



China Investment Fund Company Limited

中國投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612

Interim Report 2008



## INTERIM RESULTS

The Board (the "Board") of Directors (the "Directors") of China Investment Fund Company Limited (the "Company") is pleased to present the unaudited Interim Report and unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th June, 2008. The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been reviewed by the Company's auditors and the audit committee of the Company.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		<b>Unaudited six months ended</b>	
		<b>30th June,</b>	2007
	<i>Notes</i>	<b>2008</b>	2007
		<b>HK\$</b>	<b>HK\$</b>
			(Restated)
Revenue	3	<b>675,035</b>	1,035,668
Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss		<b>745,954</b>	(1,209,051)
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		<b>(2,654,719)</b>	5,025,790
		<b>(1,233,730)</b>	4,852,407
Other income		<b>1,000,001</b>	1
Administrative expenses		<b>(3,058,031)</b>	(1,657,593)
Finance cost	5	<b>(42,812)</b>	-
(Loss)/profit before taxation	6	<b>(3,334,572)</b>	3,194,815
Taxation	7	-	-
(Loss)/profit for the period		<b>(3,334,572)</b>	3,194,815
Earnings per share			
Basic (loss)/earnings per share	8	<b>(0.39) cents</b>	0.47 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Notes	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	10	4,142,716	–
Available-for-sale financial assets	11	24,841,091	17,698,730
		<b>28,983,807</b>	17,698,730
<b>Current assets</b>			
Prepayments, deposits and other receivables		320,122	221,718
Financial assets at fair value through profit or loss	12	55,030,680	38,862,640
Cash and cash equivalents	13	48,339,344	58,753,942
		<b>103,690,146</b>	97,838,300
<b>Current liabilities</b>			
Accrual, deposit received and other payables		1,021,453	156,616
Borrowings	14	7,801,250	–
		<b>8,822,703</b>	156,616
<b>Net current assets</b>		<b>94,867,443</b>	97,681,684
<b>Net assets</b>		<b>123,851,250</b>	115,380,414
<b>Capital and reserves</b>			
Share capital	15	8,960,000	8,000,000
Reserves		114,891,250	107,380,414
<b>Total equity</b>		<b>123,851,250</b>	115,380,414
<b>Net asset value per share</b>	16	<b>0.14</b>	0.14

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2008

	The Group Unaudited					
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st January, 2008	8,000,000	109,497,764	1,000,001	-	(3,117,351)	115,380,414
Cancellation of equity-settled arrangements	-	-	(1,000,001)	-	-	(1,000,001)
Issue of shares for cash by placing	960,000	9,531,361	-	-	-	10,491,361
Equity-settled arrangements	-	-	2,451,200	-	-	2,451,200
Changes in fair value of available-for-sale financial assets	-	-	-	(137,152)	-	(137,152)
Net loss for the period	-	-	-	-	(3,334,572)	(3,334,572)
<b>At 30th June, 2008</b>	<b>8,960,000</b>	<b>119,029,125</b>	<b>2,451,200</b>	<b>(137,152)</b>	<b>(6,451,923)</b>	<b>123,851,250</b>
At 1st January, 2007	4,800,000	79,555,597	-	-	(11,065,144)	73,290,453
Expenses of open offer	-	(511,682)	-	-	-	(511,682)
Equity-settled arrangements	-	-	1,000,001	-	-	1,000,001
Net profit for the period	-	-	-	-	3,194,815	3,194,815
<b>At 30th June, 2007</b>	<b>4,800,000</b>	<b>79,043,915</b>	<b>1,000,001</b>	<b>-</b>	<b>(7,870,329)</b>	<b>76,973,587</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the six months ended 30th June, 2008

	<b>THE GROUP</b>	
	<b>Unaudited six months ended</b>	
	<b>30th June,</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$</b>	<b>HK\$</b>
Net cash (used in)/generated from operating activities	<b>(25,986,293)</b>	15,713,626
Net cash (used in) investing activities	<b>(4,172,115)</b>	–
Net cash generated from/(used in) financing activities	<b>19,743,810</b>	(511,682)
Net (decrease)/increase in cash and cash equivalents	<b>(10,414,598)</b>	15,201,944
Cash and cash equivalents at 1st January	<b>58,753,942</b>	11,785,472
Cash and cash equivalents at 30th June	<b>48,339,344</b>	26,987,416
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents, being		
Bank balances and cash	<b>48,339,344</b>	24,998,636
Goldman Sachs US\$ Liquid Reserve Fund	–	1,988,780
	<b>48,339,344</b>	26,987,416



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30th June, 2008*

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st December 2007.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The condensed consolidated interim financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s auditors and the audit committee.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies and method of computation used in preparing the unaudited consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2007 except as described below.

