



# TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

The board of directors (the “Board”) of Termbray Industries International (Holdings) Limited (the “Company”) presents to shareholders the unaudited condensed consolidated income statement of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2008 and the Group’s unaudited condensed consolidated balance sheet at that date together with the comparative figures for the last year as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

		Six months ended	
		30/9/2008	30/9/2007
		(unaudited)	(unaudited)
	Notes	HK\$’000	HK\$’000
<b>REVENUE</b>	3	<b>92,719</b>	3,425
Cost of goods and services		<u>(47,949)</u>	<u>(991)</u>
Gross profit		<b>44,770</b>	2,434
Other income	4	<b>9,261</b>	14,987
Exchange losses, net		<b>(84)</b>	(2,544)
Selling and distribution expenses		<b>(8,232)</b>	–
Administrative expenses		<b>(28,803)</b>	(6,336)
Other operating expenses		<b>(1,112)</b>	–
(Losses) gains arising from changes in fair value of investments held for trading		<b>(3,143)</b>	162
Finance costs	5	<u><b>(3,029)</b></u>	<u>–</u>
<b>PROFIT BEFORE TAXATION</b>		<b>9,628</b>	8,703
Income tax expenses	6	<u><b>(4,768)</b></u>	<u>(65)</u>
<b>PROFIT FOR THE PERIOD</b>	7	<u><b>4,860</b></u>	<u>8,638</u>

		<b>Six months ended</b>	
		<b>30/9/2008</b>	30/9/2007
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(LOSS) PROFIT ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE COMPANY</b>		<b>(5,950)</b>	8,638
<b>MINORITY INTERESTS</b>		<b>10,810</b>	—
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>4,860</b>	<b>8,638</b>
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
<b>(LOSS) EARNINGS PER SHARE</b>			
Basic	8	<b>(0.30)</b>	0.50
		<hr/> <hr/>	<hr/> <hr/>
Diluted		<b>N/A</b>	<b>N/A</b>
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AT 30TH SEPTEMBER, 2008**

	<i>Notes</i>	<b>30/9/2008</b> <b>(unaudited)</b> <b>HK\$'000</b>	31/3/2008 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>18,370</b>	17,400
Prepaid lease payments for land		<b>66,378</b>	66,675
Investment properties		<b>3,422</b>	3,478
Pledged bank deposits		<b>2,027</b>	2,034
Goodwill	9	<b>258,678</b>	258,678
		<b>348,875</b>	348,265
<b>CURRENT ASSETS</b>			
Properties for sale		<b>111,813</b>	109,995
Inventories		<b>22,839</b>	16,926
Trade and other receivables	10	<b>114,808</b>	92,599
Deposits and prepayments		<b>4,325</b>	3,293
Prepaid lease payments for land		<b>598</b>	598
Available-for-sale investments		<b>212,900</b>	633,247
Investments held for trading		<b>54,092</b>	103,839
Taxation recoverable		–	123
Amount due from related parties		–	730
Deposits with a financial institution		<b>129,628</b>	–
Bank balances and cash		<b>371,459</b>	40,904
		<b>1,022,462</b>	1,002,254
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accrued charges	11	<b>28,489</b>	44,804
Deposits received		<b>2,681</b>	2,064
Provisions		<b>3,173</b>	3,173
Amount due to a related company		<b>1,274</b>	405
Taxation payable		<b>8,238</b>	10,151
Amount due to a director		<b>24,214</b>	6,465
Amounts due to minority shareholders		<b>18,000</b>	18,103
		<b>86,069</b>	85,165
<b>NET CURRENT ASSETS</b>		<b>936,393</b>	917,089
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,285,268</b>	1,265,354

	<b>30/9/2008</b> <b>(unaudited)</b> <i>HK\$'000</i>	31/3/2008 (audited) <i>HK\$'000</i>
<i>Notes</i>		
<b>NON-CURRENT LIABILITY</b>		
Convertible notes	<u>119,296</u>	<u>116,267</u>
<b>NET ASSETS</b>	<u><b>1,165,972</b></u>	<u>1,149,087</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>156,611</b>	156,611
Reserves	<u>969,982</u>	<u>964,180</u>
Equity attributable to equity holders of the Company	<b>1,126,593</b>	1,120,791
Minority interests	<u>39,379</u>	<u>28,296</u>
<b>TOTAL EQUITY</b>	<u><b>1,165,972</b></u>	<u>1,149,087</u>

Notes:

## 1. BASIS OF PREPARATION

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2008.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st April, 2008.

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

The adoption of these new HKFRSs had no material effect on the results of financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>2</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>3</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>2</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>2</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2008

<sup>5</sup> Effective for annual periods beginning on or after 1st October, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in property development, property investment, engineering projects (involving sale of tools and equipment) and provision of consultancy services on well drilling.

