



**TACK HSIN HOLDINGS LIMITED**

**德興集團有限公司**

Stock Code : 00611

TACK HSIN HOLDINGS LIMITED • TACK HSIN HOLDINGS LIMITED • TACK HSIN HOLDINGS LIMITED



**2007**  
**Interim Report**

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## CORPORATE INFORMATION

### Board of Directors

#### *Executive Directors:*

Mr. Chan Shu Kit (*Chairman*)  
Mr. Kung Wing Yiu (*Deputy Chairman*)  
Mr. Chan Ho Man

#### *Independent non-executive Directors:*

Mr. Kung Fan Cheong  
Mr. Chan Ka Ling, Edmond  
Mr. Lo Kin Cheung

### Audit Committee

Mr. Chan Ka Ling, Edmond (*Chairman*)  
Mr. Kung Fan Cheong  
Mr. Lo Kin Cheung

### Remuneration Committee

Mr. Chan Ka Ling, Edmond (*Chairman*)  
Mr. Chan Shu Kit  
Mr. Kung Fan Cheong  
Mr. Lo Kin Cheung

### Company Secretary

Mr. Tam Cheuk Ho

### Principal Bankers

Chong Hing Bank Limited  
HSBC Holdings Plc

### Auditors

Ernst & Young  
Certified Public Accountants  
18th Floor  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

### Hong Kong Legal Adviser

Richards Butler  
19th Floor  
Alexandra House  
Central  
Hong Kong

### Bermuda Legal Adviser

Conyers, Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### Hong Kong Share Registrars

Tricor Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### Registered Office

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

### Hong Kong Principal Office

Unit 1203 12/F  
Peninsula Centre  
67 Mody Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

### Stock Code

611

The board of directors (the “Board”) of Tack Hsin Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2007, together with the comparative figures. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2	116,831	78,813
Other income and gains		2,943	627
Cost of inventories used		(40,455)	(26,912)
Staff costs		(35,732)	(25,885)
Rental expenses		(13,378)	(10,393)
Utilities expenses		(10,413)	(8,117)
Depreciation		(2,475)	(1,472)
Other operating expenses		(16,926)	(12,868)
Finance costs	3	(511)	(421)
Share of profit of a jointly-controlled entity		31	52
LOSS BEFORE TAX	4	(85)	(6,576)
Tax	5	—	—
LOSS FOR THE PERIOD		(85)	(6,576)
Attributable to:			
Equity holders of the parent		(275)	(6,508)
Minority interests		190	(68)
		(85)	(6,576)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
BASIC	6	(0.08 cents)	(1.81 cents)
DIVIDEND	7	Nil	Nil

## CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2007

		<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>25,970</b>	21,164
Investment properties		<b>45,500</b>	44,400
Prepaid land lease payments		<b>4,885</b>	4,925
Property held for development		<b>4,665</b>	4,665
Interest in a jointly-controlled entity		<b>805</b>	754
Deferred tax assets, net		<b>1,086</b>	1,086
Total non-current assets		<b>82,911</b>	76,994
<b>CURRENT ASSETS</b>			
Inventories		<b>5,694</b>	3,168
Trade receivables	9	<b>585</b>	193
Prepayments, deposits and other receivables		<b>12,347</b>	12,733
Cash and cash equivalents		<b>19,845</b>	31,542
Total current assets		<b>38,471</b>	47,636
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>5,711</b>	4,525
Other payables and accruals		<b>17,161</b>	13,888
Interest-bearing bank and other borrowings	11	<b>2,661</b>	3,368
Amount due to minority shareholders		<b>-</b>	1,579
Tax payable		<b>101</b>	101
Provision for long service payments		<b>1,256</b>	1,256
Total current liabilities		<b>26,890</b>	24,717
<b>NET CURRENT ASSETS</b>		<b>11,581</b>	22,919
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>94,492</b>	99,913
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	11	<b>10,549</b>	10,816
Deferred tax liabilities, net		<b>1,508</b>	1,508
Total non-current liabilities		<b>12,057</b>	12,324
Net assets		<b>82,435</b>	87,589
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital		<b>36,032</b>	36,032
Reserves		<b>46,073</b>	46,012
Proposed final dividend		<b>-</b>	5,405
		<b>82,105</b>	87,449
<b>Minority interests</b>		<b>330</b>	140
Total equity		<b>82,435</b>	87,589

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Attributable to equity holders of the parent								
	Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Fixed asset revaluation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2007	36,032	37,934	14,274	16	(6,212)	5,405	87,449	140	87,589
Surplus arising from revaluation	-	-	-	336	-	-	336	-	336
Profit/(loss) for the period	-	-	-	-	(275)	-	(275)	190	(85)
Total income and expense for the period	-	-	-	336	(275)	-	61	190	251
Final 2007 dividend declared	-	-	-	-	-	(5,405)	(5,405)	-	(5,405)
At 30 September 2007	36,032	37,934	14,274	352	(6,487)	-	82,105	330	82,435
At 1 April 2006	36,032	37,934	19,679	-	(7,004)	3,603	90,244	68	90,312
Loss for the period	-	-	-	-	(6,508)	-	(6,508)	(68)	(6,576)
Total expense for the period	-	-	-	-	(6,508)	-	(6,508)	(68)	(6,576)
Final 2006 dividend declared	-	-	-	-	-	(3,603)	(3,603)	-	(3,603)
At 30 September 2006	36,032	37,934	19,679	-	(13,512)	-	80,133	-	80,133

