Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2008

HIGHLIGHTS

	2008	2007	**Changes**	
	HK$millions	*HK$millions*	***HK$millions***	*%*
Continuing Operations				
Turnover	**398**	248	**+150**	**+60%**
Gross profit	**214**	129	**+85**	**+66%**
Profit from operations	**18**	2	**+16**	**+800%**
Profit for the period *	**10**	3	**+7**	**+233%**
The Group				
Profit attributable to shareholders	**73**	3		
Basic earnings per share	**40.53 cents**	2.4 cents		

* *excluding discontinued operation and gain on disposal of interest in a jointly controlled entity*

- Turnover increased by 60% to HK$398 million
- Gross profit grew HK$85 million to HK$214 million
- Profit from operations boosted to HK$18 million from HK$2 million
- Cinema admissions we served on a full and aggregated basis increased to over 10 million from 9.3 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Cash on hand increased to HK$350 million by HK$84 million
- The Group is essentially operated debt-free since it had fully repaid its bank borrowings and the outstanding convertible notes were fully converted into shares by note holders during the period

INTERIM RESULTS

The Board of Directors (the "Board") of Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008. The consolidated results have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

	Note	**(Unaudited) Six months ended 31 December 2008** *HK$'000*	(Unaudited) Six months ended 31 December 2007 *HK$'000* *
Continuing operations			
Turnover	*2*	**397,925**	247,600
Cost of sales		**(183,843)**	(118,463)
Gross profit		**214,082**	129,137
Other income		**18,523**	33,267
Selling and distribution costs		**(182,852)**	(121,602)
General and administrative expenses		**(26,639)**	(32,066)
Other operating expenses		**(5,247)**	(6,743)
Profit from operations		**17,867**	1,993
Finance costs	*3(a)*	**(553)**	(6,218)
Share of profits less losses of associates		**–**	10,939
Gain on disposal of interest in a jointly controlled entity		**61,852**	–
Profit before taxation	*3*	**79,166**	6,714
Income tax	*4*	**(6,898)**	(3,161)
Profit for the period from continuing operations		**72,268**	3,553
Discontinued operation			
Profit/(loss) for the period from discontinued operation		**1,198**	(417)
Total profit for the period		**73,466**	3,136

	Note	**(Unaudited) Six months ended 31 December 2008**	(Unaudited) Six months ended 31 December 2007
		HK$'000	*HK$'000* *
Attributable to:			
Equity holders of the Company		**73,370**	3,050
Minority interests		**96**	86
		73,466	3,136
Dividends attributable to equity holders of the Company		**18,327**	–
Earnings/(losses) per share	*6*		
Basic			
– Continuing operations		**39.87 cents**	2.73 cents
– Discontinued operation		**0.66 cents**	(0.33) cents
		40.53 cents	2.40 cents
Diluted			
– Continuing operations		**39.47 cents**	2.72 cents
– Discontinued operation		**0.65 cents**	(0.33) cents
		40.12 cents	2.39 cents

* *The consolidated income statement for the six months ended 31 December 2007 has been reclassified to conform with the current period's presentation of the discontinued operation.*

CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) As at 31 December 2008 HK$'000	(Audited) As at 30 June 2008 HK$'000
Non-current assets			
Fixed assets		**326,651**	367,395
Investment property		**1,952**	–
Amounts due from jointly controlled entities		**22,387**	32,285
Prepaid rental		**6,742**	8,015
Club memberships		**3,590**	3,590
Rental and other deposits		**50,867**	54,006
Trademarks		**79,421**	79,421
Deferred tax assets		**1,547**	358
Pledged bank deposits		**12,258**	10,133
		505,415	555,203
Current assets			
Inventories		**2,497**	2,417
Film rights		**27,916**	27,503
Trade receivables	*7*	**20,954**	27,045
Other receivables, deposits and prepayments		**59,086**	49,355
Amounts due from jointly controlled entities		**13,110**	50,277
Deposits and cash		**349,868**	266,307
		473,431	422,904
Assets of a jointly controlled entity held for sale		**–**	141,037
		473,431	563,941
Current liabilities			
Trade payables	*8*	**64,866**	68,609
Other payables and accrued charges		**117,268**	129,472
Customer deposits		**6,497**	3,675
Bank loans		**–**	12,480
Convertible notes		**–**	31,066
Loans from joint venture partners		**12,500**	22,144
Taxation payable		**15,450**	9,618
		216,581	277,064
Liabilities of a jointly controlled entity held for sale		**–**	101,135
		216,581	378,199
Net current assets		**256,850**	185,742

