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COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED

光宇國際集團科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1043)

2008 FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

The board of directors (the “Board”) of Coslight Technology International Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the year ended 31st December, 2008, together with the comparative figures for the year ended 31st December, 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2008

	Notes	2008 RMB'000	2007 RMB'000
Turnover	3	2,441,841	2,193,632
Cost of sales		(1,861,570)	(1,712,215)
Gross profit		580,271	481,417
Other net income	4	23,742	17,622
Distribution and selling costs		(182,169)	(166,749)
Gain on disposal of property, plant and equipment and prepaid lease payments in relation to factory relocation		27,425	—
Administrative expenses		(196,970)	(180,065)
Gain on disposal of a subsidiary		2,167	—
Gain on deemed disposal of a subsidiary		14,517	—
Gain on deemed disposal of partial interests in subsidiaries		—	63,847
Finance costs	5	(77,245)	(54,608)
Share of results of associates		72,538	16,616
Profit before taxation		264,276	178,080
Income tax expense	6	(37,000)	(12,912)
Profit for the year	7	227,276	165,168
Attributable to:			
Equity holders of the Company		203,523	162,293
Minority interests		23,753	2,875
		227,276	165,168
Dividend recognised as distribution during the year	8	18,199	21,757
Earnings per share	9		
— Basic		RMB49.46 cents	RMB37.47 cents
— Diluted		N/A	N/A

* For identification purpose only

CONSOLIDATED BALANCE SHEET

As at 31st December, 2008

		2008	2007
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		820,492	699,939
Mining rights		178,073	205,171
Other intangible assets		6,604	18,813
Goodwill		4,193	6,495
Prepaid lease payments		65,856	59,365
Interests in associates		99,061	16,616
Deferred tax assets		2,161	2,181
		<u>1,176,440</u>	<u>1,008,580</u>
Current assets			
Inventories		341,528	384,587
Trade and other receivables	10	1,729,468	1,706,868
Prepaid lease payments		1,456	8,922
Amounts due from directors		758	701
Amounts due from related companies		32,652	20,556
Amounts due from minority shareholders		1,702	1,000
Amounts due from associates		48,241	—
Pledged bank deposits		103,794	108,257
Bank balances and cash		409,247	362,243
		<u>2,668,846</u>	<u>2,593,134</u>
Current liabilities			
Trade and other payables	11	675,491	733,728
Amounts due to related companies		15,356	14,671
Amounts due to minority shareholders		5,874	27,468
Amounts due to associates		180,627	7,157
Current tax liabilities		19,236	9,695
Other borrowings — due within one year		108	1,120
Bank borrowings — due within one year		1,172,933	1,009,188
		<u>2,069,625</u>	<u>1,803,027</u>
Net current assets		<u>599,221</u>	<u>790,107</u>
		<u><u>1,775,661</u></u>	<u><u>1,798,687</u></u>

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Capital and reserves		
Share capital	42,379	46,308
Reserves	<u>1,275,355</u>	<u>1,257,586</u>
Equity attributable to equity holders of the Company	<u>1,317,734</u>	<u>1,303,894</u>
Minority interests	<u>167,833</u>	<u>153,611</u>
Total equity	<u>1,485,567</u>	<u>1,457,505</u>
Non-current liabilities		
Other borrowings — due after one year	5,000	—
Bank borrowings — due after one year	251,000	302,000
Deferred tax liabilities	7,094	12,182
Deferred government grants	<u>27,000</u>	<u>27,000</u>
	<u>290,094</u>	<u>341,182</u>
	<u>1,775,661</u>	<u>1,798,687</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2007 financial statements.

2. FUTURE CHANGES IN HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the current year, which the Group has not early adopted. The directors anticipate that the adoption of these new HKFRS in the future periods will have no material impact on the results of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three major operating divisions - sealed lead acid batteries and related accessories, lithium-ion batteries and nickel batteries. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below. Turnover in the income statement represents revenue from external sales as included in the segment information.