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	1,804	(3,999)
Net cash outflow from investing activities	(6,973)	(4,775)
Net cash outflow from financing activities	(5,796)	(655)
Net decrease in cash and cash equivalents	(10,965)	(9,429)
Cash and cash equivalents at beginning of period	28,667	36,821
Cash and cash equivalents at end of period	17,702	27,392
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,845	7,476
Non-pledge time deposits with original maturity of less than three months when acquired	6,000	20,000
Bank overdrafts	(2,143)	(84)
	17,702	27,392

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2007

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended 31 March 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the method of computation in the Group’s condensed consolidated interim financial statements.



## 2. SEGMENT INFORMATION

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's business segments for the six months ended 30 September 2007 and 2006.

	Restaurant		Hotel		Property		Corporate		Consolidated	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000 (Restated)	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000 (Restated)	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000 (Restated)	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Segment revenue:										
Revenue	115,498	78,177	917	-	416	636	-	-	116,831	78,813
Other income and gains	122	39	-	-	2,530	19	-	-	2,652	58
<b>Total</b>	<b>115,620</b>	<b>78,216</b>	<b>917</b>	<b>-</b>	<b>2,946</b>	<b>655</b>	<b>-</b>	<b>-</b>	<b>119,483</b>	<b>78,871</b>
Segment results	<b>4,607</b>	<b>(866)</b>	<b>(1,841)</b>	<b>(1,826)</b>	<b>2,684</b>	<b>390</b>	<b>(5,346)</b>	<b>(4,474)</b>	<b>104</b>	<b>(6,776)</b>
Interest income									291	569
Finance costs									(511)	(421)
Share of profit of a jointly-controlled entity	31	52	-	-	-	-	-	-	31	52
Loss before tax									(85)	(6,576)
Tax									-	-
<b>Loss for the period</b>									<b>(85)</b>	<b>(6,576)</b>

3. FINANCE COSTS

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	504	410
Interest on finance leases	7	11
	<u>511</u>	<u>421</u>

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Recognition of prepaid land lease payments	40	40
Deficit/(surplus) arising from revaluation of buildings	8	(19)
Waive of amount due to a minority shareholder	(1,430)	-
Fair value gains on investment properties	(1,100)	-
Impairment of amounts due from associates	-	950
Gain on disposal of associates	(39)	-
	<u>(1,421)</u>	<u>961</u>

5. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2006: Nil).

There was no share of tax attributable to a jointly-controlled entity during the period (2006: Nil).

**6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of basic loss per share amounts is based on the unaudited loss for the period attributable to ordinary equity holders of the parent of approximately HK\$275,000 (2006: HK\$6,508,000), and the 360,321,620 ordinary shares of the Company in issue during the period.

Diluted loss per share amounts for the periods ended 30 September 2007 and 2006 have not been disclosed as no diluting events existed during the periods.

**7. DIVIDEND**

At a meeting of the Board held on 19 December 2007, the directors resolved not to pay any interim dividend to shareholders (2006: Nil). Accordingly, no closure of Register of Members of the Company is proposed.

**8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group incurred approximately HK\$6,953,000 (2006: HK\$8,474,000) on the acquisition of property, plant and equipment.

**9. TRADE RECEIVABLES**

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Within 3 months	<b>546</b>	170
4 to 6 months	<b>39</b>	23
Total	<b>585</b>	193

The Group's trading terms with customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

## 10. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Within 3 months	<b>5,692</b>	4,519
Over 3 months	<b>19</b>	6
Total	<b>5,711</b>	4,525

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

## 11. INTEREST-BEARING BANK AND OTHER BORROWINGS

At 30 September 2007, the bank loan was secured by the Group's investment properties with carrying values of HK\$25,000,000 (31 March 2007: HK\$25,000,000) and guarantees given by the Company and a subsidiary.

At 30 September and 31 March 2007, the bank overdrafts were guaranteed by the Company.

At 30 September 2007, the obligations under finance lease were secured by the office equipment of the Group with a net book value of approximately HK\$148,000 (31 March 2007: HK\$178,000).

## 12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September and 31 March 2007.

### 13. RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties

	<i>Notes</i>	For the six months ended 30 September	
		2007 (Unaudited) <i>HK\$'000</i>	2006 (Unaudited) <i>HK\$'000</i>
Transactions with a jointly controlled entity:			
Management fee income received	(i)	132	132
Transactions with a director:			
Rental expenses paid	(ii)	36	36

*Notes:*

- (i) The Group received management fee income from a jointly-controlled entity for management services provided by the Group. The transaction was conducted on terms as agreed between the Group and the jointly-controlled entity.
- (ii) The Group paid rental expenses to a director of the Company and companies in which certain directors of the Company have beneficial interests. The rentals were determined with reference to open market rentals.