An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30/9/2008 HK\$'000	30/9/2007 HK\$'000
Sale of goods	81,530	–
Rental income	3,223	3,425
Service income	7,966	–
	<b>92,719</b>	<b>3,425</b>
	<b>92,719</b>	<b>3,425</b>

The Group reports primary segment information based on its business. Segment information is presented below:

	Revenue		Contribution to profit for the period	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Property development	2,450	2,705	822	1,714
Property investment	1,140	720	1,140	720
Engineering projects	81,163	–	27,782	–
Provision of consultancy service on well drilling	7,966	–	5,682	–
	<b>92,719</b>	<b>3,425</b>		
	<b>92,719</b>	<b>3,425</b>		
Unallocated income ( <i>note</i> )			9,261	15,149
Unallocated corporate expenses			(22,870)	(8,880)
Share option expense			(9,160)	–
Finance costs			(3,029)	–
			<b>9,628</b>	<b>8,703</b>
Profit before taxation			9,628	8,703
Income tax expenses			(4,768)	(65)
			<b>4,860</b>	<b>8,638</b>
Profit for the period			<b>4,860</b>	<b>8,638</b>

*Note:* Unallocated income represents mainly net income from short-term treasury activities, including investments in securities and money market funds and the placement of bank deposits and deposits with a financial institution.

#### 4. OTHER INCOME

	Six months ended	
	30/9/2008	30/9/2007
	HK\$'000	HK\$'000
Interest income from		
– available-for-sale investments	6,943	6,092
– investments held for trading	787	2,967
– bank deposits and deposits with a financial institution	778	5,559
Sundry income	753	369
	<u>9,261</u>	<u>14,987</u>

#### 5. FINANCE COSTS

Finance costs represent effective interest expense on convertible notes.

#### 6. INCOME TAX EXPENSES

	Six months ended	
	30/9/2008	30/9/2007
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong	2,302	65
– People's Republic of China ("PRC") Enterprise Income Tax	2,160	–
Underprovision in prior years:		
– PRC Enterprise Income Tax	306	–
	<u>4,768</u>	<u>65</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th September, 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30th September, 2008.

Taxation arising in PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% (2007: Nil) for the six months ended 30th September, 2008.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries from 1st January, 2008.

## 7. PROFIT FOR THE PERIOD

Six months ended	
30/9/2008	30/9/2007
HK\$'000	HK\$'000

Profit for the period has been arrived at after charging:

Amortisation of prepaid lease payments for land	297	298
Cost of inventories sold	38,406	–
Depreciation of		
– property, plant and equipment	1,555	532
– investment properties	56	54
	<u>          </u>	<u>          </u>

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Six months ended	
30/9/2008	30/9/2007
HK\$'000	HK\$'000

(Loss) earnings for the period attributable to equity holders of the Company for the purposes of basic earnings per share	<u>(5,950)</u>	<u>8,638</u>
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Number of shares	
'000	'000

Number of ordinary shares for the purpose of basic earnings per share	<u>1,957,643</u>	<u>1,724,643</u>
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For the six months ended 30th September, 2008, no diluted loss per share has been presented as the exercise of share option and the conversion of convertible note would result in a decrease in loss per share. For the six months ended 30th September, 2007, no potential ordinary shares outstanding during the six months ended 30th September, 2007 would result a dilutive effect to the earnings per share.

## 9. GOODWILL

HK\$'000

Arising on acquisition of subsidiaries, carrying amount at 1st April, 2008 and 30th September, 2008	<u>258,678</u>
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Goodwill arising on the acquisition of subsidiaries during the year ended 31st March, 2008. It was determined on a provisional basis as the nature and fair value of the identifiable assets acquired can be determined on a provisional value only. The Company is in process of obtaining independent valuation to assess the fair value. It may be adjusted upon the completion of the initial accounting.

The Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill has been allocated to the cash generating units of engineering projects and provision of consultancy services on well drilling.



## 10. TRADE AND OTHER RECEIVABLES

The Group allows a normal credit period of 90 to 120 days to its customers in respect of the engineering projects and provision for consultancy services on well drilling. The Group also allows longer credit period for its strategic customers.

Rental receivable are receivable in accordance with the terms of the relevant agreements. The Group does not generally provide any credit period to its tenants.