2008

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Turnover						
External sales	1,793,774	390,709	169,536	87,822	—	2,441,841
Inter-segment sales	2,172	3,067	8,897	46,081	(60,217)	—
Total	<u>1,795,946</u>	<u>393,776</u>	<u>178,433</u>	<u>133,903</u>	<u>(60,217)</u>	<u>2,441,841</u>
Result						
Segment result	<u>284,052</u>	<u>(11,520)</u>	<u>(6,104)</u>	<u>(5,851)</u>	<u>—</u>	<u>260,577</u>
Unallocated income						921
Unallocated expenses						(9,199)
Gain on deemed disposal of a subsidiary						14,517
Gain on disposal of a subsidiary						2,167
Finance costs						(77,245)
Share of results of associates						72,538
Profit before taxation						<u>264,276</u>
Income tax expense						<u>(37,000)</u>
Profit for the year						<u><u>227,276</u></u>

2007

	Sealed lead acid batteries and related accessories RMB'000	Lithium-ion batteries RMB'000	Nickel batteries RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Turnover						
External sales	1,609,922	373,960	164,670	45,080	—	2,193,632
Inter-segment sales	298	12,895	6,946	47,901	(68,040)	—
Total	<u>1,610,220</u>	<u>386,855</u>	<u>171,616</u>	<u>92,981</u>	<u>(68,040)</u>	<u>2,193,632</u>
Result						
Segment result	<u>205,777</u>	<u>(1,250)</u>	<u>(19,195)</u>	<u>(31,344)</u>	<u>—</u>	<u>153,988</u>
Unallocated income						8,161
Unallocated expenses						(9,924)
Gain on deemed disposal of partial interests in subsidiaries						63,847
Finance costs						(54,608)
Share of results of an associate						16,616
Profit before taxation						<u>178,080</u>
Income tax expense						<u>(12,912)</u>
Profit for the year						<u><u>165,168</u></u>

Geographical segments

The Group is principally engaged in the sale of sealed lead acid batteries and related accessories, lithium-ion batteries and nickel batteries, and substantially all of its activities are based in the People's Republic of China (the "PRC"). Accordingly, no geographical analysis of financial information is provided.

4. OTHER NET INCOME

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Bank interest income	9,688	5,282
Discount on acquisition of additional interest in an associate/a subsidiary	2,507	2,287
Government grants	6,760	4,149
Sundry income	4,787	5,004
Subsidy income in relation to value-added tax	—	900
	<u>23,742</u>	<u>17,622</u>

5. FINANCE COSTS

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	96,563	71,028
Other borrowings wholly repayable within five years	—	362
Total borrowing costs	96,563	71,390
Less: Borrowing costs capitalised at a rate of 6.40% (2007: 6.97%) per annum	(19,318)	(16,782)
	<u>77,245</u>	<u>54,608</u>

6. INCOME TAX EXPENSE

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
The charge comprises:		
PRC enterprise income tax	35,786	13,785
Deferred taxation charge (credit)	1,214	(873)
	<u>37,000</u>	<u>12,912</u>

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

On 16th March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC (the "new EIT Law"), which is effective from 1st January 2008. On 6th December 2007, the State Council of the PRC promulgated the Implementation Regulations to the new EIT Law, or the EIT Implementation ("Implementation Regulations"), which is also effective from 1st January 2008. Pursuant to the new EIT Law, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, unless they qualify for special tax benefits under certain limited exceptions.

A PRC subsidiary of the Company is entitled to exemption from PRC enterprise income tax for the first two years commencing from its first profit-making year of operation in 2006 and thereafter, a 50% reduction for the following three years. The Implementation Regulations provide a five-year transition period for this subsidiary which is entitled to a preferential lower tax rate of 9%, 10%, 11%, 24% and 25% for the years ending from 2008 to 2012, respectively.