#### (b) Outstanding balances with related parties

	Due from related parties		Due to related parties	
	30 September 2007 (Unaudited) <i>HK\$'000</i>	31 March 2007 (Audited) <i>HK\$'000</i>	30 September 2007 (Unaudited) <i>HK\$'000</i>	31 March 2007 (Audited) <i>HK\$'000</i>
Jointly-controlled entity	1,132	1,111	-	-
Minority shareholder	1	-	-	1,579

At 30 September 2007, impairment of amount due from a jointly-controlled entity was approximately HK\$358,000 (31 March 2007: HK\$358,000).

**13. RELATED PARTY TRANSACTIONS** *(continued)*

(c) **Compensation of key management personnel of the Group**

	<b>For the six months ended 30 September</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Short term employee benefits	<b>990</b>	884
Post-employment benefits	<b>23</b>	21
Other long term employee benefits	<b>–</b>	2
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b><u>1,013</u></b>	<b><u>907</u></b>

**14. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified and restated for a better presentation of the condensed consolidated interim financial statements.

**15. APPROVAL OF THE FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 19 December 2007.

## RESULTS

The Group's unaudited consolidated revenue for the first half of the financial year was HK\$116,831,000 (2006: HK\$78,813,000), and the unaudited consolidated loss attributable to ordinary equity holders of the parent was HK\$275,000 (2006: loss of HK\$6,508,000). The Board has resolved not to pay any interim dividend to shareholders (2006: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The earnings for this first half year were affected as the hotel project commenced operation in early June 2007. Besides, the restaurant opened in MegaBox Shopping Mall in Kowloon Bay, also commenced operation in June 2007 with encouraging business growth.

The Group continued to control its operating costs and monitor changes of market prices. Despite the surge in food prices, the implementation of the central purchase policies greatly helped each of the Group's restaurants lower their operating costs. The gross profit margin for the period remained at 65%, which approximates that of last year. At present, the Group has adequate cash without any liquidity problem.

As the business of the restaurants under the Group's associates, the “有骨氣” brand, was unable to achieve the targets set by the Group, the Group sold all the equity interests in the operation to independent third parties and its other shareholders in August and September respectively this year.

### Liquidity and Financial Resources

As at 30 September 2007, the Group's liquidity and financial resources comprised bank and other borrowings of approximately HK\$13,210,000 (31 March 2007: HK\$14,184,000), which were secured by mortgages over some properties.

As at 30 September 2007, the Group had cash and cash equivalents of approximately HK\$19,845,000, the majority of which are the non-pledged time deposits with original maturity of three months or less when acquired. In addition, the shareholders' equity was HK\$82,435,000 (31 March 2007: HK\$87,589,000). At the balance sheet date, the ratio of non-current liabilities to shareholders' equity was 0.15 (31 March 2007: 0.14).

The Group's bank and other borrowings, bank balances and cash are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk.

### **Contingent Liabilities**

At the balance sheet date, the Group had no significant contingent liabilities.

### **Number of Employees and Remuneration Policy**

As at 30 September 2007, the Group had 520 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing market condition.

For the six months ended 30 September 2007, the Group did not establish any share option scheme for its staff.

## **OUTLOOK**

In view of the recent sustainable growth in Hong Kong economy, the apparently increasing trend of per capita income and the improving consumer sentiment in Hong Kong, the Group will therefore focus on strengthening the market promotion for each of its restaurants. The Group believes that the restaurant operation will generate remarkable operating income for the second half year.

The Group has great confidence in the business growth of the newly opened restaurants. The Group expects to achieve stable growth in overall business. The interest expense will reduce further as the market rates are in the downtrend, and it is expected that such positive factor will be constructive for the Group's earnings.

Apart from continuing to improve the restaurant service and uphold the customer-oriented approach, the Group will offer more quality value-added services so as to reward the long term support from its customers. Meanwhile, in order to cope with the fast changing market conditions, the Group will adjust its marketing strategy from time to time. The Board firmly believes that maintaining competitive strengths will facilitate the Group to grasp a larger market share in the future.



## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2007, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

### Long positions in ordinary shares of the Company

Name of director	Number of ordinary shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation		
Chan Shu Kit	–	114,240,000	114,240,000	31.70
Kung Wing Yiu	7,802,000	(note) –	7,802,000	2.16

*Note:* These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.

Save as disclosed above, as at 30 September 2007, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2007, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Long positions in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Hoylake Holdings Limited ( <i>note</i> )	Directly beneficially owned	114,240,000	31.70

*Note:* This interest has also been disclosed as an interest of Chan Shu Kit under the section headed "Directors' interests and short positions in shares" above.

Save as disclosed above, as at 30 September 2007, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2007.

## CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the interim report for the six months ended 30 September 2007, except for the deviation as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chan Shu Kit currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Having made specific enquiry of all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

## AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three members, namely Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, all are independent non-executive directors of the Company. The unaudited interim report for the six months ended 30 September 2007 have been reviewed by the Audit Committee.

On behalf of the Board

**Chan Shu Kit**

*Chairman*

Hong Kong

19 December 2007