CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

INTERIM RESULTS

The board of directors (the "Board") of China Star Investment Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 together with the comparative figures for 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
			(Re-presented)
Turnover	*3*	**28,346**	2,000
Cost of sales		**(642)**	—
Gross profit		**27,704**	2,000
Other revenue	*4*	**1,726**	2,177
Other income	*4*	**1,408**	—
Administrative expenses		**(5,715)**	(16,441)
Impairment loss on intangible assets		**(117,320)**	—
Fair value change in financial assets at fair value through profit or loss		**7,750**	—
Fair value change in conversion options embedded in convertible note receivable		**(23,144)**	—
Loss on disposal of subsidiaries		**(76,060)**	—
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost		**17,122**	—
Loss on deemed disposal of an associate		**(4,931)**	—

	Notes	Six months ended 30 June **2009** *HK$'000* **(Unaudited)**	2008 *HK$'000* (Unaudited) (Re-presented)
Loss from operations	*5*	**(171,460)**	(12,264)
Finance costs	*6*	**(5,221)**	—
Share of result of an associate		**(2,566)**	—
Loss before taxation		**(179,247)**	(12,264)
Taxation	*7*	**14,341**	13,854
(Loss)/profit for the period from continuing operations		**(164,906)**	1,590
Discontinued operations			
Loss for the period from discontinued operations	*8*	**(5,576)**	(10,036)
Loss for the period		**(170,482)**	(8,446)
Attributable to:			
Equity holders of the Company		**(170,482)**	(8,446)
Dividend		—	—
(Loss)/earnings per share attributable to equity holders of the Company for the period			
— Basic and diluted			
From continuing operations	*9*	**(HK226.77 cents)**	HK0.81 cents
From discontinued operations	*9*	**(HK7.67 cents)**	(HK5.14 cents)
From continuing and discontinued operations	*9*	**(HK234.44 cents)**	(HK4.33 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(170,482)**	(8,446)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of investments in foreign subsidiaries	**424**	36,730
Share of convertible note reserve of associate	**14,493**	—
Share of exchange reserve of associate	**105**	—
	15,022	36,730
Total comprehensive (loss)/income for the period	**(155,460)**	28,284
Attributable to:		
Equity holders of the Company	**(155,460)**	28,284

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At **30 June 2009** *HK$'000* **(Unaudited)**	At 31 December 2008 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,899**	2,155
Intangible assets		**339,537**	456,857
Interest in an associate		**25,506**	—
Promissory note receivable		**72,434**	—
Convertible note receivable		**3,061**	—
Loan to a related company		**200,000**	—
Available-for-sale financial assets		**172**	172
		642,609	459,184
Current assets			
Trade receivables	*10*	**4,468**	6,839
Deposits, prepayments and other receivables		**11,482**	1,627
Loan to an associate		**255,536**	—
Financial assets at fair value through profit or loss		**9,000**	—
Conversion options embedded in convertible note receivable		**59,714**	—
Cash and cash equivalents		**42,169**	7,218
		382,369	15,684
Assets of disposal group classified as held for sales		—	1,049,412
		382,369	1,065,096
Total assets		**1,024,978**	1,524,280
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**1,101**	1,952
Reserves		**824,989**	892,471
		826,090	894,423

	Note	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Accruals and other payables		**7,946**	32,956
Receipts in advance and deposits received		**35,479**	477
Amount due to a related company		—	600
Tax payable		**731**	731
		44,156	34,764
Liabilities of disposal group classified as held for sales		—	427,612
		44,156	462,376
Non-current liabilities			
Convertible notes payable		**107,394**	105,803
Deferred taxation		**47,338**	61,678
		154,732	167,481
Total equity and liabilities		**1,024,978**	1,524,280
Net current assets		**338,213**	602,720
Total assets less current liabilities		**980,822**	1,061,904

Notes:

1. **Basis of preparation**

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008.

The Interim Financial Statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value as appropriate.

2. **Application of new Hong Kong Financial Reporting Standards**

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2008.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs"), which are effective for the Group's accounting period beginning 1 January 2008.