Major operating subsidiaries of the Company are subject to PRC enterprise income tax in the current year. Two of these subsidiaries have been officially designated by the local tax authority as “New and High Technology Enterprises”. As a result, the effective tax rate for these major operating subsidiaries was 15% for the year (2007: 15%).

Under the new EIT Law, withholding tax is imposed at a rate of 10% on dividends distributed to foreign investors in respect of profits earned by PRC subsidiaries from 1st January 2008 onwards. This has led to the recognition of additional deferred tax liabilities of RMB1,800,000 and a charge of the same amount in the consolidated income statement.

7. PROFIT FOR THE YEAR

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Profit for the year has been arrived at after charging/(crediting):		
Directors' emoluments	991	899
Retirement benefit scheme contributions (excluding contributions for directors)	13,277	6,809
Other staff costs	<u>182,102</u>	<u>151,631</u>
Total employee benefit expenses	<u>196,370</u>	<u>159,339</u>
Depreciation of property, plant and equipment	66,220	59,288
Amortisation of intangible assets (included in administrative expenses and cost of sales)	<u>476</u>	<u>951</u>
Total depreciation and amortisation	<u>66,696</u>	<u>60,239</u>
Release of prepaid lease payments	1,444	1,213
Net foreign exchange losses	1,284	377
Auditor's remuneration	1,749	1,642
Research and development costs	1,558	2,606
Deficit arising on revaluation of property, plant and equipment	19	414
Loss on disposal of other property, plant and equipment	3,082	262
Gain on disposal of other prepaid lease payments	(400)	—
Impairment loss on trade receivables	21,081	21,584
Impairment loss on trade receivables recovered	(6,474)	—
Impairment loss on other intangible assets	—	4,807
Cost of inventories recognised as an expense	<u>1,861,570</u>	<u>1,712,215</u>

8. DIVIDEND RECOGNISED AS DISTRIBUTION DURING THE YEAR

Dividend recognised as distribution during the year represent final dividend payable to equity holders of the Company attributable to the previous financial year, which was approved during the year:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
2006 final — HK\$0.05 (shown as RMB0.05024)	—	21,757
2007 final — HK\$0.05 (shown as RMB0.04423)	18,199	—
	18,199	21,757

The directors have declared a final dividend of HK\$0.07 (2007: HK\$0.05) per share, totalling approximately RMB23,323,000 (2007: RMB20,300,000), which will be paid to the shareholders of the Company whose names appear in the register of members on 3rd June 2009. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB203,523,000 (2007: RMB162,293,000) and the weighted average number of ordinary shares in issue of 411,451,000 (2007: 433,080,000) shares.

Diluted earnings per share have not been presented because there were no potential ordinary shares in issue for the years ended 31st December 2008 and 2007.

10. TRADE AND OTHER RECEIVABLES

Credit term given to customers varies from 3 months to 9 months from the final acceptance and is generally based on the financial strength of individual customers. The following is an ageing analysis of trade and bills receivables, net of impairment losses of RMB92,019,000 (2007: RMB77,412,000), at the balance sheet date:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Within 90 days	878,197	879,930
More than 90 days, but not exceeding 180 days	385,063	326,915
More than 180 days, but not exceeding 270 days	148,288	152,497
More than 270 days, but not exceeding 360 days	59,364	79,930
More than 360 days, but not exceeding 540 days	76,604	80,900
More than 540 days, but not exceeding 720 days	20,625	5,660
Trade and bills receivables	1,568,141	1,525,832
Other receivables and payments in advance	161,327	181,036
	1,729,468	1,706,868

During the year, the Group discounted bills receivable to banks in exchange for cash with recourse in the ordinary course of business. The Group continues to recognise the full carrying amount of bills receivable and has recognised the cash received as secured bank borrowings. At the balance sheet date, the carrying amount of discounted bills receivable was RMB172,734,000 (2007: RMB59,528,000).

11. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade and bills payables at the balance sheet date:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	87,660	204,526
More than 30 days, but not exceeding 60 days	72,689	95,412
More than 60 days, but not exceeding 90 days	60,586	37,211
More than 90 days, but not exceeding 180 days	123,680	59,738
Over 180 days	43,341	26,524
	<hr/>	<hr/>
Trade and bills payables	387,956	423,411
	<hr/>	<hr/>
Other payables	287,535	310,317
	<hr/>	<hr/>
	675,491	733,728
	<hr/> <hr/>	<hr/> <hr/>

DIVIDENDS

The Board has proposed the distribution of final dividend of HK\$0.07 per share for the year ended 31st December, 2008 (2007: HK\$0.05) to shareholders whose names appear in the register of members on 3rd June, 2009 and a resolution to this effect will be proposed and subject to the shareholders' approval in the forthcoming annual general meeting. The final dividend is expected to be paid on or before 31st July, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 1st June, 2009 to Wednesday, 3rd June, 2009 (both dates inclusive) during which no transfer of shares can be registered. All transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, whose office is at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Friday, 29th May, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31st December, 2008, turnover of the Group amounted to approximately RMB2,441,841,000 (2007: RMB2,193,632,000), representing an increase of 11% as compared with last year. The profit attributable to equity holders of the Company for the year amounted to approximately RMB203,523,000 (2007: RMB162,293,000) which represents an increase of 25% over last year. By adopting vertical method of production and stringent control on production cost during the year, the gross profit margin of the Group has been increased to 24% as compared with 22% in last year. Depreciation and amortisation for the year ended 31st December, 2008 was RMB66,696,000 (2007: RMB60,239,000). Earnings per share for the year ended 31st December, 2008 was RMB0.4946 (2007: RMB0.3747).

BUSINESS REVIEW

Sealed Lead-Acid Batteries (“SLA”) Products

The Group’s core business of SLA batteries maintained a satisfactory growth for 2008, with the turnover achieved another record high of RMB1,793,774,000 (2007: RMB1,609,922,000), representing an increase of approximately 11% over last year. The increase was mainly attributable to the constant growth of business of telecommunication operators in the PRC and the strong demand for SLA batteries from overseas customers such as Vodafone. Lead is the major raw materials for producing SLA batteries and its market prices reached historical high for 2007 and fell significantly during 2008, which decreased the pressure on the production cost of SLA batteries. The Group continued to adopt vertical method of production to actively reduce production cost and enhance production efficiency. Meanwhile, the Group established a pricing/cost linked system with individual customers to adjust the selling price of products based on the cost movements and successfully agreed with major customers to increase the selling price to shift the cost burden to customers to stabilize the gross profit margin of SLA products.

Lithium-ion Batteries

For the year ended 31st December, 2008, the annual sales of lithium-ion batteries was RMB390,709,000 (2007: RMB373,960,000), representing an increase of approximately 4% over last year. As the lithium ion batteries were exposed to the sustained upward price pressure of raw materials, the gross profit margin for the year decreased as compared to the corresponding period of last year.

Lithium-ion Batteries for Electric Bicycles (Bicycles Batteries)

The Group began the construction of production base for lithium-ion batteries for electric bicycles in Harbin Economic-Tech & High-Tech Development Zone during 2008. The part on civil construction was completed during the year. The entire project is expected to commence production in 2009. The batteries for fueling electric bicycles currently are lead-acid batteries, which are bigger, heavier and not environmental with shorter life. The lithium-ion batteries for electric bicycles produced by the Group possess strong competitive edges as they have a useful life of 5 years and their weight is only approximately 30% of that of lead-acid batteries.