The following is an aged analysis of trade receivables net of allowances for doubtful debts at the balance sheet date:

	<b>30/9/2008</b> <i>HK\$'000</i>	31/3/2008 <i>HK\$'000</i>
0-90 days	44,222	36,328
Over 90 days	<u>49,670</u>	<u>34,254</u>
	<b>93,892</b>	70,582
Other receivables	<u>20,916</u>	<u>22,017</u>
	<b><u>114,808</u></b>	<b><u>92,599</u></b>

## 11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an aged analysis of trade payables at the balance sheet date:

	<b>30/9/2008</b> <i>HK\$'000</i>	31/3/2008 <i>HK\$'000</i>
0-90 days	17,167	11,970
Over 90 days	<u>10,066</u>	<u>21,974</u>
	<b>27,233</b>	33,944
Trade and other payables	<u>1,256</u>	<u>10,860</u>
Accrued charges	<b><u>28,489</u></b>	<b><u>44,804</u></b>

## **INTERIM DIVIDEND**

The directors have resolved not to pay an interim dividend for the six months ended 30th September, 2008 (six months ended 30/9/2007: Nil).

## **REVIEW OF OPERATIONS**

During the current six months period under review, the Group achieved a turnover of HK\$92,719,000 (six months ended 30/9/2007: HK\$3,425,000) and made a loss attributable to equity holders of HK\$5,950,000 (six months ended 30/9/2007: profit of HK\$8,638,000).

### **Property Investment and Development**

The operating environment for the Group's property investment and development business remains tough during the period under review. Property market in Guangdong Province of Mainland China ("PRC") is still generally slack. The activities of the Group's property projects, which are mainly located in the Guangdong Province, continue at a low level during the period.

The Group's completed properties for sale – Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. Due to the vacancy of the commercial arcades, the occupancy rate of the residential units is also dropped. The management has put much effort in marketing the properties. The rental income earned by the Group during the period is decreased by 5.9%. As at 30th September, 2008, 227 residential units remained to be sold, out of which 182 residential units were let out. The set up of a larger scale computer and computer peripherals retail centre in western district of Shi Qi city caused a negative impact on the customer flow of the commercial arcades. The original tenant has early terminated the tenancy agreement for the commercial arcades in early this year.

Since June 2008, the Group has operated the commercial arcades itself with a business partner who has experience in running similar retail centre. The Group has 51% interest in the operating company. However, the occupancy rate is still not much improved, and the performance is not satisfactory. In November 2008, the Group has taken over the whole operation of the commercial arcades. The management is still trying hard to improve the situation by looking for innovative trendy commodities which is attractive to the consumers in Zhongshan.

With regard to the investment in Cong Hua White Swan Bow Yuen Real Estate Development Limited ("Cong Hua Bow Yuen"), the chance for the extension of the joint venture period of Cong Hua Bow Yuen remains very remote. Full provision for impairment loss against the property held by Cong Hua Bow Yuen had been made in the financial statements of the Group in the prior years.

### **Oilfield Engineering and Consultancy Services**

Last year, the Group succeeded in diversifying its principal activities into the oilfield related industry. The acquisition of Petro-king International Company Limited ("Petro-king HK") and Petro-king Oilfield Technology Limited ("Petro-king PRC", together with Petro-king HK as "Petro-king Group") was completed on 31st December, 2007.

During the period under review, the turnover of Petro-king Group slightly increased by 16% compared with the last corresponding period. The growth in business is consistent with the seasonal pattern. We still manage to open up Middle East and Asia-Pacific markets. We have already completed most of the pre-requisite contract processes. The demand for specific machinery tools are still very keen in the market. The lead time for delivery of our ordered tools is lengthy. We will try hard to complete most of the scheduled contract work done this year.

### **Treasury Investment Activity**

The Group still holds a substantial amount of funds of approximately HK\$0.7 billion which have been placed as short term bank deposit or invested in money market accounts with international financial institutions or fixed income notes generating a stable source of income to the Group. Subsequent to the balance sheet date of the current six months period and in view of the global financial crisis, the Group has realized most of the investment in the money market accounts into cash and has transferred the cash to large financial institutions in Hong Kong.

There were no acquisitions of major subsidiaries or associates during the period under review.

There have been no material change in the contingent liabilities and charge on assets of the Group since 31st March, 2008.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group remains cash-rich and has no bank borrowings and no material capital expenditure commitments. The operations are financed by shareholders' funds and convertible notes.

The convertible notes of HK\$133,692,000 issued to King Shine Group Limited in last year are non-interest bearing and have a tenor of 3 years to be matured on 31st December, 2010. The noteholder shall have the right to convert the notes into ordinary shares of the Company, at the initial conversion price (subject to adjustments) of HK\$1.20 per conversion share, at any time and from time to time during the period commencing from 1st July, 2009 up to 31st December, 2010. On the maturity date, the noteholder shall be entitled to demand from the Company the full repayment of the outstanding principal amount of any outstanding and unconverted convertible notes (if any) in cash.