Standards, amendments or interpretations issued and effective

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revsied)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
HKFRS 7 (Amendment)	Financial Instruments: Disclosures: Improving disclosures about financial instruments
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the condensed consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the condensed consolidated statement of comprehensive income. The condensed consolidated statement of comprehensive income and the revised consolidated statement of changes in equity have been adopted in this Interim Financial Statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKAS 27 (Amendment) *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivables from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits will be recognised in the Company's condensed consolidated income statement and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in condensed consolidated income statement, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivables in the current or future periods and previous periods have not been restated.

HKFRSs (Amendments) *Improvements to HKFRSs* comprise a number of minor and non-urgent amendments to a range of HKFRSs. These amendments do not have a material impact on the Interim Financial Statements.

HKFRS 2 (Amendment) *Vesting Conditions and Cancellations* clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amended standard does not have a material impact on the Interim Financial Statements.

HKFRS 8 *Operating Segments* replaces HKAS 14 *Segment Reporting*. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The Interim Financial Statements have been prepared under the new requirement.

HKFRS 7 (Amendment) *Financial Instruments: Disclosures: Improving disclosures about financial instruments* increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

HKAS 23 (Revised) *Borrowing Costs* has no material impact on the Interim Financial Statements as the amendments and interpretations were consistent with policies already adopted by the Group. HKAS 32 & 1 (Amendments) *Puttable Financial Instruments and Obligations Arising on Liquidation*, HK(IFRIC) — Int 13 *Customer Loyalty Programmes*, HK(IFRIC) — Int 15 *Agreements for the Construction of Real Estate* and HK(IFRIC) — Int 16 *Hedges of a Net Investment in a Foreign Operation* are effective in this accounting period but are not relevant to the Group's operation.

3. Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. On first-time adoption HKFRS 8 *Operating Segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

— sub-licensing segment sub-licenses of film rights;

— provision of management services segment provides management services to concierge departments of gaming promoters appointed by Macau casinos; and

— sales of financial assets segment sells and purchases of financial assets at fair value through profit or loss.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the Interim Financial Statements have been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regards, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and other payables attributable to the manufacturing and sales activities of the individual segments and interest-bearing borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 June 2009						
	Continuing operations					Discontinued operations	
	Sub-licensing HK$'000 (Unaudited)	Provision of management services HK$'000 (Unaudited)	Sales of financial assets HK$'000 (Unaudited)	Unallocated HK$'000 (Unaudited)	Total HK$'000 (Unaudited)	Property investment HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Turnover	—	28,346	—	—	28,346	3,102	31,448
Segment results before impairment loss on intangible assets	—	27,704	7,750	—	35,454	3,452	38,906
Impairment loss on intangible assets	—	(117,320)	—	—	(117,320)	—	(117,320)
Segment results	—	(89,616)	7,750	—	(81,866)	3,452	(78,414)
Unallocated corporate income					3,134	512	3,646
Fair value change in conversion options embedded in convertible note receivable					(23,144)	—	(23,144)
Loss on disposal of subsidiaries					(76,060)	—	(76,060)
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost					17,122	—	17,122
Loss on deemed disposal of an associate					(4,931)	—	(4,931)
Unallocated corporate expenses					(5,715)	(3,261)	(8,976)
(Loss)/profit from operations					(171,460)	703	(170,757)
Finance costs					(5,221)	(5,678)	(10,899)
Share of result of an associate					(2,566)	—	(2,566)
(Loss)/profit before taxation					(179,247)	(4,975)	(184,222)
Taxation					14,341	(601)	13,740
Loss for the period					(164,906)	(5,576)	(170,482)
Segment assets	16	343,609	46,672	634,681	1,024,978	—	1,024,978
Segment liabilities	—	35,000	617	163,271	198,888	—	198,888