Online Games

The Group effectively owns 46.16% shares of Beijing Guangyu Huaxia Technology Corporation Limited (“Guangyu Huaxia”), which is a company that specializes in online games operations. In April 2006, Guangyu Huaxia commenced the operation of the domestic online game “問道” developed by 廈門吉比特公司. The peak concurrent users increased drastically and reached 800,000, ranking in top position among major online games in China in terms of number of online players. In addition, the number of online players has been increasing and the upward trend is expected to sustain. During the year, there was additional profit contributed by Costar Software Limited (“Costar”), the Group’s 46.16% indirectly owned associate, following the commenced operation of self-developed online game “創世” in August 2008. As a result, the game business contributed RMB72,538,000 (2007: RMB16,616,000) to the Group’s profit for the year.

Mineral Products

During the year under review, all pre-work of the Faso Lane Mines was completed and the relevant approval was granted by the Russian Government, and it is under construction phase now. The pre-design plan of Altai Krai Mines was completed and the relevant approval was granted by the Russian Government. All pre-work was completed. During the year under review, part of the civil construction was completed. Construction work on mining shaft is expected to commence in the first half of 2009.

FINANCIAL REVIEW

Assets and liabilities

As at 31st December, 2008, the Group has total assets of RMB3,845,286,000 (2007: RMB3,601,714,000) which were financed by current liabilities of RMB2,069,625,000 (2007: RMB1,803,027,000), non-current liabilities of RMB290,094,000 (2007: RMB341,182,000), shareholders' equity of RMB1,317,734,000 (2007: RMB1,303,894,000) and minority interests of RMB167,833,000 (2007: RMB153,611,000).

Liquidity, financial resources and capital structure

During the year, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 31st December, 2008, the Group has bank and cash balances amounted to RMB409,247,000 (2007: RMB362,243,000). The total bank and other borrowings of the Group as at 31st December, 2008 were approximately RMB1,429,041,000 (2007: RMB1,312,308,000), amongst which RMB1,173,041,000 will be due to repay within 12 months (2007: RMB1,010,308,000). RMB256,000,000 will be due to repay after 12 months (2007: RMB302,000,000). These borrowings carry interest ranging from 3.15% to 10.00% (2007: from 4% to 10%) per annum. As at 31st December, 2008, approximately 92% of the Group's bank and other borrowings were denominated in Renminbi and 8% were denominated in Hong Kong or United States dollars. All bank and other borrowings were used to finance the Group's capital expenditures and working capital requirements.

According to the Group's current level of cash balances, working capital resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion and repay bank borrowings on schedule.

Gearing and liquidity ratio

The Group's gearing ratio, defined as the ratio between total bank borrowings and shareholders' equity, was 1.08 (2007: 1.01). The current ratio of the Group, represented by a ratio between current assets over current liabilities, was 1.29 (2007: 1.44), reflecting the abundance of financial resources.

Charges on group assets

As at 31st December, 2008, certain land use rights and property, plant and equipment, and trade receivables of the Group with carrying values of RMB150,665,000 (2007: RMB140,752,000), and RMB50,000,000 (2007: RMB83,128,000), respectively, were pledged to secured bank borrowings of approximately RMB308,376,000 (2007: RMB399,495,000). In addition, pledged bank deposits were pledged to secure trade and loan financing facilities granted to the Group.

Foreign currency risk

The Group did not have any significant exposure to foreign currency risk as most of the Group's operations are in the PRC and transactions are denominated in Renminbi.

Deemed disposal/Disposal of a subsidiary

In July 2008, the Group had entered into a share swap agreement with Harbin Coslight Group Co. Limited (“HCG”) to which HCG agreed to transfer 50.17% equity interest in Guangyu Huaxia to the Group plus a cash consideration of RMB8,700,000 in consideration of which a subsidiary, Coslight Interactive Company Limited (“Coslight Interactive”) agreed to issue 50.17% of its share capital to Global Universe Development Limited, a nominee of HCG. Upon the completion of the transaction, the Group was deemed to have disposed of 50.17% interest of Coslight Interactive which became an associate and no longer be a subsidiary of the Group, and a gain on deemed disposal of RMB14,517,000 was recognised in the consolidated income statement. The Group’s effective interests in Coslight Network Company Limited and Costar were then decreased from 100% to 46.16% and these indirect wholly-owned subsidiaries became the associates of the Group. In addition, Guangyu Huaxia became the wholly-owned subsidiary of Coslight Interactive with the Group’s effective interest in Guangyu Huaxia remains at 46.16% after the share swap transaction.

