CHINA CHIEF CABLE TV GROUP LIMITED
中國3C集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2009

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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of China Chief Cable TV Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities ("GEM Listing Rules") on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. 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 only*

The board of directors (the "Board") of China Chief Cable TV Group Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009, together with the comparative figures for the corresponding year in 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	2	**28,741**	12,954
Cost of sales		**(30,465)**	(14,427)
Gross loss		**(1,724)**	(1,473)
Other revenue	2	**730**	6,753
General, administrative and other expenses		**(38,439)**	(28,369)
Loss from operations		**(39,433)**	(23,089)
Finance costs	3	**(875)**	(2,598)
Share of loss of an associated company		**(10,026)**	—
Impairment loss of goodwill		**(235,806)**	—
Loss before income tax	4	**(286,140)**	(25,687)
Income tax expense	5	**—**	—
Loss for the year		**(286,140)**	(25,687)
Attributable to :			
Equity holders of the Company		**(283,421)**	(25,687)
Minority interests		**(2,719)**	—
		(286,140)	(25,687)
Loss per share	6		
— basic		**(33.65 HK cents)**	(6.57 HK cents)

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**21,546**	10,672
Goodwill		**81,400**	—
Other intangible assets		**182,419**	1,197
		285,365	11,869
Current assets			
Inventories		**3,651**	2,518
Accounts receivable	*8*	**7,772**	3,896
Other receivables and deposits		**38,083**	50,883
Financial assets at fair value through profit or loss		**3,078**	4,560
Bank balances and cash		**6,976**	72,316
		59,560	134,173
Current liabilities			
Accounts payable	*9*	**3,928**	2,185
Other payables and accrued charges		**17,598**	8,229
Amount due to related companies		**6,674**	7,080
Amount due to a director		**6,065**	4,864
Other loans		**15,125**	11,664
		49,390	34,022
Net current assets		**10,170**	100,151
Net assets		**295,535**	112,020
Capital and reserves			
Share capital		**17,593**	4,380
Reserves		**251,590**	107,640
Equity attributable to equity holder of the Company		**269,183**	112,020
Minority interests		**26,352**	—
		295,535	112,020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share Capital HK$'000	Share Premium HK$'000	Accumulated Losses HK$'000	Merger Reserve *(Note b)* HK$'000	Share-based payment Reserve HK$'000	Exchange Reserve HK$'000	Convertible bonds-equity component HK$'000	Subtotal HK$'000	Minority interest HK$'000	Total HK$'000
At 1 April 2007	3,125	27,783	(58,381)	(197)	6,000	152	—	(21,518)	—	(21,518)
Issue of shares, net of expenses	1,255	157,446	—	—	—	—	—	158,701	—	158,701
Exchange differences *(Note a)*	—	—	—	—	—	524	—	524	—	524
Loss for the year	—	—	(25,687)	—	—	—	—	(25,687)	—	(25,687)
At 31 March 2008 and 1 April 2008	4,380	185,229	(84,068)	(197)	6,000	676	—	112,020	—	112,020
Issue of shares, net of expenses	3,276	104,012	—	—	—	—	—	107,288	—	107,288
Issue of convertible bond	—	—	—	—	—	—	35,459	35,459	—	35,459
Issue of share options	—	—	—	—	1,382	—	—	1,382	—	1,382
Conversion of convertible bond	9,937	322,943	—	—	—	—	(35,459)	297,421	—	297,421
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	29,071	29,071
Exchange differences *(Note a)*	—	—	—	—	—	(966)	—	(966)	—	(966)
Loss for the year	—	—	(283,421)	—	—	—	—	(283,421)	(2,719)	(286,140)
At 31 March 2009	17,593	612,184	(367,489)	(197)	7,382	(290)	—	269,183	26,352	295,535

Note:

(a) Exchange differences represent adjustments arising on translation of financial statements of overseas subsidiaries and an associate.

(b) The merger reserve of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange thereof pursuant to the Group reorganisation on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001.

Notes:

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Impact of new and revised Hong Kong Financial Reporting Standards

HKICPA has issued the following new standards, amendments to standards and interpretations that have become effective for the year ended 31 March 2009:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Impact of issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) — INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC) — INT 13	Customer Loyalty Programmes[5]
HK(IFRIC) — INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) — INT 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) — INT 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC) — INT 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2009.
4 Effective for annual periods beginning on or after 1 July 2009.
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for annual periods ending on or after 30 June 2009.
8 Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Turnover, other revenue and segment information