	Six months ended 30 June 2008						
	Continuing operations					Discontinued operations	
	Sub-licensing HK$'000 (Unaudited) (Re-presented)	Provision of management services HK$'000 (Unaudited) (Re-presented)	Sales of financial assets HK$'000 (Unaudited) (Re-presented)	Unallocated HK$'000 (Unaudited) (Re-presented)	Total HK$'000 (Unaudited) (Re-presented)	Property investment HK$'000 (Unaudited) (Re-presented)	Consolidated HK$'000 (Unaudited) (Re-presented)
Turnover	2,000	—	—	—	2,000	—	2,000
Segment results	2,000	—	—	—	2,000	16,798	18,798
Unallocated corporate income					2,177	428	2,605
Unallocated corporate expenses					(16,441)	(9,402)	(25,843)
(Loss)/profit from operations					(12,264)	7,824	(4,440)
Finance costs					—	(12,821)	(12,821)
Loss before taxation					(12,264)	(4,997)	(17,261)
Taxation					13,854	(5,039)	8,815
Profit/(loss) for the period					1,590	(10,036)	(8,446)
Segment assets	135,580	—	52	210,727	346,359	1,235,233	1,581,592
Segment liabilities	996	—	—	4,458	5,454	498,165	503,619

(b) Geographical segments — Turnover

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**	
	2009 ***HK$'000*** **(Unaudited)**	2008 *HK$'000* (Unaudited) (Re-presented)	**2009** ***HK$'000*** **(Unaudited)**	2008 *HK$'000* (Unaudited) (Re-presented)
Hong Kong and Macau	**28,346**	2,000	**—**	—
The People's Republic of China (the "PRC")	**—**	—	**3,102**	—
	28,346	2,000	**3,102**	—

4. Other revenue and other income

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)
Other revenue						
Interest income on loan to a related company	**1,726**	—	**—**	—	**1,726**	—
Interest income on bank deposits	**—**	2,176	**465**	402	**465**	2,578
Sundry income	**—**	1	**47**	26	**47**	27
	1,726	2,177	**512**	428	**2,238**	2,605
Other income						
Imputed interest income on convertible note receivable	**273**	—	**—**	—	**273**	—
Imputed interest income on promissory note receivable	**1,135**	—	**—**	—	**1,135**	—
	1,408	—	**—**	—	**1,408**	—

5. (Loss)/profit from operations

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)
(Loss)/profit from operations has been arrived at after charging:						
Depreciation of property, plant and equipment	**256**	342	**1,293**	1,464	**1,549**	1,806
Loss on disposal of property, plant and equipment	**—**	3	**—**	—	**—**	3
Share-based payment expenses in respect of consultancy services	**—**	985	**—**	—	**—**	985
Staff costs including directors' emoluments:						
— Salaries and other allowances	**3,391**	3,497	**942**	2,309	**4,333**	5,806
— Contributions to retirement benefits scheme	**72**	69	**—**	—	**72**	69
— Share-based payment expenses	**—**	2,623	**—**	—	**—**	2,623

6. Finance costs

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)
Interest expenses on borrowings wholly repayable within five years:						
— secured bank loan	**—**	—	**5,678**	12,821	**5,678**	12,821
Imputed interest expenses on convertible notes payable	**5,221**	—	**—**	—	**5,221**	—
	5,221	—	**5,678**	12,821	**10,899**	12,821

7. Taxation

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)	**(Unaudited)**	(Unaudited) (Re-presented)
Tax credit	**—**	13,854	**—**	—	**—**	13,854
Deferred tax credit/ (expense)	**14,341**	—	**(601)**	(5,039)	**13,740**	(5,039)
	14,341	13,854	**(601)**	(5,039)	**13,740**	8,815

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2009 since the Group has no estimated assessable profits or its estimated assessable profit is wholly absorbed by the estimated tax loss brought forward (2008: Nil).

No provision for the PRC Enterprise Income Tax was made for the six months ended 30 June 2009 as the Company's subsidiaries in the PRC did not have taxable income (2008: Nil).

An objection was lodged by Ocean Shore Licensing Limited ("OSLL"), a wholly-owned subsidiary of the Company, against the estimated assessments for the years of assessment from 1994/1995 to 2000/2001 in relation to the offshore claims of sub-licensing income. Provision for taxation of HK$22,238,000 had been made in the Company's audited consolidated financial statements. In February 2008, OSLL reached a compromise settlement on the estimated assessments with the Inland Revenue Department for settling the outstanding tax in an aggregate amount of HK$12,021,000, which included a surcharge of HK$3,637,000. Therefore, a tax credit of HK$13,854,000 was recognised during the six months ended 30 June 2008.