In addition, during the year, the Group disposed of its entire interest in a subsidiary, 瀋陽藍火炬軟件有限公司 (“瀋陽藍火炬”), to an indirectly owned associate, at a consideration of RMB6,050,000, resulting in a decrease of the Group’s effective interest in 瀋陽藍火炬 from 80% to 36.93%. This subsidiary became an associate of the Group then.

Acquisition of a subsidiary

In July 2008, the Group acquired 58% of the equity interest of Coslight Newgen Limited, a company engaged in trading of sealed lead acid batteries, at a consideration of RMB159,000.

Capital Commitments

	2008 <i>RMB’000</i>	2007 <i>RMB’000</i>
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	<u>583,005</u>	<u>205,742</u>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	<u>61,274</u>	<u>98,661</u>

PROSPECTS

SLA batteries business will maintain strong growth in 2009 and the coming years. One of the reasons is the growth in the demand of PRC market, in which the restructuring of the PRC operators and the grant of 3G license are the major driving force for the growth in demand of SLA batteries. Another reason is the growth of the Group’s direct export business, which is attributable to the strong demand from the telecommunication system of Russia and Vodafone. It is expected that the growth will be sustained in 2009 and the coming years. The third reason is the indirect export through the communication equipment manufacturers such as Huawei Technologies will maintain its growth in a stable manner. For the year 2008, the products exported indirectly through Huawei Technologies increased by 17% over 2007 and are expected to continue to grow in 2009 and the coming years.

The Group's construction of a new SLA batteries production base in Zhuhai City is underway. It is anticipated to commence operation in the second half of 2009, and the annual production capacity of the Group will then be increased by 1,200,000 kVAH. In addition, the SLA batteries produced in the new production base will mostly be sold to the OEM customers located in Southern China, resulting in lower transportation costs and higher profitability.

The market price of lead reached historical high in 2007 and fell significantly in 2008, which decreased the pressure on the production cost of SLA batteries. It is expected that the market price of lead will be maintained at a relatively low level. Since October 2007, the Group has established a connection between the lead price and the selling price with all long-term customers, and the impact of the increase of lead price on the cost can be offset substantially. The Group expects the gross profit of SLA will stabilize and even improve in 2009.

The Group expects the Lithium ion battery business will improve in 2009. The operation of the PRC mobile phone companies will become more stable. With the grant of 3G license, the production volume of the PRC mobile phone manufacturers has been growing rapidly. The Group is one of the major suppliers of the PRC mobile phone manufacturers, and the Lithium-ion battery business will benefit from their rapid development. The Group's production base of lithium polymer battery products in Zhuhai City is expected to see a more considerable growth in 2009. During 2008, the Group launched the Lithium-ion battery for bikes, and currently applies it to the electric bicycles to replace the lead-acid battery generally accepted in the market, foreseeing a satisfactory business performance.

The Group owns a multitude of online games, such as “問道”, “神界”, “希望OL”, “爭霸天下”, “西遊Q記”, “幻想之翼”, “狂想之都”, “秦始皇OL”, etc., which have attracted a huge player base. At present, the number of registered players reaches 120 million. The domestic online game “問道” operated by Guangyu Huaxia has achieved an excellent record of concurrent online users of 800,000, and the number of online players has been increasing. It is expected that the number will continue to maintain a significant growth, in particular the major internet game “創世” developed by the Group. The game has been developed for years and integrates the excellent content of various domestic and overseas games and encompasses brilliant details. We are confident that the game will achieve a great success.