	Note	(Unaudited) As at 31 December 2008 HK$'000	(Audited) As at 30 June 2008 HK$'000
Total assets less current liabilities		**762,265**	740,945
Non-current liabilities			
Bank loans		**–**	7,800
Loans from joint venture partners		**15,137**	42,505
Loan from minority shareholder		**471**	696
Deposits received		**3,837**	4,248
Deferred tax liabilities		**15,343**	16,540
		34,788	71,789
NET ASSETS		**727,477**	669,156
Capital and reserves			
Share capital		**183,274**	169,638
Reserves		**542,793**	498,097
Total equity attributable to equity holders of the Company		**726,067**	667,735
Minority interests		**1,410**	1,421
TOTAL EQUITY		**727,477**	669,156

NOTES ON THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited interim consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 30 June 2008.

The preparation of interim consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. SEGMENT INFORMATION

(a) Business segments

	Film and video distribution 2008 HK$'000	Film and video distribution 2007 HK$'000	Film exhibition 2008 HK$'000	Film exhibition 2007 HK$'000	Others 2008 HK$'000	Others 2007 HK$'000	Eliminations 2008 HK$'000	Eliminations 2007 HK$'000	Consolidated 2008 HK$'000	Consolidated 2007 HK$'000
	(Unaudited) Six months ended 31 December									
Continuing operations										
Segment revenue:										
Sales to external customers	**47,650**	32,364	**346,626**	210,250	**3,649**	4,986	**–**	–	**397,925**	247,600
Inter-segment sales	**7,599**	2,497	**–**	–	**1,378**	544	**(8,977)**	(3,041)	**–**	–
Other income	**867**	600	**24,359**	16,640	**110**	150	**(248)**	(196)	**25,088**	17,194
Total	**56,116**	35,461	**370,985**	226,890	**5,137**	5,680	**(9,225)**	(3,237)	**423,013**	264,794
Segment results	**8,964**	1,140	**33,963**	16,106	**(93)**	153	**–**	–	**42,834**	17,399
Interest income									**3,036**	2,805
Unallocated operating expenses, net									**(28,003)**	(18,211)
Gain on disposal of interest in a jointly controlled entity									**61,852**	–
Finance costs									**(553)**	(6,218)
Share of profits less losses of associates	**–**	3,897	**–**	7,042	**–**	–	**–**	–	**–**	10,939
Profit before taxation									**79,166**	6,714
Income tax									**(6,898)**	(3,161)
Profit for the period from continuing operations									**72,268**	3,553
Discontinued operation										
Segment revenue:										
Sales to external customers	**–**	–	**13,674**	54,287	**–**	–	**–**	–	**13,674**	54,287
Other income	**–**	–	**284**	934	**–**	–	**–**	–	**284**	934
Total	**–**	–	**13,958**	55,221	**–**	–	**–**	–	**13,958**	55,221
Segment results	**–**	–	**1,913**	1,509	**–**	–	**–**	–	**1,913**	1,509
Interest income									**26**	278
Finance costs									**(124)**	(746)
Profit before taxation									**1,815**	1,041
Income tax									**(617)**	(1,458)
Profit for the period from discontinued operation									**1,198**	(417)
Total profit for the period									**73,466**	3,136

(b) Geographical segments

	(Unaudited) Six months ended 31 December															
	Hong Kong		Mainland China		Taiwan		Singapore		Malaysia		Elsewhere in Asia		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:																
Sales to external customers	**124,102**	106,763	**37,425**	34,126	**133,195**	104,571	**102,746**	–	**13,674**	54,731	**287**	1,334	**170**	362	**411,599**	301,887
Less: Attributable to discontinued operation	**–**	–	**–**	–	**–**	–	**–**	–	**13,674**	54,287	**–**	–	**–**	–	**13,674**	54,287
Sale to external customers from continuing operations	**124,102**	106,763	**37,425**	34,126	**133,195**	104,571	**102,746**	–	**–**	444	**287**	1,334	**170**	362	**397,925**	247,600

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	(Unaudited) Six months ended 31 December 2008	(Unaudited) Six months ended 31 December 2007
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**163**	1,499
Interest on convertible notes	**172**	4,176
Interest on loans from joint venture partners	**218**	499
Finance charges on obligation under finance leases	**–**	44
	553	6,218