The Group is principally engaged in the provision of pre-mastering and other media services, the provision of audiovisual playout services in Hong Kong and the development of digital television system platform and provision of related service, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities (collectively known as "TV digitalisation related services"), direct television sales and cordyceps-related business in the People's Republic of China ("PRC"). Revenues recognised during the year are as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Provision of pre-mastering and other media services	**16,334**	9,510
Provision of audiovisual playout services	**4,070**	3,170
Provision of TV digitalisation related services	**593**	274
Direct television sales	**1,513**	—
Sale of cordyceps-related product	**6,231**	—
	28,741	12,954
Other revenue		
Interest income	**182**	6,744
Others	**548**	9
	730	6,753
Total revenues	**29,471**	19,707

Primary report format — business segments

The Group is organised into five main business segments:

— Provision of pre-mastering and other media services — include editing, authoring and digitalisation of audiovisual data processes;

— Provision of audiovisual playout services on audiovisual data;

— Provision of TV digitalisation related services — development of digital set-top boxes and the system platform for digital TV network and provision of digitalisation related technical support services;

— Direct television sales; and

— Sale of cordyceps-related product.

An analysis of the Group's segment information for the year by principal activity and market is as follows:

	For the year ended 31 March 2009					
	Provision of premastering and other media services *HK$'000*	Provision of audiovisual playout services *HK$'000*	Provision of TV digitalisation related services *HK$'000*	Direct television sales *HK$'000*	Sale of cordyceps-related product *HK$'000*	Total *HK$'000*
Turnover	16,334	4,070	593	1,513	6,231	28,741
Segment results	1,603	(7,431)	(6,621)	(16,641)	3,912	(25,178)
Unallocated income						548
Unallocated expenses						(14,803)
Loss from operations						(39,433)
Finance costs						(875)
Share of loss of an associated company	—	—	—	(10,026)	—	(10,026)
Impairment loss of goodwill	—	—	—	(231,787)	(4,019)	(235,806)
Loss before income tax						(286,140)
Income tax expenses						—
Loss for the year						(286,140)
Segment assets	1,288	2,275	12,950	107,205	124,690	248,408
Unallocated assets						96,517
Total assets						344,925
Segment liabilities	3,417	334	22,972	5,120	6,465	38,308
Unallocated liabilities						11,082
Total liabilities						49,390
Capital expenditure	1,121	1,048	264	4,243	6,074	12,750
Unallocated capital expenditure						20
Total capital expenditure						12,770
Depreciation	806	806	3,675	443	240	5,970
Unallocated depreciation						66
						6,036

	For the year ended 31 March 2008					
	Provision of premastering and other media services	Provision of audiovisual playout services	Provision of TV digitalisation related services	Direct television sales	Sale of cordyceps-related product	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	9,510	3,170	274	—	—	12,954
Segment results	508	(2,450)	(1,816)	—	—	(3,758)
Unallocated income						1,393
Unallocated expenses						(20,724)
Loss from operations						(23,089)
Finance costs						(2,598)
Loss before income tax						(25,687)
Income tax expenses						—
Loss for the year						(25,687)
Segment assets	5,361	1,525	16,488	—	—	23,374
Unallocated assets						122,668
Total assets						146,042
Segment liabilities	2,554	315	21,298	—	—	24,167
Unallocated liabilities						9,855
Total liabilities						34,022
Capital expenditure	551	293	453	—	—	1,297
Unallocated capital expenditure						621
Total capital expenditure						1,918
Depreciation	1,616	1,616	3,734	—	—	6,966

Secondary report format — geographical segments

The Group's three business segments operated in two main geographical areas:

— Hong Kong — provision of pre-mastering and other media services and provision of audiovisual playout services;

— PRC — development of digital television system platform and provision of related services, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities, direct television sales and sale of cordyceps-related products.

	For the year ended 31 March 2009			
	Turnover	**Segment results**	**Segment assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Hong Kong	**20,404**	**(5,828)**	**18,682**	**2,188**
PRC	**8,337**	**(19,350)**	**326,243**	**10,582**
	28,741	**(25,178)**	**344,925**	**12,770**
Unallocated income		**548**		
Unallocated expenses		**(14,803)**		
Loss from operations		**(39,433)**		

	For the year ended 31 March 2008			
	Turnover	Segment results	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	12,680	(1,942)	129,554	1,465
PRC	274	(1,816)	16,488	453
	12,954	(3,758)	146,042	1,918
Unallocated income		1,393		
Unallocated expenses		(20,724)		
Loss from operations		(23,089)		

3. Finance costs

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans	**—**	1,820
Interest on other loans	**875**	778
	875	2,598

4. Loss before income tax

Loss before income tax is stated after charging the following:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Amortisation of club membership	**7**	6
Amortisation of film rights	**—**	924
Auditors' remuneration		
— audit services	**400**	409
— non audit services	**273**	187
Depreciation	**6,036**	6,966
Impairment of goodwill	**235,806**	4,007
Loss on financial assets at fair value through profit or loss	**1,482**	3,816
Staff costs (including directors' emolument and share-based payment)	**15,931**	10,204

5. Income tax expense

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in these financial statements as there was no estimated assessable profits for the year (2008: Nil).