For the current interim period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA which are effective for accounting period beginning on or after 1 March 2007 and 1 January 2008. The adoption of the new interpretations has no material effects on how the results and financial position for the current or prior accounting periods are prepared and presented.

HK(IFRIC)-Int 11

HK(IFRIC)-Int 12

HK(IFRIC)-Int 14

HKFRS 2: Group and Treasury Share Transactions  
Service Concession Arrangements

HKAS 19 – The Limit on a Defined Benefit Assets, Minimum  
Funding Requirements and their Interaction.

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

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

### 3. REVENUE

**THE GROUP**  
**Unaudited six months ended**  
**30th June,**

<b>2008</b>	2007
<b>HK\$</b>	<b>HK\$</b>
	(Restated)

The analysis of revenue for the period is as follows:

Interest income from		
– Deposits in financial institutions	<b>376,128</b>	360,319
– Available-for-sale financial assets	<b>52,894</b>	460,638
Dividend income from		
– Financial assets at fair value through profit or loss	<b>246,013</b>	214,711
	<b>675,035</b>	1,035,668

#### 4. SEGMENT INFORMATION

During the periods ended 30th June, 2007 and 2008, more than 90% of the Group's revenue was derived from investments holding in Hong Kong, no business and geographical segmental information on revenue are presented. The Group's segment assets and liabilities for the period, analysed by geographical market, are as follows:

	Hong Kong		The Group				Consolidated	
	30th June,	31st December,	People's Republic of China		Others		30th June,	31st December,
	2008	2007	30th June,	31st December,	30th June,	31st December,	2008	2007
	HK\$	HK\$	2008	2007	2008	2007	2008	2007
Segment assets	124,703,033	99,009,392	-	16,527,638	7,970,920	-	132,673,953	115,537,030
Unallocated assets	-	-	-	-	-	-	-	-
Total assets							132,673,953	115,537,030
Total liabilities							8,822,703	156,616

#### 5. FINANCE COST

	THE GROUP	
	Unaudited six months ended	
	30th June,	2007
	2008	2007
	HK\$	HK\$
Interest on borrowings wholly repayable within one year	42,812	-



## 6. (LOSS)/PROFIT BEFORE TAXATION

THE GROUP  
Unaudited six months ended  
30th June,  
2008 2007  
HK\$ HK\$

(Loss)/profit before taxation has been arrived at after charging:

Investment management fee	390,000	345,000
Depreciation on property, plant and equipment	29,399	–
Operating lease rentals in respect of rented premises	480,000	249,000
Directors' remuneration	837,500	150,000
Contributions to mandatory provident fund scheme for a Director	6,000	3,000

## 7. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits for the period.

## 8. BASIC (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the period is based on the net loss for the period of HK\$3,334,572 (net profit for the six months period ended 30th June, 2007: \$3,194,815) and on the weighted average number of 865,767,956 (six months ended 30th June, 2007: 680,016,000) ordinary shares during the period. No diluted loss per share is presented since the Company has no dilutive potential ordinary shares in both periods presented.

## 9. DIVIDEND

The Board of Directors resolved not to pay an interim dividend for the period (six months ended 30th June, 2007: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30th June, 2008, additions to property, plant and equipment amounted to HK\$4,172,115.

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
Overseas convertible debentures, at cost	7,970,920	–
Fair value changes	–	–
	<hr/> 7,970,920	<hr/> –
Unlisted equity securities, at cost	9,197,908	17,698,730
Fair value changes	(102,513)	–
	<hr/> 9,095,395	<hr/> 17,698,730
Unlisted bonds, at cost	7,809,415	–
Fair value changes	(34,639)	–
	<hr/> 7,774,776	<hr/> –
Total	<hr/> 24,841,091	<hr/> 17,698,730

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP	
	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
Held for trading:		
Equity securities listed in Hong Kong, at market value	55,030,680	38,862,640

### 13. CASH AND CASH EQUIVALENTS

	THE GROUP	
	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
Deposits in financial institutions	44,504,529	56,481,957
Cash at bank and in hand	3,834,815	2,271,985
	<b>48,339,344</b>	<b>58,753,942</b>

Included in cash and cash equivalents in the consolidated balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	THE GROUP	
	Unaudited 30th June, 2008	Audited 31st December, 2007
EUR Dollars	EUR 931	EUR 946
US Dollars	USD354,271	USD379,376

The effective interest rates of the deposits range from 0.01% to 4.3% (2007: 0.01% to 6.1%) per annum and all of them have a maturity within three months from initial inception.

### 14. BORROWINGS

	THE GROUP	
	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
Other loans – unsecured and wholly repayable within one year	7,801,250	–

During the period, the Group obtained a new loan in the amount of USD1,000,000, equivalent to approximately HK\$7,801,250. The loan bears interest at market rate and will be repayable within one year. The proceeds were used to finance the acquisition of financial assets.