The deferred tax credit of HK$14,341,000 (2008: Nil) included the effect of HK$14,079,000 on impairment loss on intangible assets recognised during the period and the deferred tax reversal of HK$262,000 on the imputed interest on convertible notes payable recognised for the period.

8. Results of discontinued operations

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover	**3,102**	—
Cost of sales	**(1,652)**	—
Gross profit	**1,450**	—
Other revenue	**512**	428
Administrative expenses	**(3,261)**	(9,402)
Change in fair value of investment properties	**2,002**	16,798
Profit from operations	**703**	7,824
Finance costs	**(5,678)**	(12,821)
Loss before taxation	**(4,975)**	(4,997)
Taxation	**(601)**	(5,039)
Loss for the period	**(5,576)**	(10,036)

9. (Loss)/earnings per share

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to equity holders of the Company		
From continuing operations	**(164,906)**	1,590
From discontinued operations	**(5,576)**	(10,036)
From continuing and discontinued operations	**(170,482)**	(8,446)
	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**72,720**	195,186
Effect of dilutive potential ordinary shares:		
Share options	**—**	—
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**72,720**	195,186

The weighted average number of ordinary shares for the six months ended 30 June 2009 for the purpose of basic and diluted (loss)/earnings per share has been adjusted to take into the effect of the share consolidation that became effective on 23 April 2009.

Diluted loss per share for the six months ended 30 June 2009 was same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the exercise of the Company's outstanding share options existed during the period would result in a decrease in loss per share and thus anti-dilutive.

10. Trade receivables

The following is an aged analysis of trade receivables at the reporting date:

	At 30 June 2009 *HK$'000* **(Unaudited)**	At 31 December 2008 *HK$'000* (Audited)
0 – 30 days	**4,072**	4,443
31 – 60 days	**—**	—
61 – 90 days	**—**	—
Over 90 days	**396**	2,396
	4,468	6,839

The Group allows an average credit period of 90 days to its customers. The carrying amounts of trade receivables approximate to their fair values.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period under review, the Group sold its entire interests in the issued share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and World East Investments Limited ("World East") together with the loans due by each of them to the Group. The major assets of Shinhan-Golden and World East are their interests in the registered capital of 北京莎瑪房地產開發有限公司 ("Beijing Suoma"). The principal activity of Beijing Suoma is property investment. Accordingly, the results of Shinhan-Golden and World East and their subsidiaries, namely Beijing Suoma, 上海昇平文化發展有限公司 ("Shanghai Shengping") and Beijing Jianguo Real Estate Development Co., Limited (collectively the "Disposal Group") are presented separately as discontinued operations.

Loss from continuing and discontinued operations for the six months ended 30 June 2009 amounted to HK$170,482,000.

Results of continuing operations

During the six months ended 30 June 2009, the Group recorded a revenue of HK$28,346,000, a 1,317% increase from HK$2,000,000 for the same period of the previous year. The significant increase in revenue was attributable to the Group's expansion into provision of management services in August 2008. Loss from continuing operations amounted to HK$164,906,000 in the six months ended 30 June 2009, whereas the Group recorded a profit of HK$1,590,000 for the same period in 2008. Such deterioration was mainly attributable to the recognition of impairment loss on intangible assets of HK$117,320,000 and loss on disposal of subsidiaries of HK$76,060,000.

The turnover of HK$28,346,000 was generated from provision of management services. Cost of sales for the six months ended 30 June 2009 amounted to HK$642,000, which was wholly related to provision of management services. The gross profit margin for provision of management services was 97.74%.

Other income represented imputed interest income on convertible note receivable and promissory note receivable of HK$273,000 and HK$1,135,000, respectively.