(b) *Other items*

	(Unaudited) Six months ended 31 December 2008 *HK$'000*	(Unaudited) Six months ended 31 December 2007 *HK$'000*
Cost of inventories	**15,890**	2,017
Cost of services provided	**150,206**	106,114
Depreciation	**23,618**	15,618
Amortisation of prepaid land lease payments	**392**	10
Amortisation of film rights	**17,747**	10,332
Loss on disposal of fixed assets	**431**	2,406

4. INCOME TAX

Taxation in the consolidated income statement represents:

	(Unaudited) Six months ended 31 December 2008 *HK$'000*	(Unaudited) Six months ended 31 December 2007 *HK$'000*
Continuing operations		
Group		
Current income tax		
Provision for Hong Kong Profits Tax	**–**	–
Provision for overseas tax	**1,477**	562
	1,477	562
Jointly controlled entities		
Current income tax		
Provision for overseas tax	**6,747**	34
Deferred tax – overseas		
Origination and reversal of temporary differences	**(1,326)**	2,565
	5,421	2,599
	6,898	3,161

5. DIVIDENDS

	(Unaudited) Six months ended 31 December 2008	(Unaudited) Six months ended 31 December 2007
	HK$'000	*HK$'000*
Special dividend declared and paid during the period of HK$0.1 per share (2007: Nil)	**18,327**	–

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK$72,172,000 and HK$1,198,000 respectively (2007: HK$3,467,000 and loss of HK$417,000 respectively) and the weighted average number of 181,025,966 ordinary shares (2007: 127,159,858 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK$72,344,000 and HK$1,198,000 respectively (2007: HK$3,467,000 and loss of HK$417,000 respectively) and the weighted average number of ordinary shares of 183,273,990 shares (2007: 127,741,555 shares), calculated as follows:

(i) Profit attributable to equity holders of the Company (diluted)

	(Unaudited) Six months ended 31 December 2008 *HK$'000*	(Unaudited) Six months ended 31 December 2007 *HK$'000*
Continuing operations		
Profit attributable to equity holders	**72,172**	3,467
After tax effect of effective interest on the liability component of convertible bonds	**172**	–
Profit attributable to equity holders (diluted)	**72,344**	3,467
Discontinued operation		
Profit/(loss) attributable to equity holders	**1,198**	(417)

(ii) Weighted average number of ordinary shares (diluted)

	Number of shares	*Number of shares*
Shares		
Issued ordinary shares as at 1 July 2008	**169,637,627**	128,356,537
Effect of convertible notes converted	**11,388,339**	–
Effect of shares repurchased	**–**	(1,205,918)
Effect of share options exercised	**–**	9,239
Weighted average number of ordinary shares in issue during the period used in the calculation of the basic earnings per share	**181,025,966**	127,159,858
Effect of dilution – weighted average number of ordinary shares:		
Share options *(Note (1))*	**–**	581,697
Convertible notes *(Note (2))*	**2,248,024**	–
	183,273,990	127,741,555

Notes:

(1) The share options had no diluting effect on the basic earnings per share for current period as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary shares during current period.

(2) The convertible notes had no diluting effect on the basic earnings per share for the prior period.

7. TRADE RECEIVABLES

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management.

The ageing analysis of trade receivables (net of allowance for doubtful debts) as of the balance sheet date:

	(Unaudited) At 31 December 2008 *HK$'000*	(Audited) At 30 June 2008 *HK$'000*
Current to 3 months	**19,418**	21,357
Within 4 to 6 months	**1,183**	3,900
Over 6 months	**353**	1,788
	20,954	27,045

8. TRADE PAYABLES

The ageing analysis of trade payables as of the balance sheet date:

	(Unaudited) As at 31 December 2008 *HK$'000*	(Audited) As at 30 June 2008 *HK$'000*
Current to 3 months	**54,586**	63,275
Within 4 to 6 months	**5,040**	193
Within 7 to 12 months	**570**	1,509
Over one year	**4,670**	3,632
	64,866	68,609

SPECIAL DIVIDEND

During the six months ended 31 December 2008, the Board declared and paid a special dividend of HK$0.10 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on 11 September 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Operation and Financial Highlights