## 15. SHARE CAPITAL

	Number of ordinary shares		Nominal value	
	2008	2007	2008	2007
			HK\$	HK\$
Authorised:				
At 1st January	<b>1,500,000,000</b>	600,000,000	<b>15,000,000</b>	6,000,000
Increase by creation of additional 900,000,000 shares of HK\$0.01 each	–	900,000,000	–	9,000,000
<b>At 30th June</b>	<b>1,500,000,000</b>	1,500,000,000	<b>15,000,000</b>	15,000,000

	Notes	Number of	HK\$
		shares of	
		HK\$0.01 each	
Issued and fully paid:			
At 1st January, 2008 and 31st December, 2007		800,000,000	8,000,000
Issue of shares for cash by placing	(a)	96,000,000	960,000
<b>At 30th June, 2008</b>		<b>896,000,000</b>	<b>8,960,000</b>

During the period, the movements in the Company's share capital are as follows:

- (a) On 21st and 26th of February 2008, the Company had issued and allotted 96,000,000 new shares at HK\$0.111 by placing.

## 16. NET ASSET VALUE PER SHARE

Net asset value per share is computed based on the net assets of HK\$123,851,250 (31st December, 2007: HK\$115,380,414) and the number of issued and fully paid up shares 896,000,000 (31st December, 2007: 800,000,000) as at 30th June, 2008.

## 17. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant related party transactions:

		<b>THE GROUP</b>	
		<b>Unaudited six months ended</b>	
		<b>30th June,</b>	
		<b>2008</b>	2007
<i>Notes</i>		<b>HK\$</b>	<b>HK\$</b>
Investment management fees paid to			
	Baron Asset Management Limited	–	345,000
	Ping An Securities Limited	<b>390,000</b>	–
	(i)		
Rental expenses paid to			
	Baron International Investment Holdings Limited	–	9,000
	Baron International Consulting Services Limited	<b>480,000</b>	240,000
	(ii)		
Placing commission fee paid to			
	Baron Capital Limited	<b>164,640</b>	–
	(iii)		

*Notes:*

- (i) Pursuant to the investment management agreement entered into between Ping An Securities Limited and the Company dated 16th January, 2008, Ping An Securities Limited was appointed as the investment manager of the Company with the management fee of HK\$65,000 per month commencing from 1st January, 2008 to 31st December, 2008.
- (ii) Pursuant to a tenancy agreement signed on 1st April, 2007 between the Company and Baron International Consulting Services Limited (the "Baron International Consulting"), Baron International Consulting has leased office premises to the Company commencing on 1st April, 2007 for a monthly rental of HK\$80,000. The tenancy agreement is renewed on 1st April, 2008 for one more year with same monthly rental payment. Baron International Consulting is a fellow subsidiary of the investment manager.
- (iii) Pursuant to a placing agreement between the Company and Baron Capital Limited (the "Baron Capital"). The Company paid the placing commission fee to Baron Capital during the period. Mr. Wan Chuen Chung, Joseph, the ultimate beneficial owner of Baron Capital, is the father of Ms. Wan Ho Yan, Letty, an executive Director and therefore a Connected Person of the Company.



## 18. LEASE COMMITMENTS

As at 30th June, 2008, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	THE GROUP	
	Unaudited 30th June, 2008 HK\$	Audited 31st December, 2007 HK\$
Within one year	<b>720,000</b>	240,000

## 19. CONTINGENT LIABILITIES

At 30th June, 2008, the Group had no significant contingent liabilities.

## 20. POST BALANCE SHEET EVENT

On 3rd September 2008, the Company entered into the share subscription agreement with a subscriber to which the subscriber agreed to subscribe for 179,200,000 shares at the subscription price of HK\$0.057 per share. The Company received the gross proceeds of HK\$10,214,400.

## 21. COMPARATIVE AMOUNTS

Certain gains or losses from financial assets previously classified as turnover are reclassified separately disclosed in the income statement in order to better reflect their nature and conform with current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operation Review

The principal activity of the Group is investing in both listed and unlisted securities. During the six months ended 30th June, 2008, the Group has deployed approximately HK\$55 million in listed securities. The Group disposed 29.9% equity interest of Sino Win Pacific International Limited, at a consideration of approximately HK\$16.5 million, which main business is providing services in technology solutions for clients in hospitality industry.

### Operating Results

During the six months ended 30th June, 2008, the Group reported a loss of approximately HK\$3.3 million (six months ended 30th June, 2007: a profit of approximately HK\$3.2 million). The loss was mainly attributable to the unrealized loss on financial assets.