Administrative expenses (before depreciation and loss on disposal of property, plant and equipment) amounted to HK$5,459,000 for the six months ended 30 June 2009, a 66% decrease from HK$16,096,000 for the same period of the previous year. The decrease was mainly attributable to the payment of consultancy fee of HK$1,650,000 and tax surcharge of HK$3,637,000 and the recognition of share-based payment expenses of HK$3,608,000 in the six month ended 30 June 2008, whereas no such expenses in 2009. In addition, the Group recorded a decrease in legal and professional fees of HK$1,500,000 in the six months ended 30 June 2009 due to the increased corporate transactions in the previous period.

At 30 June 2009, the directors reassessed the recoverable amounts of management services agreements held by Rich Daily Group Limited ("Rich Daily") with reference to the valuations performed by an independent firm of professional valuers. In light of the non-achievement of the service fee income guarantee for the 12-month ended 30 June 2009, the directors determined to recognise an impairment loss on intangible assets of HK$117,320,000 in the six months ended 30 June 2009.

During the six months ended 30 June 2009, the Group invested HK$1,250,000 in Hong Kong equities. As the fair value of financial assets at 30 June 2009 surged to HK$9,000,000, the Group recorded a gain on fair value change in financial assets at fair value through profit or loss of HK$7,750,000.

As the closing price per share in Golife Concept Holdings Limited ("Golife") (stock code: 8172), a company listed on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), dropped to HK$0.098 on 30 June 2009, the Group recognised a loss on fair value change in conversion options embedded in convertible note receivable of HK$23,144,000 relating to the convertible note receivable issued by Golife.

Finance costs for the six months ended 30 June 2009 amounted to HK$5,221,000, representing the imputed interest expenses on the convertible notes payable in an aggregate principal amount of HK$144,000,000 issued in August 2008 for the acquisition of Rich Daily.

The Group recorded a tax credit of HK$14,341,000 which consisted of a deferred tax credit of HK$14,079,000 arising from impairment loss recognised in respect of intangible assets and a deferred tax reversal of HK$262,000 on imputed interest on convertible notes payable.

Results of discontinued operations

Turnover generated from property investment for the six months ended 30 June 2009 amounted to HK$3,102,000. No revenue was recorded for the same period in 2008 as Beijing Suoma commenced its operation in late June 2008. The loss for property investment improved by 44% from HK$10,036,000 in the six months ended 30 June 2008 to HK$5,576,000 in the six months ended 30 June 2009.

Although Beijing Suoma has commenced its operation, the investment property business remains at a loss situation as the rental income generated is well below the operating and finance costs.

Liquidity and financial resources

During the six months ended 30 June 2009, the Group mainly funded its operations through a combination of cash generated from operations, equity attributable to the Company's equity holders, bank borrowings, convertible notes payable and issuance of new shares. Equity attributable to the Company's equity holders at 30 June 2009 amounted to HK$826,090,000 (31 December 2008: HK$894,423,000).

At 30 June 2009, the cash and cash equivalents of the Group amounted to HK$42,169,000 (31 December 2008: HK$7,218,000). The increase in cash and cash equivalents of the Group was attributable to a receipt in advance of HK$35,000,000 relating to the adjustment to consideration in respect of the acquisition of Rich Daily.

At 30 June 2009, the total borrowings of the Group amounted to HK$107,394,000 (31 December 2008: HK$105,803,000), representing the liability component of the two convertible notes payable with an aggregate principal amount of HK$144,000,000 which are unsecured, interest bearing at 5% per annum and maturing on 28 August 2018. The gearing ratio calculated as a percentage of total borrowings over equity attributable to the Company's equity holders was 13% (31 December 2008: 11.8%).

Net current assets and current ratio

At 30 June 2009, the Group's net current assets and current ratio were HK$338,213,000 (31 December 2008: HK$602,720,000) and 8.7 (31 December 2008: 0.5), respectively.

Capital structure

On 9 January 2009, 39,000,000 new shares of HK$0.01 each were allotted and issued at a price of HK$0.102 per share by way of top-up placing raising HK$3,820,000 (net of expense) for reducing the Group's bank borrowings.

On 11 February 2009, 200,000,000 new shares of HK$0.01 each were allotted and issued at a price of HK$0.102 per share by way of placing raising HK$19,870,000 (net of expense) for reducing the Group's bank borrowings.

