

OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)
(Stock Code : 810)



INTERIM REPORT
2008

* For identification purposes only

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Dr. Wai Chung Fai (*Chairman*)
Lau Shun Chi, Benjamin
Chu Wai Lim
Fong Son Wa

Independent Non-executive Directors:

Chen Man Lung
Shiu Kwok Keung
Choi Shek Chau

Audit Committee

Shiu Kwok Keung (*Chairman*)
Chen Man Lung
Choi Shek Chau

Remuneration Committee

Chu Wai Lim (*Chairman*)
Chen Man Lung
Shiu Kwok Keung
Choi Shek Chau

Company Secretary

Yeung Ming Kong, Kenneth

Auditors

Lau & Au Yeung C.P.A. Limited

Investment Manager

Success Talent Investments Limited

Principal Banker

Standard Chartered Bank (Hong Kong)
Limited

Custodian

Standard Chartered Bank (Hong Kong)
Limited

Solicitors

As to Hong Kong Law
D.S. Cheung & Co.

As to Bermuda Law

Appleby Hunter Bailhache

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Place of Business in Hong Kong

Unit 1809, 18th Floor
Tower 2, Lippo Centre
89 Queensway
Hong Kong

Registrars in Hong Kong

Tricor Tengjis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code on the Stock Exchange of Hong Kong Limited

810

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") announces the unaudited interim results of the Company for the six months ended 30 June 2008, with comparative figures for the corresponding periods in 2007 as follows:

CONDENSED INCOME STATEMENT

For the six months ended 30 June 2008

		(Unaudited)	
		Six months ended 30 June	
	Note	2008 HK\$	2007 HK\$
Turnover	4	700,000	7,122,209
Cost of equity securities disposed of		(560,000)	(5,050,931)
Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss		(14,162,493)	33,378,475
Gross (loss)/profit		(14,022,493)	35,449,753
Other income	4	23,784	291,898
Administrative expenses		(2,959,180)	(3,305,002)
Other operating expenses		(600,467)	(631,155)
(Loss)/Profit before income tax	5	(17,558,356)	31,805,494
Income tax expense	6	–	(246,976)
(Loss)/Profit for the period		(17,558,356)	31,558,518
Attributable to:			
Equity holders of the Company	7	(17,558,356)	31,558,518
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the period	8		
– basic		(0.0129)	0.5456
– diluted		(0.0129)	N/A

CONDENSED BALANCE SHEET*As at 30 June 2008*

	Note	(Unaudited) 30 June 2008 HK\$	(Audited) 31 December 2007 HK\$
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	9	22,125,000	25,370,000
Available-for-sale financial assets		24,720,000	12,720,000
		46,845,000	38,090,000
Current assets			
Financial assets at fair value through profit or loss	9	22,281,628	29,644,980
Deposits for acquisition of investments		3,000,000	15,000,000
Other receivable, prepayments and deposits		430,724	485,394
Bank balances and cash		3,903,090	10,619,059
		29,615,442	55,749,433
Total assets		76,460,442	93,839,433
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	1,359,600	1,359,600
Reserves		75,020,873	91,877,989
Total equity		76,380,473	93,237,589
LIABILITIES			
Current liabilities			
Other payables and accrued charges		79,969	601,844
Total liabilities		79,969	601,844
Total equity and liabilities		76,460,442	93,839,433
Net current assets		29,535,473	55,147,589
Total assets less current liabilities		76,380,473	93,237,589
Net asset value per share	11	0.0562	0.0686