The Group reported a profit of HK$73 million for the period, which was contributed by the stronger profits posted from operations in Hong Kong, Mainland China, Taiwan and Singapore, in parallel to the gain on disposal of the Malaysia cinema circuit. The operating results of the Group for the period were fairly encouraging despite the challenge of severe global economic downturn triggered by the sub-prime mortgage related credit crisis in the United States. Group revenues amounted to HK$398 million, compared with HK$248 million of the same period of last year. Gross profit from continuing operations, with margin maintaining at about 53% plus, was HK$214 million versus that of HK$129 million reported last year. During the period, the Group continued its effort in improving the cost structure and such exercise has significantly reduced our headquarter expenses. The strong results were however partly offset by the unfavourable exchange adjustment for the period due to currency depreciation in the territories where the Group operated. Taking into account of all of these, the Group recorded a profit from operations of HK$18 million, significantly improved from last year's HK$2 million. Excluding discontinued operation and gain on disposal of the Malaysia cinema circuit, the Group's net profit was approximately HK$10 million, compared to about HK$3 million of the same period of last year.

While much of the region's economy was affected by the global financial crisis, the movie industry seemed to be sheltered from the downturn in most of the territories we operated, likely due to its nature as an affordable entertainment at all times. Aided also by a number of strong Hollywood blockbuster titles released during the period, such as *The Dark Night* and *Journey to the Centre of the Earth*, both exhibition and distribution businesses across the territories we operated were strong and continued their upward trend.

The Group continues to be a major and leading cinema operator in Asia, operating 22 cinemas with 181 screens across Hong Kong, Mainland China, Taiwan and Singapore. In the coming years, the Group will continue to put our focus in developing new cinema projects in Mainland China, as well as expand our businesses in other locations strategically.

At end of July 2008, the Group completed the disposal of its Malaysia cinema circuit TGV Cinemas Sdn. Bhd. and recorded a one-off gain of approximately HK$62 million. After the disposal, the Group carries no investment in Malaysia and therefore, the contribution of this cinema circuit was classified as discontinued operation.

Besides, the Group is essentially operated debt-free since it had fully repaid all its bank borrowings and the outstanding convertible notes were converted fully into shares by note holders during the period. As at end of December 2008, the Group had cash and deposits of approximately HK$350 million which providing a solid capital base for financing our new cinema projects in Greater China.

BUSINESS REVIEW

Film Exhibition

The Group served over 10 million theatre guests during the period, and box office income improved 5.4% across the Group on a full and aggregated basis to approximately HK$491 million. Confectionary sales income showed an encouraging and healthy increase of 5.2% also, reflecting positive results from both the enhanced confectionary product mix and prices, in addition to the improved attendance level.

Hong Kong

Hong Kong market as a whole, recorded a box office receipts of HK$584 million, which was a 6% increase compared to the same period of last year. Apart from strong Hollywood line-up, the Group has also introduced 3D stereoscopic equipment at different cinema sites to deliver more interesting and engaging theatrical experience to the audience. Our cinemas in Hong Kong achieved an encouraging result for the period with theatre takings of close of HK$80 million, and maintained a market share of more than 13%. Moving forward, the Group will continue to look for new cinema sites with good potential, and in that respect, we are pleased to have secured one in Tsuen Wan for a 5-screen multiplex, and it is expected to be opened during the second half of 2009.

Mainland China

Shenzhen, the city in which we operate our flagship cinema, saw a strong surge of market box office by 49% last year. That was largely due to increased supply of new cinemas over the past two years as well as the stronger consumer spending. The Group's 7-screen cinema located at MIXC Mall City Crossing continued to maintain its theatre takings at a high level despite intensified competition in the city and achieved a 20% market share in Shenzhen. It was at the same time staying strongly competitive in China nationally. In 2008, for a consecutive of 3 years, our Shenzhen multiplex continued to be ranked as the 2nd highest box-office cinema in China – with admissions grew by almost 10%, as well as theatre takings improved close to 11% and grossed RMB27 million for the period. The Group has planned to open 5 more screens in MIXC Mall City Crossing in the 2nd quarter of 2009. Our presence in China is expected to be further and significantly strengthened by our planned opening of new multiplexes in Beijing, Wuxi, Suzhou and other locations within the next 12 to 24 months.