The tax expense for the year can be reconciled to the loss before income tax per consolidated income statement as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Loss before income tax	**(286,140)**	(25,687)
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	**(47,213)**	(4,495)
Tax effect of non-taxable profits	**(1,801)**	—
Tax effect of non-deductible expenses	**42,484**	1,218
Tax effect of current year's tax losses unrecognized	**8,044**	3,167
Tax effect of temporary differences not previously recognized	**6**	392
Effect of different tax rates at overseas jurisdiction	**(1,813)**	(282)
Others	**293**	—
Tax expense for the year	**—**	—

6. **Loss per share**

The basic loss per share is calculated based on the loss attributable to equity holders of the Company of HK$283,421,000 (2008: HK$25,687,000) and on 842,316,000 (2008: 391,119,000) weighted average number of ordinary shares in issue during the year.

The diluted loss per share for the years ended 31 March 2009 and 31 March 2008 have not been disclosed as the share options outstanding these years and convertible bonds issued and converted during the year had an anti-dilutive effect on the basic loss per share for these years.

7. **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 March 2009.

8. **Accounts receivable**

The Group's credit term granted to trade debtors generally ranges from 15 to 90 days. At 31 March 2009, details of the ageing analysis of accounts receivable were as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Current	**5,612**	1,098
30 — 60 days	**2,160**	388
61 — 90 days	**—**	3
Over 90 days	**—**	2,407
	7,772	3,896

The carrying amounts of the Group's accounts receivable approximate their fair values.

9. **Accounts payable**

At 31 March 2009, details of the ageing analysis of accounts payable were as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Current	**777**	1,183
30 — 60 days	**2,061**	411
Over 60 days	**1,090**	591
	3,928	2,185

The carrying amounts of the Group's accounts payable approximate their fair values.

10. **Subsequent event**

On 11 May 2009, the Company entered into a placing agreement with a placing agent and a subscription agreement with Mr. Lee Yuk Lun ("Mr. Lee") to place 50,000,000 existing shares at a price of HK$0.28 per placing shares for and on behalf of Mr. Lee and Mr. Lee agreed to subscribe for such number of new shares at a price of HK$0.28 per subscription share. The subsciption was completed on 20 May 2009.

On 15 May 2009, the Company entered into a placing agreement with a placing agent to place 16,500,000 new shares at a price of HK$0.32 per placing shares. The placing was completed on 29 May 2009.

On 19 May 2009, the Company entered into a placing agreement with a placing agent to place 8,500,000 new shares at a price of HK$0.33 per placing shares. The placing was completed on 29 May 2009.

On 16 June 2009, the Company proposed to increase its authorised share capital from HK$20,000,000 to HK$100,000,000 by creation of an additional 8,000,000,000 new shares. The proposed capital increase is conditional upon passing of an ordinary resolution by shareholders at a special general meeting to be convened on 2 July 2009.

BUSINESS REVIEW AND FINANCIAL REVIEW

Financial review

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$28,741,000 (2008: approximately HK$12,954,000). The increase was mainly due to the turnover contributed by newly acquired businesses.

Income from pre-mastering and other media services ("Media Services") accounted for approximately 57% (2008: approximately 73%) of the Group's turnover.

Income from the provision of audiovisual playout services ("Playout Services") amounted to approximately HK$4,070,000 (2008: HK$3,170,000) of the Group's turnover. One channel was launched in last year which lead to an increase in the Playout Service income.

Income from provision of TV digitalisation related services amounted to approximately HK$593,000 (2008: HK$274,000). The business of Sky Dragon Group will be further improved as a result of the process of launching digital television network across the PRC by the PRC government.

Income from direct TV sales amounted to approximately HK$1,513,000 (2008: Nil). The business is newly acquired in April 2008.

Income from sale of cordyceps related product amounted to approximately HK$6,231,000 (2008: Nil). The business is newly acquired in November 2008.

The Group generated a gross loss of approximately HK$1,724,000 (2008: HK$1,473,000) out of a total turnover of approximately HK$28,741,000 (2008: approximately HK$12,954,000). The gross loss margin has been improved from 11% in 2008 to 6% in the current year, mainly due to the incorporation of result of cordyceps related business which has a high profit margin and level off the gross loss generated from Media Services.

The Group posted a loss attributable to equity holders of the Company of approximately HK$283,421,000 (2008: HK$25,687,000) for the current year. The significant increase of net loss was mainly attributable to the impairment loss on goodwill arising from acquisitions.

Business Pursuits and Prospects

The Group acquired a new business for the provision of TV digitalisation related services in August 2004 in order to expand its business scope in the PRC and grabbed the opportunities of network digitalisation in the PRC. At present, the business continues to deliver a stable growth for the year. Its fiber-optic trunk network has expanded to all major districts in Hunan Province and has a satisfactory increasing number of audience bases. The TV digitalisation related services are expected to sustain a healthy growth rate and generate steady cash inflow in the coming years after the process of the network restructuring, equipment upgrade and marketing strategy.

