board consider appropriate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of four Independent Non-Executive Directors, namely Mr. Tian He Nian, Mr. Zhao Zhi Ming, Mr. Zhang Xiu Fu and Mr. To Yan Ming, Edmond. Mr. To Yan Ming, Edmond is the chairman of the audit committee. The Group's unaudited results for the three months and six months ended 31 December 2007 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made.

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

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board,
CHAN Ting
Director

Hong Kong, 11 February 2008

As at the date of this announcement, the Executive Directors are Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Lau Hin Kun and Mr. Chan Ting; and the Independent Non-Executive Directors are Mr. Tian He Nian, Mr. Zhao Zhi Ming, Mr. Zhang Xiu Fu and Mr. To Yan Ming, Edmond.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the day of its posting and on the website of the Company at www.cvg.com.hk.