On 2 March 2009, 300,000,000 new shares of HK$0.01 each were allotted and issued at a price of HK$0.091 per share by way of placing raising HK$26,850,000 (net of expense) for reducing the Group's bank borrowings.

On 30 March 2009, 367,093,498 new shares of HK$0.01 each were allotted and issued at a subscription price of HK$0.10 per share by way of open offer to the qualifying shareholders on the basis of one new share for every two existing shares held on 9 March 2009 raising HK$34,339,000 (net of expenses) for financing possible diversified investments of the Group and general working capital of the Group.

To reduce the overall transaction and handling costs for dealing in the Company's shares, the directors proposed the following changes to the capital of the Company on 20 February 2009:

(a) share consolidation – that every ten issued existing shares of HK$0.01 each be consolidated into one issued consolidated share of HK$0.10; and

(b) capital reduction – that (i) the total number of consolidated shares of HK$0.10 each in the issued share capital of the Company following the share consolidation be rounded down to a whole a number by cancelling the fractional share arising from the share consolidation; (ii) the nominal value of each of the issued consolidated shares of HK$0.10 be reduced to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.09 on each issued consolidated share; and (iii) the amount of credit arising from capital reduction be credited to the contributed surplus account of the Company.

The capital reorganisation was approved by the shareholders on 22 April 2009 and became effective on 23 April 2009.

Disposal of subsidiaries and acquisition of an associated company

On 8 April 2009, the Group sold its interests in the entire issued share capital of Shinhan-Golden and World East together with the loans due by each of them to the Group to Mega Shell Services Limited ("Mega Shell"), a wholly-owned subsidiary of Golife, at a consideration of HK$212,732,000. The consideration was settled in the following manner (i) the cash payment of HK$6,847,000, (ii) the issue of 11,769,194 new shares in Golife credited as fully paid at an issue price of HK$0.50 per share,

(iii) the issue of a promissory note of HK$100,000,000 by Golife and (iv) the issue of a convertible note of HK$100,000,000 with an initial conversion price of HK$0.50 per conversion share (subject to adjustment) by Golife. A loss on disposal of HK$76,060,000 and a gain on excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost of HK$17,122,000 were resulted and have been recognised. The disposal together with the related transactions was approved by the shareholders on 12 February 2009.

On the completion of disposal of Shinhan-Golden and World East, the Group was interested in 20.36% of the issued share capital of Golife. Following the completion of placing of 11,560,000 new shares to independent third parties by Golife on 14 May 2009, the Group's interest in Golife was diluted to 16.96% and the Group recognised a loss on deemed disposal of an associate of HK$4,931,000. Despite the Group's interest in Golife stands at 16.96%, the shares in Golife are accounted for investment in an associate as the Group is the largest single shareholder of Golife.

On 23 April 2009, the Group signed an undertaking to subscribe for 94,153,552 new shares in Golife at a subscription price of HK$0.10 per share to which the Group was entitled to under the open offer to the qualifying shareholders of Golife on the basis of eight new shares for every one existing shares as announced by Golife on the same date. The subscription price for the new shares in Golife amounted to HK$9,415,000. The reasons for the Group for entering into the undertaking are to maintain its substantial level of shareholding interest in Golife and to facilitate the open offer for raising additional capital to strengthen Golife's capital base. The open offer was completed on 2 July 2009.

During the six months ended 30 June 2009, Golife contributed a loss of HK$2,566,000 to the Group.

Loan to Shanghai Shengping

As at the date of completion of disposal of Shinhan-Golden and World East, Shanghai Shengping was indebted to the Group in the sum of HK$375,536,000. Pursuant to the sale and purchase agreement, the loan to Shanghai Shengping to the Group was not settled immediately upon completion and Golife has provided a guarantee to the Group for a term of maximum of three financial years of Golife ending 31 December 2011 to secure the repayment. If any part of the amount has not been settled on the day falling on the fifth anniversary of the date of completion, Golife will issue a convertible bond to settle the outstanding balance of the loan to Shanghai Shengping.