### Liquidity and Financial Resources

As at 30th June, 2008, the Group had cash and cash equivalents of approximately HK\$48.3 million (31st December, 2007: HK\$58.8 million) and borrowings from bank of approximately USD1 million, equivalent to approximately HK\$7.8 million, at a fixed interest rate (31st December 2007: Nil). The gearing ratio, which was defined as the ratio of total borrowings to shareholders' equity as at 30th June, 2008, was increased to 6.3% (31st December, 2007: Nil). The decrease in cash and cash equivalents was mainly due to the increase in the investment in financial assets. Cash and cash equivalents represented approximately 36% of the Group's total asset as at 30th June, 2008. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

### Prospect

Given the recent fluctuation in the worldwide financial markets, the Directors continue to adopt cautious and prudent approach in managing the portfolio of investments of the Group and developing the investment strategies. The Group is continually looking for investment opportunities which offer outstanding returns and within the acceptance risk profile of the Group.

On 3rd September, 2008, the Company entered into an agreement with Joint Talent Investments Limited ("Joint Talent") in which the Company issue 179,200,000 new shares at HK\$0.057 each with an aggregate consideration of HK\$10,214,400. The net proceeds will be used for further investment that have good earnings and growth potentials and are within the acceptance risk profile of the Company.

## DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30th June, 2008, none of the Directors, chief executive of the Company or their associated had any interests and short positions in the Shares, debentures or underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred therein or which were required, pursuant of the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2008, the following person or corporations interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interest in shares and short positions required to be kept under section 336 of Part XV of the SFO:

Name	Notes	Number of Shares	Type of interest	Approximately percentage of issued share capital of the Company
Golden Resources Development International Limited	1	86,208,000	Interest of controlled corporation	9.62%
Lam Kwing Wai, Alvin Leslie	2	80,000,000	Interest of controlled corporation	8.93%
Ip Ki Cheung	3	78,616,000	Interest of controlled corporation	8.77%
Mak Wai Chun	4	67,144,511	Interest of controlled corporation	7.49%
Hung Chen Richael	5	64,000,000	Interest of controlled corporation	7.14%

*Notes:*

1. Golden Resources Development International Limited ("Golden Resources") is deemed to be interested in 86,208,000 shares held by Billion Trade Development Limited, a company wholly owned by Reo Developments Limited, which in turn is wholly owned by Golden Resources. Golden Resources is a company whose issued shares are listed on the main board of the Stock Exchange.
2. Lam Kwing Wai, Alvin Leslie ("Mr. Lam") is deemed to be interested in 80,000,000 shares held by Ever Honest Investments Limited which is approximately 54.64% owned by Mr. Lam ultimately.
3. Ip Ki Cheung ("Mr. Ip") is deemed to be interested in 78,616,000 Shares held by Kenfair International (Holdings) Limited, a company with its shares listed on the main board of the Stock Exchange and which is owned as to approximately 50.12% by Capital Concord Profits Limited, which in turn is owned as to approximately 50% by Best Aims Finance Limited which is ultimately 100% owned by Mr. Ip.
4. Ms. Mak Wai Chun ("Ms. Mak") is deemed to be interested in 67,144,511 shares held by Harvest Capital Global Enterprises Limited, which is ultimately wholly owned by Ms. Mak and she is the mother of Ms. Wan Ho Yan, Letty, an executive Director.
5. Mr. Hung Chen Richael ("Mr. Hung") is deemed to be interested 64,000,000 Shares through the Option held by Yue King Investment Limited which is wholly owned by Mr. Hung.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of the Part XV of the SFO), or is direct or is indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")).

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

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except for 96,000,000 new ordinary shares by placement which were allotted and issued on 21st and 26th of February 2008 in consideration for cash proceed.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (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 six months ended 30th June, 2008.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practice (the "CG Code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the reporting period except on the following deviation.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Forthcoming Annual General Meeting in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than in the Code.

## **AUDIT COMMITTEE**

The audit committee of the Company currently comprises three independent non-executive Directors. The principal duties of the audit committee are the review and supervision of the financial reporting process and internal controls of the Group. The audit committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with management. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2008 have been reviewed by the audit committee.



## REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company in 28th July, 2005, in accordance with the requirement of the Code. The Remuneration Committee, comprising three independent non-executive Directors, which meets at least once a year. The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Director and members of the Senior Management. Remuneration and the employment contracts of new appointing directors have to be reviewed and approved by the remuneration committee. Compensation of removal or dismissal of directors has to be reviewed and approved by the remuneration committee in accordance with relevant contractual terms and any compensation payment is otherwise reasonable and appropriate.

By Order of the Board  
**Wan Ho Yan, Letty**  
Director

Hong Kong, 23rd September, 2008

*As at the date of this report, the Executive Directors are Mr. William Robert Majcher and Ms. Wan Ho Yan, Letty, and the Independent Non-executive Directors are Mr. Yan Mou Keung, Mr. Cheng Wing Keung, Raymond and Mr. Kwong Kwan Tong.*