Exchange risk of the Group is minimal as the assets of the Group comprised substantially of cash, fixed income notes or money market funds denominated in United States currency which is officially pegged to the Hong Kong currency. No financial instrument are needed for hedging purposes in respect of interest rate and currency.

### **ORDER BOOK**

As at 30th September, 2008, the outstanding orders on hand for oilfield engineering and consultancy services is approximately HK\$310,000,000.

### **STAFF AND EMOLUMENT POLICY**

As at 30th September, 2008, the Group employed 174 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The Company has a share option scheme as an incentive to directors and eligible employees.

## **OUTLOOK**

The global economy sustained a stable and balance growth during the first half of this year. With the outbreak of the global financial crisis in recent months, the global economy is definitely adversely affected. We will need to monitor carefully how the economy is being affected and when it can be recovered. We believe China continues to play a key role in the future global economic recovery. The Group is confident to capitalize on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new business in China.

Despite the fact that economic activities are expected to slow down, the demand for petroleum is still very keen but is maintained at a more reasonable pace. The multinational oil companies are still investing heavily on exploitation and production of petroleum in which Petro-king Group have the expertise in this niche market. Our existing client base is very solid and we have maintained very good relationship with them. They are still willing to keep on investing in oil exploitation activities and therefore we expect there are still orders from them for the coming years. We are cautiously optimistic about the future performance of Petro-king Group.

On 6th August, 2008, Petro-king PRC entered into an acquisition agreement with Beijing Hendrun Energy Environment Technology Limited to acquire the entire registered and paid up capital of Beijing Enruida Technology Co., Limited ("Enruida PRC") at a consideration of RMB40,000,000. On the same date, Petro-king Holding Limited also entered into an acquisition agreement with Wisdom Boom Investments Limited to acquire the entire issue share capital of Hendrun Technologies Industrial R&D Co., Limited ("Enruida HK", collectively with Enruida PRC referred as "Enruida Group") at a consideration of such sum equivalent to RMB135,000,000. Such consideration shall be payable partly in cash and partly by way of issue and allotment of the IPO shares of the listing vehicle of the Petro-king Group.

The relevant details of the acquisition of Enruida Group were announced on the Company's and the Stock Exchange's website on 12th August, 2008.

The Enruida Group provides oilfield engineering and technical consultancy services for domestic oilfields as well as environmental protection services in the oilfields including sewage treatment, waste management and pollution control.

In view of the global financial crisis and current stock market condition, the parties to the Enruida PRC Acquisition Agreements and the Enruida HK Acquisition Agreement (the "Acquisition Agreements") have reassessed the appropriateness of timing and merits of the terms of the Acquisition Agreements and mutually agreed on 31st October, 2008 not to proceed with the Acquisition Agreements. Each party to the Acquisition Agreements shall bear its own costs and disbursements in relation to the Acquisition.

The Group has incurred due diligence expenses of approximately HK\$5,100,000 so far in assessing and evaluating the Enruida Group. The termination of the Acquisition Agreements has no material adverse impact on the business development of the Group.

It is the Group's ongoing strategy to gain a foothold and develop in the natural resources sector by way of cautiously exploring different kinds of investment opportunities which will result in a steady growth in the Group's long term performance. On the other hand, we cannot ignore the fact that there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the impact of global financial crisis, the recovery progress of the global economy and natural disasters. The Group remains cautiously optimistic about the year ahead in respect of diversification of business into natural resources sector and has the confidence to strengthen its competitiveness and to build value for our shareholders.

## **PURCHASE, SALE OR 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 period.

## **CORPORATE GOVERNANCE**

The Company has met the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30th September, 2008 save as disclosed below.

Pursuant to code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to private act called "The Termbray Industries International (Holdings) Limited Act 1991" Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation. The Company had amended its existing bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions. The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the six months ended 30th September, 2008.

## **AUDIT COMMITTEE**

The Company has established an audit committee comprising three independent non-executive directors and one non-executive director of the Company. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim results for the six months ended 30th September, 2008.

## **OTHER INFORMATION**

The interim results of the Group for the six months ended 30th September, 2008 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants.

The Directors of the Company as at the date of this announcement are as follows:

*Executive Directors:*

Mr. Lee Lap (*Chairman*)  
Mdm. Leung Lai Ping  
Mr. Tommy Lee (*Vice Chairman*)  
Mr. Wang Jinlong (*Chief Executive Officer*)  
Mr. Wong Shiu Kee

*Independent Non-Executive Directors:*

Mr. Chan Siu Kang  
Mr. Lo Yiu Hee  
Mr. Tong Hin Wor

*Non-Executive Director:*

Mr. Lee Ka Sze, Carmelo

By order of the Board  
**Lee Lap**  
*Chairman*

Hong Kong, 12th December, 2008