During the six months ended 30 June 2009, Shanghai Shengping repaid HK$120,000,000 to the Group. At 30 June 2009, the outstanding balance amounted to HK$255,536,000.

The loan to Shanghai Shengping is secured by a guarantee given by Golife, interest-free and has no fixed terms of repayment.

Loan to China Star Entertainment Limited

On 29 April 2009, the Company made a loan of HK$200,000,000 to China Star Entertainment Limited ("CSEL") (stock code: 326), a company listed on the Main Board of the Stock Exchange, pursuant to the loan agreement dated 11 March 2009. The loan is unsecured, interest bearing at prime rate as quoted by The Hong Kong and Shanghai Banking Corporation per annum and maturing on 28 April 2012.

The Company may at any time before the maturity date demand a repayment of the whole or part of the loan by serving 20 business days prior written notice to CSEL. The directors consider that the loan made to CSEL provides an opportunity to yield a higher rate of return on the Group's surplus cash than bank deposits.

The loan to CSEL constituted a major transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and was approved by the shareholders, other than Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and their associates, on 22 April 2009.

Pledge of assets

At 30 June 2009, no assets of the Group were pledged.

Material commitments

At 30 June 2009, the Group had a commitment of HK$9,415,000 relating to the subscription for 94,153,552 new shares in Golife at a price of HK$0.10 per share pursuant to the undertaking dated 23 April 2009.

Exchange risk and hedging

During the six months ended 30 June 2009, the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group considers its exchange risk is minimal. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 30 June 2009, the Company had provided a corporate guarantee to Hang Seng Bank Limited, Fuzhou Branch for securing the loan facilities of an outstanding principal amount together with interest thereon of HK$302,369,000 granted to Beijing Suoma, a wholly-owned subsidiary of Golife.

Employees and remuneration policy

At 30 June 2009, the headcount of the Group was 20 (2008: 22 for continuing operations; 68 for discontinued operations). Staff costs (including directors' remuneration) amounted to HK4,405,000, of which HK$3,463,000 was related to continuing operations and HK$942,000 was related to discontinued operations (2008: HK$6,189,000 for continuing operations; HK$2,309,000 for discontinued operations). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

Continuing operations

During the six months ended 30 June 2009, no revenue was generated from the Group's film distribution business as the Group was not able to secure a sufficient quantity of films at reasonable prices for distribution.

Following a series of quantitative easing measures carried out by central banks, the market sentiment improves and global equities rally. During the six months ended 30 June 2009, the Group reactivated its sale of financial assets business and recorded a gain of HK$7,750,000 arising from fair value change in financial assets at fair value through profit or loss. At 30 June 2009, the fair value of financial assets amounted to HK$9,000,000.

During the six months ended 30 June 2009, Rich Daily generated services fee income amounted to HK$28,346,000. Rich Daily is a management services provider to the concierge departments of gaming promoters. The monthly service fee earned by Rich Daily is calculated at 0.03% of the monthly rolling turnover generated by the gaming promoters. Following the outbreak of global financial crisis, Rich Daily recorded a drop in its services fee income from September 2008 to February 2009. With Beijing's efforts to reflate the Chinese economy, the Group has seen a gradual improvement on the monthly service fee income since March 2009. The directors believe that Rich Daily strengthens the Group's profitability and cash inflow.

Pursuant to the sale and purchase agreement dated 28 February 2008, Mr. Ng Cheuk Fai, the vendor, has irrevocably and unconditionally guaranteed to the Group, the purchaser, that the service fee income of Rich Daily for the 12-month ended 30 June 2009 shall not be less than HK$72,000,000. However, the actual service fee income received by Rich Daily for the said 12-month period amounted to HK$57,224,000. Subsequent to 30 June 2009, the consideration for acquiring Rich Daily has been adjusted from HK$504,000,000 to HK$400,566,000 and Mr. Ng Cheuk Fai has settled the adjustment to the consideration of HK$103,434,000 in accordance with the terms of the sale and purchase agreement.