Taiwan

Taiwan exhibition market, somehow affected by certain political events, has not seen much growth over the past 5 years. The market box office in Taiwan for the period was reduced by 3% as compared to that of last year. Capitalizing on its leading market position, our cinema circuit Vie Show however managed to go against the tide successfully and recorded a 4% growth in admission as well as a 2% improvement on gross theatre takings. Moreover, Vie Show is planning to open a new cinema multiplex with 9 screens by the last quarter of 2009. Operationally, not taking into account the effect of currency fluctuation, the Group saw an increase of about 1.4% in net profit shared from Vie Show.

Singapore

Singapore's market box office grew 5.6% to S$76 million for the period. Due to opening of new cinemas by competitors, market share of GVM was slightly affected and declined to 43% during the period. Gross theatre takings of GVM for the period amounted to S$33 million and improved by 2% from last year's, contributed mostly by the slight increase in the ticket price. After taking the effect of currency fluctuation, the Group maintained a share of net profit of HK$12 million for the period.

Film Distribution

The market box office receipts in Hong Kong amounted to HK$584 million during the period, of which non-Chinese language films took up 81% or HK$471 million. Non-Chinese blockbusters included *The Dark Night, Journey to the Centre of the Earth* and *Kung Fu Panda*; and Chinese blockbusters included *Red Cliff* and *Ip Man*. As a distributor for both Chinese and non-Chinese language films, the Group held a 13% market share in terms of box office receipts. Moving ahead, the Group will continue to expand the film financing and licensing businesses in Hong Kong, Mainland China and Taiwan.

Chinese Language Films

During the period, the Group distributed only 3 small-scale Chinese language films. Looking forward to 2009 however, the Group has obtained the distribution rights of bigger titles such as *The Storm Warriors 2* and *Look for a Star*, and it is expected that higher contribution will be seen from the Chinese film distribution.

The Group owns a film library of approximately 130 Chinese film titles for worldwide distribution which continuously generates steady income to the Group. During the period, the library contributed an income of approximately HK$4 million for the Group from its royalty licensing activity.

Non-Chinese Language Films

The Group distributed 9 non-Chinese language films in Hong Kong during the period, including *Journey to the Centre of the Earth, Detroit Metal City* and *Suspect X*. Thanks to our brilliant distribution team, our 3-D feature release *Journey to the Centre of the Earth* was a great success and was one of the top three movies in term of box office takings for the period. The total box office of non-Chinese films distributed by the Group sharply increased to HK$68 million, representing about 14% of market share.

PROSPECTS

The Group has dedicated its efforts in strengthening and growing both the exhibition and distribution networks in territories with higher market potential and better returns. Given the continued opening of film market in Mainland China as well as growing influence of Chinese language films in the international film industry, we strongly believe that more focus should be placed onto opportunities related to the market of Mainland China. In addition to the planned opening of more screens in Shenzhen and other principal cities such as Beijing, Hangzhou, Suzhou and Wuxi, the Group is also actively looking into expansion of our distribution business in Mainland China.

Like most industries, we are facing a challenging year ahead with the recent global economic downturn caused by the sub-prime mortgage related credit crisis in the United States. We are however cautiously optimistic in respect of the prospects of our industry and the territories we operated. Hong Kong will continue to be the base of the Group's operations with increased resources put in Mainland China. We will continue to adopt stringent measures to control the general and administrative expenses.

FINANCIAL RESOURCES AND LIQUIDITY

During the period, the remaining convertible notes in aggregate amount of HK$30 million have been converted into the ordinary shares of the Company, creating a total of approximately 13.6 million new ordinary shares at a conversion price of HK$2.2 per share. The Group has no outstanding convertible notes as at 31 December 2008.

In addition, with the surplus fund received from the disposal of Malaysia TGV circuit, the Group had fully repaid all outstanding bank loans of HK$20 million during the period. As at 31 December 2008, the Group recorded no bank borrowing.

As at 31 December 2008, the Group's cash balance was HK$350 million (30 June 2008: HK$266 million), representing an increase of 32% as compared with that of June 2008. Currently, the Group has no financial leverage while the gearing ratio for the year ended 30 June 2008 was 5%, calculated on the basis of external borrowings (including the convertible notes) over total assets. Management will continue to monitor the gearing structure and make adjustments if necessary in light of changes in the Group's developments and economic conditions.

The Group's assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments in Mainland China, Taiwan and Singapore. The overseas joint ventures of the Group are operating in their local currencies and subjected to minimal exchange risk on their own. While for the Hong Kong operations, due to the volatility of the currency market, management decided to maintain higher level of deposits in Hong Kong dollars and the pegged US dollars, thus lowering the exposure to exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimize the risk at reasonable cost.