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Note	(Unaudited)					Total HK\$
		Attributable to equity holders of the Company					
		Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Share- based payment reserves HK\$	(Accumulated losses)/ Retained earnings HK\$	
At 1 January 2007		12,360,000	86,489,636	-	-	(42,322,912)	56,526,724
Capital reduction		(12,236,400)	-	12,236,400	-	-	-
Share premium cancellation		-	(86,489,636)	86,489,636	-	-	-
Transfer		-	-	(37,420,043)	-	37,420,043	-
Rights issue		1,112,400	10,011,600	-	-	-	11,124,000
Profit for the period		-	-	-	-	31,558,518	31,558,518
At 30 June 2007		<u>1,236,000</u>	<u>10,011,600</u>	<u>61,305,993</u>	<u>-</u>	<u>26,655,649</u>	<u>99,209,242</u>
At 1 January 2008		1,359,600	20,476,643	61,305,993	-	10,095,353	93,237,589
Share options granted during the period	14	-	-	-	701,240	-	701,240
Loss for the period		-	-	-	-	(17,558,356)	(17,558,356)
At 30 June 2008		<u>1,359,600</u>	<u>20,476,643*</u>	<u>61,305,993*</u>	<u>701,240*</u>	<u>(7,463,003)*</u>	<u>76,380,473</u>

* These reserve accounts comprise the reserves of HK\$75,020,873 (31 December 2007: HK\$91,877,989) in the condensed balance sheet.

CONDENSED CASH FLOW STATEMENT*For the six months ended 30 June 2008*

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Net cash (used in)/generated from operating activities	(6,739,753)	2,904,294
Net cash generated from investing activities	23,784	291,898
Net cash generated from financing activities	–	11,124,000
Net (decrease)/increase in cash and cash equivalents	(6,715,969)	14,320,192
Cash and cash equivalents at beginning of period	10,619,059	8,091,531
Cash and cash equivalents at end of period	3,903,090	22,411,723
Analysis of balances of cash and cash equivalents		
Bank balances and cash	3,903,090	22,411,723

1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issuance on 17 September 2008.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2007 annual financial statements. The unaudited condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 April 2008.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2008. The Board has determined the accounting policies to be adopted in the preparation of the Company's annual financial statements for the year ending 31 December 2008, on the basis of HKFRSs currently in issue.

- (i) Standards, amendment and interpretations effective for accounting periods beginning on or after 1 March 2007 which are relevant to the Company's operations
 - HK(IFRIC)-Int 11 – HKFRS 2 – Group and Treasury Share Transactions
- (ii) Standards, amendments and interpretations effective for accounting periods beginning on or after 1 January 2008 but not relevant to the Company's operations
 - HK(IFRIC)-Int 12 – Service Concession Arrangements; and
 - HK(IFRIC)-Int 14 – HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2008 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Company's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

3. SEGMENT INFORMATION

The Company is principally engaged in investment in listed and unlisted companies in the People's Republic of China, Hong Kong and Australia during the period. Accordingly, no business segment information is presented.

The Company also engaged in 3 geographical areas, even though the Company is operating in Hong Kong.

All revenues are generated from Hong Kong, therefore no geographical segment information is presented thereon.

4. TURNOVER AND OTHER INCOME

The Company is engaged in investment in equity securities. Turnover and other income recognised during the period are as follows:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Turnover:		
Sales of financial assets at fair value through profit or loss	700,000	7,122,209
Other income:		
Bank interest income	23,784	235,607
Dividend income	–	56,291
	23,784	291,898

5. (LOSS)/PROFIT BEFORE INCOME TAX

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit before income tax is arrived at:		
After charging the following items:		
Share option granted to consultants	498,643	–
Operating lease payment in respect of rental premises	369,086	285,706
Staff costs, including directors' emoluments		
Wages and salaries	1,343,240	1,348,834
Share option granted	202,575	–
Retirement benefits scheme contributions	28,750	50,877
	1,574,565	1,399,711

6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the period (2007: provided at the rate of 17.5%).

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Hong Kong profits tax	<u>–</u>	<u>246,976</u>

The taxation on the (loss)/ profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit before income tax	<u>(17,558,356)</u>	<u>31,805,494</u>
Tax calculated at a tax rate of 16.5% (2007: 17.5%)	(2,897,129)	5,565,961
Tax effect on non-taxable income	(3,924)	(5,337,244)
Tax effect on non-deductible expenses	1,020,237	18,259
Tax losses for which no deferred income tax assets was recognized	<u>1,880,816</u>	<u>–</u>
	<u>–</u>	<u>246,976</u>

In 2008, the government enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/2009.

7. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$17,558,356 (2007: profit of HK\$31,558,518).

8. (LOSS)/EARNINGS PER SHARE**(a) Basic**

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit attributable to equity holders of the Company	(17,558,356)	31,558,518
Weighted average number of ordinary shares in issue	1,359,600,000	57,839,337
Basic (loss)/earnings per share	(0.0129)	0.5456

(b) Diluted

The calculation of diluted earnings per share for the period is based on the Company's loss attributable to equity holders of the Company for the period of approximately HK\$17,558,356 and the weighted average number of 1,361,453,928. For 2007, no diluted earnings per share has been presented because the Company did not have any potential ordinary shares in issued during the period.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited)	(Audited)
	30 June	31 December
	2008	2007
	HK\$	HK\$
Listed securities:		
Equity securities – Hong Kong	32,739,672	41,111,008
Equity securities – Australia	11,666,956	13,903,972
Market value of listed securities	44,406,628	55,014,980
Less: Non-Current portion	(22,125,000)	(25,370,000)
Current portion	22,281,628	29,644,980

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statement.

The fair value of all equity securities is based on their current bid prices in an active market.

10. SHARE CAPITAL

	(Unaudited) 30 June 2008 HK\$	(Audited) 31 December 2007 HK\$
<i>Authorised</i>		
200,000,000,000 (2007: 200,000,000,000) ordinary shares of HK\$0.001 (2007: HK\$0.001) each	200,000,000	200,000,000
<i>Issued and fully paid</i>		
1,359,600,000 (2007: 1,359,600,000) ordinary shares of HK\$0.001 (2007: HK\$0.001) each	1,359,600	1,359,600

In 2007, the Company carried out Capital Reorganization which involve Share Consolidation, Capital Reduction, Sub-division and Share Premium Cancellation. Details of the Capital Reorganization are disclosed in the annual report of the Company for the year ended 31 December 2007.

11. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$76,380,473 (31 December 2007: HK\$93,237,589) and 1,359,600,000 (31 December 2007: 1,359,600,000) ordinary shares in issue as at 30 June 2008.

12. COMMITMENTS UNDER OPERATING LEASES

The Company leases an office under a non-cancellable operating lease agreement.

The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	(Unaudited) 30 June 2008 HK\$	(Audited) 31 December 2007 HK\$
Not later than 1 year	809,393	208,130

13. RELATED PARTY TRANSACTIONS

Under Listing rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as connected person.

The following transactions were carried out with related party:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Investment management fee paid to Success Talent Investments Limited	180,000	99,677

14. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002, for the primary purpose of providing incentives to Directors and eligible participants (as defined in the Scheme), and will expire on 7 February 2012. Under the Scheme, the Board of Directors of the Company may grant options to Directors of the Company (including Non-executive Directors and Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK\$1.00 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of Directors of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board of Directors of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

On 30 January 2008, share options with rights to subscribe for a total of 99,000,000 shares were granted to certain employees, directors and consultants of the Company with an exercise price of HK\$0.175 per share. The share options are non-transferable.

Movements in the share options outstanding and their related weighted average exercise prices are as follows:

	Exercise price per share HK\$	Number of share options
As at 1 January 2008	–	–
Granted	0.175	99,000,000
Exercised	–	–
Lapsed	–	–
	<hr/>	<hr/>
As at 30 June 2008	0.175	99,000,000

As at 30 June 2008, all the 99,000,000 share options were exercisable.

Share options outstanding at the end of the period have the following expiry date and exercise price:

Expiry date	Exercise price per share HK\$	30 June 2008 Number of share options	31 December 2007 Number of share options
31 December 2017	0.175	99,000,000	–

The estimated fair value of the share options granted during the period was approximately HK\$701,240 (2007: Nil). Total consideration received during the period from employees, directors and consultants for taking up the share option granted amounted to HK\$22. The fair value was calculated using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and condition upon which the options were granted.