Best Season Holdings Corp. ("Best Season"), a 75% owned subsidiary of the Company, has been established to invest in, manage and conduct branding for real estate and/or related properties in Macau. Due to the downturn in Macau's property market in the second half of 2008 and the concentration on the Group's resources on newly expanded business, the business development of Best Season has temporarily been suspended. As a result, no contribution was made from Best Season in the six months ended 30 June 2009.

Discontinued operations

During the period from 1 January 2009 to 8 April 2009, the Disposal Group's investment properties generated an average monthly rental income of HK$950,000 and achieved an average monthly occupancy of 18%. The unsatisfactory occupancy was a direct result of weak leasing demand in the first half of 2009. The weaken demand for serviced apartments in Beijing primarily resulted from the negative impact of the global financial crisis which caused a cut in the number of expatriates staff stationed in Beijing by many multinational companies.

Future Prospects

As the number of films produced by Hong Kong independent producers has decreased in recent years, the Group is not able to source a sufficient quantity of films at reasonable prices for distribution. Given the supply of films is weak and the cost of maintaining a distribution network is high, the Group has further scaled down its film distribution operations in the second half of 2009.

As Hong Kong stock market rallied shapely in July 2009, the Group took profit in its Hong Kong equities by selling all of them in August 2009 and recorded a further gain on fair value change in financial assets at fair value through profit or loss of HK$6,465,000. The Group will continue to adopt a prudence approach in investing Hong Kong equities to enhance the returns to its shareholders.

With Macau's gaming revenue surged to its highest-ever monthly figure in August 2009 and the proposed lifting of visa restriction on Guangdong residents to Macau, the directors believe that the provision of management services business will continue to contribute positively to the Group in the second half of 2009.

Although the global economy has shown a sign of improvement, the directors believe that the second half of 2009 remains challenging. However, the directors consider that such kind of economics climate provides opportunities to the Group to invest with reasonable prices. The Group will actively seek investment opportunities to diversify its businesses and broaden its revenue base.

Current Affairs

Subsequent to 30 June 2009, the Company entered into the following transactions:

(a) On 23 July 2009, the Company entered into a subscription agreement with CSEL, pursuant to which CSEL has conditionally agreed to issue and the Company has conditionally agreed to subscribe or procure subscription for the convertible bond in the principal amount of HK$200,000,000, the subscription price of which shall be satisfied by setting off against the loan made by the Company to CSEL in April 2009. Please refer to the Company's circular dated 28 August 2009 for further details.

    The subscription of the convertible bond and the conversion of the convertible bond constituted very substantial acquisitions of the Company under the Listing Rules and were approved by the shareholders, other than Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and their associates, on 14 September 2009.

    The subscription of the convertible bond was completed on 21 September 2009.

(b) On 28 August 2009, the Company, Kingston Securities Limited and Classical Statue Limited, a substantial shareholder of the Company, entered into a placing and subscription agreement pursuant to which Classical Statue Limited has agreed to place, through Kingston Securities Limited, 22,000,000 existing shares of HK$0.01 each beneficially owned by Classical Statue Limited, on a fully underwritten basis, to not less than six placees at a price of HK$0.42 per share. Pursuant to the placing and subscription agreement, Classical Statue Limited has conditionally agreed to subscribe for 22,000,000 new shares of HK$0.01 each at a price of HK$0.42 per share. The net proceeds of HK$9,030,000 from the subscription are intended to be used for general working capital of the Group. Please refer to the Company's announcement dated 28 August 2008 for further details.

    The placing of existing shares was completed on 31 August 2009 and the subscription of new shares was completed on 10 September 2009.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with all applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, except for code provision A.4.1.

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors of the Company is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2009. The Model code also applies to other specified senior management of the Group.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the 2009 interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008 and agreed to the accounting principles and policies adopted by the Company. In addition, the Company's external auditors, Messrs. HLB Hodgson Impey Cheng, have reviewed the unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Heung Wah Keung
Chairman

Hong Kong, 25 September 2009

As at the date of this announcement, the Board comprises two executive directors namely, Mr. Heung Wah Keung (Chairman) and Ms. Chen Ming Yin, Tiffany (Vice Chairman) and three independent non-executive directors namely, Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung.