

## 2008 INTERIM ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2008	Six months ended 30th June, 2007
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<b>Revenue</b>	<b>150.2</b>	242.3
<b>Operating profit</b>	<b>77.1</b>	75.5
<b>Profit for the period attributable to equity holders of the parent</b>	<b>210.3</b>	628.7*
<b>Basic earnings per ordinary share attributable to equity holders of the parent</b>	<b>HK0.94 cent</b>	HK3.45 cents
<b>Interim dividend</b>	<b>HK0.05 cent</b>	HK0.05 cent

\*a significant part of this amount was attributable to a one-off gain derived by Regal, the Group's listed associate, from the spin-off of Regal REIT in March 2007

## **FINANCIAL RESULTS**

For the six months ended 30th June, 2008, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$210.3 million. In the comparative period in 2007, the Group recorded a profit of HK\$628.7 million, a significant part of which was attributable to the share of profit from Regal Hotels International Holdings Limited, the Group's listed associate, arising from the one-off gain derived by Regal from the spin-off of Regal Real Estate Investment Trust in March 2007.

## **REVIEW OF OPERATIONS**

During the period under review, the global economy as a whole has been adversely impacted by the financial turmoil that started off with the sub-prime loan crisis in the United States. Credit markets have been seriously disrupted, resulting in the tightening of overall liquidity and credit, and equity markets have also undergone some substantial adjustments. Meanwhile, currency values and commodity prices have become increasingly volatile.

Having regard to the uncertainties in the overall economic conditions, which are expected to last at least in the near term, and the large amount of initial capital that will be required to start off a mining operation, the Group has been relatively cautious in its investment assessment and will not commit to significant funding unless the relevant criteria and environment are considered to be appropriate.

Pursuant to a conditional acquisition agreement entered into with certain independent third party vendors, the Group has conditionally agreed to purchase a total of 51.8% direct or indirect interest in Chain Bright LLC, a company incorporated in Mongolia. In January this year, the Group entered into a supplemental agreement with the vendors principally to further extend the long-stop date for the satisfaction of the conditions precedent under the acquisition agreement to 31st December, 2008. The Group will continue to adopt a cautious approach in the assessment of this proposed project and will take into careful consideration all the relevant information and reports available as well as the recent development in the political and economic environment in Mongolia and globally before coming to a decision on the way forward.

## **PALIBURG HOLDINGS LIMITED**

For the six months ended 30th June, 2008, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$305.1 million.

Further information on the principal business operations and outlook of Paliburg, including its management discussion and analysis, is contained in Paliburg's announcement separately released today.

## **REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED**

For the six months ended 30th June, 2008, Regal achieved an unaudited consolidated profit attributable to ordinary shareholders of HK\$600.1 million.

Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, is contained in Regal's announcement separately released today.

## **REGAL REAL ESTATE INVESTMENT TRUST**

For the six months ended 30th June, 2008, Regal REIT attained an unaudited consolidated profit of HK\$278.3 million. Distributable income available for distribution to unitholders of Regal REIT amounted to HK\$247.4 million and, based on a policy of distributing 100% of the distributable income, a distribution of HK\$0.083 per unit will be paid to unitholders for the period ended 30th June, 2008.

Further information on the principal business operations and outlook of Regal REIT, including its management discussion and analysis, was contained in Regal REIT's announcement released on 25th August, 2008.

## **OUTLOOK**

The Group remains committed to diversify its investment portfolio into other business sectors that pose high growth potentials and is closely monitoring the overall business and investment environment. The Directors are confident that the Group is well-poised and capable to capture and capitalise on investment opportunities that can create long-term value to shareholders.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, net cash outflow from operating activities amounted to HK\$40.9 million (2007 – inflow of HK\$26.5 million). Net interest receipt for the period amounted to HK\$7.0 million (2007 – HK\$0.7 million).

In order to more fairly reflect the Group's underlying net asset value, the Group considers it appropriate also to present to shareholders, as set out below for the purpose of reference, supplementary information on the Group's statement of net assets on a proforma basis that the Group's interest in Regal is adjusted to reflect its attributable share of Regal's proforma net assets as adjusted for Regal's interest in Regal REIT to reflect the share of the underlying net assets attributable to Regal based on Regal REIT's reported net assets attributable to its unitholders as at 30th June, 2008:

## Statement of Proforma Net Assets

	<b>30th June, 2008</b>
	<b>(Unaudited)</b>
	<b>HK\$'M</b>
Non-current assets	
Interest in Regal	5,869.1
Interests in other associates	648.5
Other non-current assets	906.5
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Total non-current assets	7,424.1
Net current assets	521.7
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Total assets less current liabilities	7,945.8
Non-current liabilities	(228.7)
Minority interests	(3,335.5)
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Proforma net assets attributable to equity holders of the parent	4,381.6
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Proforma net asset value per ordinary share	HK\$0.19
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As at 30th June, 2008, the Group had cash and bank balances net of borrowings of HK\$86.7 million (31st December, 2007 – HK\$267.0 million).

As the Group's borrowings were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed during the period under review.

Information in relation to the pledge of assets and the contingent liabilities of the Group as of 30th June, 2008 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2007 (the “2007 Annual Report”) while the maturity of the relevant outstanding bank borrowings has been extended to 2011. During the period under review, the Group continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company’s 2007 Annual Report. Detailed information in such aspects is contained in the interim report of the Company for the six months ended 30th June, 2008.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed “Review of Operations” and “Outlook” above.

The Group’s significant investments during the period principally constituted its interests in Regal, which was held through Paliburg. The operating results of Paliburg during the period and its business prospects are contained in Paliburg’s announcement separately released today. The significant investments of Regal comprise its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT (which directly owns the five Regal Hotels in Hong Kong), the asset management of Regal REIT, the interest in the remaining unsold houses in Regalia Bay in Stanley and other investment businesses. The performance of Regal and its hotel operations during the period under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance, the progress and prospects on the Regalia Bay properties as well as the performance of Regal REIT are contained in Regal’s announcement separately released today.

## **DIVIDEND**

The Directors have declared the payment of an interim dividend of HK0.05 cent per ordinary share for the financial year ending 31st December, 2008 (2007 – HK0.05 cent), absorbing an amount of approximately HK\$11.1 million (2007 – HK\$10.7 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 10th October, 2008.

According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

## **CLOSURE OF REGISTER**

The Register of Ordinary Shareholders will be closed from Wednesday, 8th October, 2008 to Friday, 10th October, 2008, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Monday, 6th October, 2008. The relevant dividend warrants are expected to be despatched on or about 22nd October, 2008.

## HALF YEAR RESULTS

### Condensed Consolidated Income Statement

	Six months ended 30th June, 2008	Six months ended 30th June, 2007
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Note 2)	150.2	242.3
Cost of sales	(133.8)	(191.3)
Gross profit	16.4	51.0
Other income and gains (Note 3)	84.1	117.8
Administrative expenses	(22.4)	(21.5)
Other operating expenses, net (Note 4)	(1.0)	(71.8)
OPERATING PROFIT (Note 2)	77.1	75.5
Finance costs	(2.8)	(12.5)
Share of profits and losses of associates	274.2	1,130.7
PROFIT BEFORE TAX	348.5	1,193.7
Tax (Note 6)	(0.5)	(0.9)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	348.0	1,192.8
Attributable to:		
Equity holders of the parent	210.3	628.7
Minority interests	137.7	564.1
	348.0	1,192.8
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		
Basic	HK0.94 cent	HK3.45 cents
		(Restated)
Diluted	HK0.84 cent	HK2.34 cents
DIVIDEND PER ORDINARY SHARE	HK0.05 cent	HK0.05 cent

## Condensed Consolidated Balance Sheet

	30th June, 2008	31st December, 2007
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4.0	4.8
Investment properties	380.3	380.3
Goodwill	202.0	202.0
Interests in associates	4,831.3	4,552.3
Available-for-sale investments	20.2	17.9
Financial assets at fair value through profit or loss	282.5	308.5
Loans receivable	7.3	9.7
Deposits	10.0	10.0
Other assets	0.2	0.2
Total non-current assets	<u>5,737.8</u>	<u>5,485.7</u>
<b>CURRENT ASSETS</b>		
Financial assets at fair value through profit or loss	257.2	138.3
Properties held for sale	6.0	6.0
Inventories	6.4	3.7
Debtors, deposits and prepayments (Note 8)	106.4	79.2
Time deposits	226.4	439.9
Cash and bank balances	78.0	74.1
	<u>680.4</u>	<u>741.2</u>
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	<u>929.8</u>	<u>990.6</u>

## Condensed Consolidated Balance Sheet (Cont'd)

	30th June, 2008	31st December, 2007
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
<b>CURRENT LIABILITIES</b>		
Creditors and accruals (Note 9)	(83.6)	(102.5)
Tax payable	(4.4)	(4.0)
Interest bearing bank borrowings	–	(197.0)
Deposits received	(221.2)	(221.3)
	<u>(309.2)</u>	<u>(524.8)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	<u>(408.1)</u>	<u>(623.7)</u>
<b>NET CURRENT ASSETS</b>	<b>521.7</b>	366.9
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>6,259.5</b>	5,852.6
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing bank borrowings	(217.7)	(50.0)
Deferred tax liabilities	(11.0)	(11.0)
Total non-current liabilities	<u>(228.7)</u>	<u>(61.0)</u>
Net assets	<u><b>6,030.8</b></u>	<u>5,791.6</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	385.4	391.7
Reserves	3,067.1	2,836.4
Dividends	11.1	22.3
	<u>3,463.6</u>	<u>3,250.4</u>
<b>Minority interests</b>	<b>2,567.2</b>	2,541.2
Total equity	<u><b>6,030.8</b></u>	<u>5,791.6</u>

Notes:

## 1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st December, 2007, except for the adoption of the following new and revised interpretations issued by the Hong Kong Institute of Certified Public Accountants for the first time for the current period’s condensed consolidated interim financial statements.

HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of the above interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated interim financial statements.

## 2. SEGMENT INFORMATION

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;

- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel ownership/operation\* and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

\* The listed associate of the Group, Regal, owned and operated its hotels in Hong Kong until the disposal of the hotel properties to Regal REIT for a separate listing on 30th March, 2007 and thereafter the Regal group leased the hotel properties from Regal REIT for hotel operations. Regal REIT has since then become an associate of Regal.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## Business segments

The following table presents revenue and profit/(loss) information for the Group's business segments.

### Group

	Property development and investment		Construction and building related businesses		Hotel ownership/ operation and management		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2008		Six months ended 30th June, 2007		Six months ended 30th June, 2008		Six months ended 30th June, 2007		Six months ended 30th June, 2008		Six months ended 30th June, 2007		Six months ended 30th June, 2008	
	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M
Segment revenue:														
Sales to external customers	8.1	77.5	124.7	124.8	-	-	17.2	39.8	0.2	0.2	-	-	150.2	242.3
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>8.1</u>	<u>77.5</u>	<u>124.7</u>	<u>124.8</u>	<u>-</u>	<u>-</u>	<u>17.2</u>	<u>39.8</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>150.2</u>	<u>242.3</u>
Segment results	<u>5.7</u>	<u>65.7</u>	<u>8.7</u>	<u>7.4</u>	<u>-</u>	<u>-</u>	<u>12.2</u>	<u>85.0</u>	<u>1.6</u>	<u>2.1</u>	<u>-</u>	<u>(0.9)</u>	<u>28.2</u>	<u>159.3</u>
Interest income and unallocated non-operating and corporate gains													71.7	6.5
Unallocated non-operating and corporate expenses													(22.8)	(90.3)
Operating profit													77.1	75.5
Finance costs													(2.8)	(12.5)
Share of profits and losses of associates	(3.1)	(0.3)	-	(0.2)	277.3	1,131.2	-	-	-	-	-	-	274.2	1,130.7
Profit before tax													348.5	1,193.7
Tax													(0.5)	(0.9)
Profit for the period before allocation between equity holders of the parent and minority interests													<u>348.0</u>	<u>1,192.8</u>
Attributable to:														
Equity holders of the parent													210.3	628.7
Minority interests													137.7	564.1
													<u>348.0</u>	<u>1,192.8</u>

3. Other income and gains represent the following items:

	<b>Six months ended 30th June, 2008</b>	<b>Six months ended 30th June, 2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest income	9.4	6.4
Dividend income from listed investments	0.8	–
Fair value gains/(losses), net, on financial assets at fair value through profit or loss		
- held for trading	(24.2)	–
- designated as such upon initial recognition	29.8	85.3
Gain on disposal of subsidiaries	–	23.2
Excess over the cost of additional interests in the listed subsidiary	68.2	–
Others	0.1	2.9
	<u>84.1</u>	<u>117.8</u>

4. Other operating expenses, net, include the following major items:

	<b>Six months ended 30th June, 2008</b>	<b>Six months ended 30th June, 2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Depreciation	1.2	1.0
Loss on deemed disposal of interests in the listed associate	–	69.9
	<u>–</u>	<u>69.9</u>

5. An analysis of profit on sale of investments or properties of the Group is as follows:

	<b>Six months ended 30th June, 2008 (Unaudited) HK\$'M</b>	<b>Six months ended 30th June, 2007 (Unaudited) HK\$'M</b>
Profit on disposal of listed investments	<b>0.3</b>	0.6
Profit on sale of properties	–	37.1
	<u><u>          </u></u>	<u><u>          </u></u>

6. The tax charge for the period arose as follows:

	<b>Six months ended 30th June, 2008 (Unaudited) HK\$'M</b>	<b>Six months ended 30th June, 2007 (Unaudited) HK\$'M</b>
Current – Hong Kong		
Total tax charge and provision for tax in respect of profit for the period	<b>0.5</b>	0.9
	<u><u>          </u></u>	<u><u>          </u></u>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2007 – 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

The share of tax charge attributable to associates amounting to HK\$0.3 million (2007 – HK\$5.5 million) is included in “Share of profits and losses of associates” on the face of the condensed consolidated income statement.

7. The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$210.3 million (2007 – HK\$628.7 million) and on the weighted average of 22,272.5 million (2007 – 18,235.3 million) ordinary shares of the Company in issue during the period.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2008 is based on the profit for the period attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of the Paliburg group of HK\$6.3 million assuming all outstanding convertible preference shares of Regal were converted into ordinary shares of Regal at the beginning of the period and all outstanding share options of Paliburg and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 1,993.8 million that would be issued assuming (i) all the 1,695.4 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of the period; and (ii) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period. The exercise prices of the share options of the Company and Regal outstanding during the period are higher than the average market prices of the ordinary shares of the Company and Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2007 was based on the profit for that period attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the earnings of Paliburg group of HK\$66.5 million (as restated to adjust for the effect of the open offer of new Paliburg ordinary shares to the qualifying shareholders of Paliburg on the basis of seven new Paliburg ordinary shares (with three new Paliburg bonus warrants for every seven Paliburg open offer shares taken up) for every twenty existing Paliburg ordinary shares held on 22nd October, 2007 at a subscription price of HK\$0.21 per Paliburg share)

assuming all outstanding convertible bonds (including optional convertible bonds) of the Regal group and all outstanding convertible preference shares of Regal were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of that period and all the outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that period; and (ii) the interest savings on the convertible bonds of HK\$1.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,884.1 million (as restated) that would be issued assuming (i) all the 2,507.8 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of that period; (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period; (iii) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period; and (iv) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period. The exercise price of the share options of Regal outstanding during that period was higher than the average market price of the ordinary shares of Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

8. Included in debtors, deposits and prepayments is an amount of HK\$36.2 million (31st December, 2007 – HK\$34.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	<b>30th June, 2008</b>	<b>31st December, 2007</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>38.2</b>	36.3
Between 4 to 6 months	<b>0.1</b>	0.8
Between 7 to 12 months	–	0.1
Over 1 year	<b>0.1</b>	3.3
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	<b>38.4</b>	40.5
Impairment	<b>(2.2)</b>	(5.6)
	<hr/>	<hr/>
	<b>36.2</b>	34.9
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### **Credit terms**

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

9. Included in creditors and accruals is an amount of HK\$5.3 million (31st December, 2007 – HK\$14.4 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	<b>30th June, 2008</b>	<b>31st December, 2007</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>5.3</b>	14.4

The trade creditors are non-interest bearing and are normally settled within 90 days.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2008.

## **REVIEW OF RESULTS**

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2008 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2008 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for the six months ended 30th June, 2008, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

## **CORPORATE GOVERNANCE**

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2008, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

## **PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE**

The Board proposes to implement a consolidation of the ordinary shares of the Company on the basis that every 10 issued and unissued ordinary shares of HK\$0.01 each will be consolidated into one consolidated ordinary share of HK\$0.10. The Board also proposes to change the board lot size for trading in the ordinary shares of the Company from 2,000 ordinary shares to 4,000 consolidated ordinary shares upon the share consolidation becoming effective. A special general meeting of the Company will be held to consider and, if thought fit, approve the ordinary resolution in respect of the proposed share consolidation. Further details relating to the proposed share consolidation and change of board lot size are disclosed in the related announcement of the Company being released separately today.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises the following members:

***Executive Directors:***

Mr. LO Yuk Sui  
*(Chairman and Chief Executive Officer)*  
Mr. Kenneth NG Kwai Kai  
*(Chief Operating Officer)*  
Mr. Donald FAN Tung  
Mr. Jimmy LO Chun To  
Miss LO Po Man

***Independent Non-Executive Directors:***

Mr. Anthony CHUANG  
Mr. NG Siu Chan  
Mr. WONG Chi Keung

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 10th September, 2008