The Group did not have any significant contingent liabilities as of 31 December 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group had 265 (30 June 2008: 311) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 31 December 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save and except the following deviations from the code provisions set out in the Code on Corporate Governance Practices (the "CG Practices") as contained in Appendix 14 to the Listing Rules, the Company had, throughout the six months ended 31 December 2008, complied with the CG Practices.

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
A.2.1	The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.	Mr. Wu Kebo ("Mr. Wu"), the chairman and executive director, was appointed as the acting managing director of the Company with effect from 21 December 2007. The Board considers that as Mr. Wu has experience in acting in a leading and managing role in media and entertainment businesses, it is in the interests of the Company for Mr. Wu to act as the acting managing director of the Company pending the appointment of a new managing director to ensure continuity. The Board will in due course appoint an individual with appropriate qualifications to act as the chief executive officer of the Company.

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
A.3 & A.3.2	The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should ensure that changes to its composition can be managed without undue disruption. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight. Pursuant to note 1 to Code Provision A.3 of the CG Practices (and as required by Rule 3.10 of the Listing Rules), every board of directors must include at least 3 independent non-executive directors. Pursuant to Code Provision A.3.2 of the CG Practices, the Company should appoint independent non-executive directors representing at least one-third of the board.	During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol as an independent non-executive director with effect from 20 November 2008, the total number of independent non-executive directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules, note 1 to Code Provisions A.3 and A.3.2 of the CG Practices, respectively. As the Company is still identifying a suitable individual to be appointed as an independent non-executive director and a member of the audit committee, the requirements set out under Rules 3.10(1) and 3.21 of the Listing Rules have not been fulfilled within the period specified in Rules 3.11 and 3.23 of the Listing Rules, respectively. The Board had taken actions to seek a suitable individual with appropriate qualifications to act as an independent non-executive director and is still in the process of identifying such individual.

	Code provision(s) set out in the CG Practices	Deviations and reasons for such deviations
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	All non-executive directors of the Company were not appointed for a specific term. All non-executive directors are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as a specific term of appointment.
B.1.1	Issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.	The remuneration committee of the Company currently comprises one executive director and one independent non-executive director. During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol and Eric Norman Kronfeld as independent non-executive director and non-executive director, respectively, the requirement in relation to the composition of the remuneration committee of the Company under Code Provision B.1.1 of the CG Practices was not fulfilled. The Board is in the process of identifying suitable candidate to fulfill the role of an independent non-executive director and member of the remuneration committee of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2008.

RULES 3.10(1) AND 3.21 OF THE LISTING RULES

During the six months ended 31 December 2008, due to the retirement of Prince Chatrichalerm Yukol as an independent non-executive director and a member of each of the remuneration committee and audit committee of the Company with effect from 20 November 2008, the total number of the independent non-executive directors of the Board and audit committee of the Company fell below the minimum number as required under Rules 3.10(1) and 3.21 of the Listing Rules. Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Company is required to appoint sufficient number of independent non-executive director(s) and appropriate member(s) to the audit committee of the Company to meet the requirements set out in Rules 3.10(1) and 3.21, respectively, within three months after failing to meet such requirements. As the Company is still identifying a suitable individual to be appointed as an independent non-executive director and a member of the audit committee of the Company, the requirements set out under Rules 3.10(1) and 3.21 of the Listing Rules have not been fulfilled within the period specified under Rules 3.11 and 3.23 of the Listing Rules respectively. The Company is currently actively looking for qualified candidates to fulfill such role.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information of the Group for the six months ended 31 December 2008 required by the Listing Rules will be published on the website of the Stock Exchange in due course. An interim report for the six months ended 31 December 2008 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same website in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

List of all directors of the Company as of the time issuing this announcement:–

Chairman and Executive Director:
Mr. Wu Kebo

Executive Directors:
Ms. Winnie Chan Suet Yin
Ms. Fiona Chow Sau Fong
Ms. Wu Keyan
(alternate to Mr. Wu Kebo)

Non-executive Director:
Mr. Shen De Min

Independent Non-executive Directors:
Mr. Leung Man Kit
Mr. George Huang Shao-Hua

On behalf of the Board
WU Kebo
Chairman

Hong Kong, 20 March 2009