The significant assumptions and inputs used in the valuation model are as follows:

	2008	2007
Spot price	HK\$0.170	–
Exercise price	HK\$0.175	–
Expected volatility	42.99%	–
Expected life	40 days	–
Risk free rate	1.473%	–
Expected dividend yield	–	–

Expected volatility was determined based on the historical stock prices of the Company as at the valuation date under the same period as the expected life.

The expected life was determined with reference to the Company's historical share price record as extracted from Bloomberg.

The risk free rate was determined with reference to the Hong Kong Exchange Fund Note and the expected life as extracted from Bloomberg.

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2008

Up to the date of issue of this unaudited condensed interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2008.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the interim financial report:

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

- HKAS 1 (Revised) – Presentation of Financial Statements¹
- HKAS 23 (Revised) – Borrowing Costs¹
- HKAS 27 (Revised) – Consolidated and Separate Financial Statements²
- HKAS 32 & 1 (Amendments) – Puttable Financial Instruments and Obligations Arising on Liquidation¹
- HKFRS 2 (Amendment) – Share-based Payment – Vesting Conditions and Cancellations¹
- HKFRS 3 (Revised) – Business Combinations²
- HKFRS 8 – Operating Segments¹
- HK(IFRIC)-Int 13 – Customer Loyalty Programmes³
- HK(IFRIC)-Int 15 – Agreements for the Construction of Real Estate¹
- HK(IFRIC)-Int 16 – Hedges of a Net Investment in a Foreign Operation⁴

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 2008.

⁴ Effective for annual periods beginning on or after 1 October 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded a net loss of HK\$17,558,356 for the six months ended 30 June 2008 (2007: Net profit after income tax of HK\$31,558,518), representing a decrease of 155.6% over the same period in 2007. This is mainly due to unrealised fair value losses from the Company's listed investments.

As at 30 June 2008, the Company's net asset value ("NAV") per share was HK\$0.0562 (31 December 2007: HK\$0.0686), drop 18.08% compared to that as at 31 December 2007. At the end of the period under review, the Company's share price was HK\$0.155 (31 December 2007: HK\$0.202), reflecting a 175.80% (31 December 2007: 194.46%) premium to NAV per share.

Investment Review

During the six month period, the Company continued to maintain a well balanced portfolio with listed and unlisted investments. The portfolio as at 30 June 2008 remained largely unchanged from that disclosed in the Company's 2007 annual report with the exception of several transactions as the Company took advantage of the rising securities prices when the investments reached their pre-set target price.

During the first six months of the year, the global market suffered a tremendous decline. Together with the unprecedented energy prices and the shadow of the credit crisis and the impact of the subprime problem, the Company, positively outperforming most of the major indices, did suffer from the overall market performance. With the predesigned risk reverse model, the Company has successfully entered into various prudent direct investment projects which has safe-harbored the Company from most of current market risk exposure.

OUTLOOK AND PROSPECTS

With the results of the first half of the fiscal year of 2008, the Company will continue to maintain a well balanced portfolio, and seek investment opportunities in various sectors. Given the changing market dynamic, it is the Company's belief that the market will remain the same for the very third quarter, and more positive breakouts will enter the market in the fourth quarter. The Company would continue on the outlook for listed and unlisted investment opportunities in the high growth area that could offer attractive returns in the Great China area under the same investment criteria adopted at the end of 2007. The Company remains confident of its investment philosophy and comfortable with its investment choices. Going forward, the Company remains prudent in its investment selection process and will continue to identify promising projects to invest in.

LIQUIDITY AND FINANCIAL RESOURCES

The Company continued to maintain a healthy balance sheet. As at 30 June 2008, the cash and bank balances of the Company were approximately HK\$3.9 million (31 December 2007: approximately HK\$10.6 million). The Board believed that the Company has sufficient working capital for its operations.

The Company did not pledge any marketable securities for banking facilities as at 30 June 2008 (31 December 2007: Nil) nor has any bank borrowing. The gearing ratio is nil (31 December 2007: Nil).

As at 30 June 2008, the Company had no material capital commitments and contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

Majority of the Company's investment are denominated in HK\$ (for certain investment in Hong Kong equity as well as cash with bank). The Company also has some investments in Australian Securities Exchange (approximately 15% of total asset). As such, the Board considers the Company's exposure to foreign exchange fluctuation acceptable and no particular hedging strategy needs to be adopted.

CAPITAL STRUCTURE

As at 30 June 2008, the Company's total number of issued shares was 1,359,600,000 (As at 31 December 2007: 1,359,600,000).

STAFF

As at 30 June 2008, the Company comprised of four executive directors, all of them are salaried, and two professional employees. Total staff cost, including contributions to Mandatory Provident Fund scheme, and directors' remuneration, paid during the first half of 2008 was approximately HK\$1.6 million. The remuneration packages for the employees and the directors are in line with the prevailing market practice and are determined on the basis of performance and experience of each individual.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST

As at 30 June 2008, none of the Directors or the Chief Executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance "SFO") that was required to be recorded pursuant to Section 352 Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

As at 30 June 2008, the register of substantial shareholders maintained by the Company under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of shareholder	Capacity	Note	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Team Equity Investments Limited	beneficial	(1)	126,000,000	9.27%

Note:

(1) Mr. Liang Jian Jun is the shareholder of Team Equity Investments Limited.

Save as disclosed above, as at 30 June 2008, no person, other than the Director whose interests are set out in the section “Directors’ interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation” 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 Part XV of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures, at no time during the six months ended 30 June 2008 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the Directors of the Company to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2008, the Company did not purchase, sell or redeem any of the Company’s listed securities.

POST BALANCE SHEET EVENT

The Company has no significant post balance sheet events to report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Shiu Kwok Keung, Mr. Chen Man Lung and Mr. Choi Shek Chau who are all Independent Non-executive Directors of the Company.

During the period under review, Ms. Yin Ling resigned as an independent non-executive director as well as the Audit and Remuneration Committee member of the Company with effect from 23 April 2008 for her personal business arrangement. In order to address to the non-compliance of Rule 3.10 of the Listing Rules, the Company had used its best efforts to identify other suitable person to be an independent non-executive director and member of the Audit and Remuneration Committee of the Company. On 22 July 2008, Mr. Choi Shek Chau was appointed as an independent non-executive director as well as member of Audit and Remuneration committee of the Company to fill the casual vacancy.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Company, and discussed internal controls and financial reporting matters including a review of the Company's unaudited condensed financial statements for the six months ended 30 June 2008.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company on 30 August 2005, in accordance with the requirement of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules. The Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Chu Wai Lim, Mr. Shiu Kwok Keung, Mr. Chen Man Lung and Mr. Choi Shek Chau. During the period under review, Ms. Yin Ling resigned for her personal business arrangement and Mr. Choi Shek Chau was appointed to fill the casual vacancy. Mr. Chu Wai Lim was the chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference which are in line with the CG Code.

NOMINATION COMMITTEE

The Company has yet to appoint a Nomination Committee, the establishment of which is a recommended best practice by the Stock Exchange.

Current Board practice of appointment of new directors is that all valid nomination of candidates, accompanied with related details of their biographies, for directorships in the Company would be brought before the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's experience and qualifications relevant to the Company's business. It is believed that members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

During the period under review, the Board has adopted the aforesaid nomination policy in the nomination and appointment of Directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES UNDER THE LISTING RULES

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has complied with the CG Code applicable during the period.

By Order of the Board
Lau Shun Chi, Benjamin
Executive Director

Hong Kong, 17 September 2008