As the Pay TV market has been getting more complicated with the emergence of broadband network, the demand for audiovisual contents as well as its quality increases dramatically. Management believed that it is a good opportunity to capitalise on its expertise and experience in audiovisual technology, and to pursue the concept of providing media service as a whole. In April 2008, the Group completed the acquisition of 80% equity interest in Nanjing Everyday Buy Trading Co. Ltd ("NJ Everyday Buy"). In view of the market potentials in direct TV sales, television advertising and programme production in the increasingly affluent PRC market, the Group has an opportunity to leverage on its expertise and network in the PRC television market and to form a strategic alliance with its joint venture partner to tap into the growth potential of the television advertising and direct TV sales market in the PRC. However, the PRC was hit by several natural disasters and the outbreak of the financial turmoil in the second half of the year, which adversely impacted the general consumer spending sentiments. As a result, overall direct TV sales of NJ Everyday Buy slowed down. The managements hope this would be short-lifted.

In view of the rapid economic growth in the PRC economy in the recent decade, the PRC consumption market exhibited a solid growth potential. As to diversify its existing business portfolio and to broaden its source of income, the Group completed the acquisition of 100% equity interest in Hong Kong New Success International Group Investment Company Limited ("New Success") and its subsidiaries ("New Success Group") in November 2008. The Directors believe that the acquired cordyceps-related business can provide a new source of income to the Group. In the PRC marketplace, nutraceuticals and functional foods have become a multi-billion dollar industry. Our managements believe rare nutraceuticals such as cordyceps and other related health products will represent the most attractive markets for nutraceutical industry in the PRC. In particular, in view of the escalating demand, and hence prices, for high-end consumer products, the Directors are optimistic about the future prospect of the demand for cordyceps-related businesses in the PRC.

New Success is one of the Group's subsidiaries owns the patent of foliage Colon. We are honored to have Yangtze Delta Region Institute of Tsinghua University to become our strategic partner to develop the cultivated cordyceps-related products. The cordyceps-related products have exceptional advantages in the prevention of cancer, anti-cancer, enhance immunity, and other aspects. The Group believes that New Success has ample potential to generate attractive returns to the Group in the future.

The Group will continue to endeavour its best effort in keeping its established brand in Hong Kong and will also adopt an positive approach towards the bright market in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

The Group used to finance its operation using internally generated cashflows. However, the acquisition of its subsidiaries and related capital investments in certain digital television equipments and machineries induce the need for certain debt financing and fund raising. At the balance sheet date, the Group's other borrowings amounted to HK$15,125,000 (2008: HK$11,664,000). Cash and deposit at bank amounted to HK$6,976,000 (2008: HK$72,316,000) and net debt HK$8,149,000 (2008: net cash HK$60,652,000). The significant decrease of cash and deposit at bank was mainly attributable to cash outflow for additional capital injection to NJ Everyday Buy in October 2008, acquisition of New Success Group in November 2008 and general working capital of the Group. The gearing ratio became 5% (2008: 10%) based on the other loans of approximately HK$15,125,000 (2008: HK$11,664,000) and the total net assets of HK$295,535,000 (2008: HK$112,020,000).

The Group's bank balances and borrowings are denominated in Hong Kong dollars and Renminbi and the Group has no significant exposure to foreign currency fluctuations.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2009.

EMPLOYEE INFORMATION

As at 31 March 2009, the Group had 260 full-time employees. Employees costs, including directors' emoluments and share based payment for the year amounted to approximately HK$15,931,000. Remuneration is reviewed annually and employees are rewarded on a performance related basis. In addition to the basic salaries, a wide range of benefits, including medical coverage, provident funds, training and development programmes and long service awards are also provided on an ongoing basis to employees of the group. The Group has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code for the year ended 31 March 2009, with the exception of the deviation in respect of the appointment term of non-executive directors as mentioned below.

Under code provision A.4.1, 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 retirement by rotation in accordance with Bye-law of the Company. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors and has adopted the terms of reference governing the authority and duties of the audit committee. The present members of the audit committee are Mr. Sousa Richard Alvaro, Mr. Chang Carl and Mr. Lee Chi Hwa, Joshua. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group. Four meetings were held during the current financial year and the annual results have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

On behalf of the Board
Wong Man Hung, Patrick
Chairman

Hong Kong, 19 June 2009

As of the date hereof, the executive directors are Mr. Wong Man Hung, Patrick, Mr. Law Kwok Leung, Mr. Feng Xiao Ping and Mr. Stephen William Frostick, the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Chang Carl and Mr. Lee Chi Hwa, Joshua.

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