In the coming years, the R & D and operation of internet games will continue to bring greater contribution to the operating results of the Group and maintain to be one of the most important businesses of the Group.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2008, the Group has employed 9,228 (2007: 9,210) staff in the PRC. The Group has adopted continuous human resources development and training programs to maintain high level of product quality and customer services. Remuneration package is generally structured by reference to market conditions and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased <i>'000</i>	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
January 2008	5,836	4.47	4.28	25,461
March 2008	10,990	4.15	3.92	44,296
May 2008	4,750	4.00	3.94	18,868
September 2008	<u>15,166</u>	<u>3.60</u>	<u>3.47</u>	<u>53,679</u>

Subsequent to the balance sheet date, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased <i>'000</i>	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
January 2009	12,898	3.37	3.30	43,108
March 2009	<u>6,750</u>	<u>3.39</u>	<u>3.37</u>	<u>22,891</u>

Apart from the above repurchases of shares, there was no other purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied throughout the year ended 31st December, 2008 with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviation from Code provision A.4.1 in respect of the service term of directors. Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive directors of the Company is appointed for specific term and this constitutes a deviation from Code provision A.4.1. In accordance with the by-laws of the Company, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiply of three, the number nearest to but not less than one-third) shall retire from office by rotation such that each director (including those appointed for a specific term) will be subject to retirement by rotation at least every three years at the annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are similar to those in the Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all the directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31st December, 2008.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Zeng Lin, Mr. Jiang Zhao Hua and Mr. Xiao Jian Min with Mr. Li Zeng Lin as the chairman. The primary duties of the Audit Committee is to review and monitor the Group’s financial reporting process and internal control system, as well as to provide relevant recommendations and advices to the Board. As verified by the Company, none of the members had served as a partner or a former partner to the existing auditor. The annual results of the Group for the year ended 31st December, 2008 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee on 1st June, 2005 in accordance with the requirements of the Code as contained in Appendix 14 of the Listing Rules with written terms of reference. Its primary responsibility is to make proposals to the Board with respect to the overall remuneration policy and framework for directors and senior management of the Company and the establishment of formal and transparent procedure for formulating the remuneration policy. The Remuneration Committee comprises two independent non-executive directors, namely Mr. Jiang Zhao Hua and Mr. Li Zeng Lin and one executive director, namely Mr. Zhang Li Ming. Mr. Jiang Zhao Hua is the chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The Company has established a Nomination Committee on 18th November, 2005 in accordance with the requirements of the Code as contained in Appendix 14 of the Listing Rules with written terms of reference. Its primary responsibilities include reviewing and supervising the framework, number of members and composition of the Board, identifying and nominating suitable persons for appointment of director and making recommendations to the Board relating to appointment and re-appointment of directors. The Nomination Committee comprises two independent non-executive directors, namely Mr. Xiao Jian Min and Mr. Li Zeng Lin and one executive director, namely Mr. Song Dian Quan. Mr. Xiao Jian Min is the chairman of the Nomination Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This results announcement is published on the website of Hong Kong Exchange and Clearing Limited (<http://www.hkex.com.hk>) and the Company’s website (<http://www.irasia.com/listco/hk/coslight>). The annual report of the Company containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend our sincere gratitude to all the shareholders for their continuous trust and support, to our customers for patronizing and supporting the Group's products, and to our staff for their tireless efforts and devotion.

By Order of the Board
SONG Dian Quan
Chairman

Harbin, the PRC, 20th April, 2009

As at the date of this announcement, the Board comprises 9 directors, of which 6 are executive directors, namely Mr. Song Dian Quan, Ms. Luo Ming Hua, Mr. Li Ke Xue, Mr. Xing Kai, Mr. Liu Xing Quan and Mr. Zhang Li Ming and 3 are independent non-executive directors, namely Mr. Li Zeng Lin, Mr. Jiang Zhao Hua and Mr. Xiao Jian Min.