

NATIONAL ELECTRONICS HOLDINGS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

INTERIM REPORT 2008

2008 INTERIM REPORT

The board (“Board”) of directors (“Directors”) of National Electronics Holdings Limited (“Company”) would like to present the interim results of the Company and its subsidiaries (together, “Group”) for the six months ended 30 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
		(unaudited)	(unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	1,747,918	570,707
Cost of sales		(1,561,432)	(501,604)
Gross profit		186,486	69,103
Other income	4	8,747	37,940
Increase in fair value of investment properties	9	47,166	21,798
Distribution costs		(4,368)	(4,510)
Administrative expenses		(45,700)	(42,475)
Finance costs	5	(7,187)	(14,114)
Gain on disposal of an investment property		—	8,929
Share of results of associates		591	—
Profit before taxation	6	185,735	76,671
Income tax expenses	7	(46,642)	(3,958)
Profit for the period		139,093	72,713
Dividend:			
2008 final dividend paid of 2.0 HK cents (2007: 2.0 HK cents) per ordinary share		19,847	20,638
Earnings per share – Basic	8	14.01 cents	7.05 cents

CONDENSED CONSOLIDATED BALANCE SHEET*At 30 September 2008*

		30 September 2008 (unaudited) <i>HK\$'000</i>	31 March 2008 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	9	964,973	880,020
Property, plant and equipment		107,034	100,549
Prepaid lease payments		260,100	262,322
Interests in associates		18,642	18,051
Available-for-sale investments		22,950	23,180
		<hr/>	<hr/>
		1,373,699	1,284,122
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		145,184	153,538
Prepaid lease payments		4,444	4,444
Investment held for trading		4,224	4,099
Inventory of unsold properties		28,469	28,514
Properties under development for sale		304,581	1,241,832
Deposits held in trust for property under development for sale		20,392	43,435
Bills receivables	10	7,300	12,000
Trade receivables, deposits and prepayments	10	84,627	113,041
Amounts due from associates		140,699	140,079
Tax recoverable		704	558
Bank balances and cash		212,372	91,950
		<hr/>	<hr/>
		952,996	1,833,490
		<hr/>	<hr/>

		30 September 2008 (unaudited) HK\$'000	31 March 2008 (audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables and accrued expenses	11	188,429	189,770
Bills payables	11	80,452	79,576
Taxation payable		38,777	1,318
Derivative financial instruments		343	457
Obligations under finance leases		4,262	3,706
Deposits received from sale of properties under development		7,837	448,301
Bank loans		468,472	1,034,105
		<hr/>	<hr/>
		788,572	1,757,233
		<hr/>	<hr/>
NET CURRENT ASSETS		164,424	76,257
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,538,123	1,360,379
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Share capital		98,784	99,852
Reserves		685,574	568,745
		<hr/>	<hr/>
		784,358	668,597
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Provision for long service payments		3,687	3,687
Obligations under finance leases		5,013	4,352
Bank loans		712,715	662,885
Derivative financial instruments		2,727	—
Deferred tax liabilities		29,623	20,858
		<hr/>	<hr/>
		753,765	691,782
		<hr/>	<hr/>
		1,538,123	1,360,379
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2007	103,351	22,786	(3,938)	6,678	66,142	25,969	284,628	505,616
Exchange difference not recognised in the consolidated income statement	—	—	(7,962)	—	—	—	—	(7,962)
Net expense recognised directly in equity	—	—	(7,962)	—	—	—	—	(7,962)
Profit for the period	—	—	—	—	—	—	72,713	72,713
Total recognised income and expense for the period	—	—	(7,962)	—	—	—	72,713	64,751
Dividend paid	—	—	—	—	—	—	(20,638)	(20,638)
Repurchase of own shares	(709)	—	—	—	—	709	(3,232)	(3,232)
At 30 September 2007	102,642	22,786	(11,900)	6,678	66,142	26,678	333,471	546,497
At 1 April 2008	99,852	22,786	(9,729)	12,037	66,142	29,469	448,040	668,597
Exchange difference not recognised in the consolidated income statement	—	—	1,901	—	—	—	—	1,901
Investment revaluation reserve recognised on disposal of available-for-sale investment	—	—	—	(150)	—	—	—	(150)
Net expense recognised directly in equity	—	—	1,901	(150)	—	—	—	1,751
Profit for the period	—	—	—	—	—	—	139,093	139,093
Total recognised income and expense for the period	—	—	1,901	(150)	—	—	139,093	140,844
Dividend paid	—	—	—	—	—	—	(19,847)	(19,847)
Repurchase of own shares	(1,068)	—	—	—	—	1,068	(5,236)	(5,236)
At 30 September 2008	98,784	22,786	(7,828)	11,887	66,142	30,537	562,050	784,358

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

	Six months ended 30 September	
	2008	2007
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from (used in) operating activities	720,073	(409,415)
Net cash used in investing activities	(52,175)	(176,092)
Net cash (used in) generated from financing activities	(547,476)	515,708
Net increase (decrease) in cash and cash equivalents	120,422	(69,799)
Cash and cash equivalents at 1 April	91,950	188,642
Cash and cash equivalents at 30 September	212,372	118,843
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	212,372	118,843

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

(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 (“Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

(2) PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the the Group’s annual financial statements for the year ended 31 March 2008, except that the Group has adopted all the new or revised standards, amendment or interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year commencing on 1 April 2008. The adoption of these new HKFRSs did not have material impact on the results and financial position of the Group.

(3) SEGMENT INFORMATION

The following is an analysis of the Group's revenue and result by principal activities and geographical segments for the six months ended 30 September 2008 and 2007:

Business Segments

2008

	Manufacture, assembly and sale of electronic watches <i>HK\$'000</i>	Trading of watch movements and watch parts <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	140,541	439,657	1,165,603	2,117	—	1,747,918
Inter-segment sales	—	582	—	—	(582)	—
Total revenue	<u>140,541</u>	<u>440,239</u>	<u>1,165,603</u>	<u>2,117</u>	<u>(582)</u>	<u>1,747,918</u>

Inter-segment sales are charged at cost.

RESULT

Segment result	<u>5,828</u>	<u>12,429</u>	<u>127,399</u>	<u>45,118</u>	<u>—</u>	190,774
Interest income						589
Unallocated net other income						11,267
Unallocated other expenses						(10,299)
Finance costs						(7,187)
Share of results of associates						591
Profit before taxation						185,735
Income tax expenses						(46,642)
Profit for the period						<u>139,093</u>

2007

	Manufacture, assembly and sale of electronic watches <i>HK\$'000</i>	Trading of watch movements and watch parts <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	171,580	396,234	327	2,566	—	570,707
Inter-segment sales	—	1,490	—	—	(1,490)	—
	<u>171,580</u>	<u>397,724</u>	<u>327</u>	<u>2,566</u>	<u>(1,490)</u>	<u>570,707</u>
Total revenue	<u>171,580</u>	<u>397,724</u>	<u>327</u>	<u>2,566</u>	<u>(1,490)</u>	<u>570,707</u>
Inter-segment sales are charged at cost.						
RESULT						
Segment result	<u>8,682</u>	<u>15,206</u>	<u>5,252</u>	<u>22,756</u>	<u>—</u>	51,896
Interest income						2,480
Unallocated net other income						29,344
Unallocated other expenses						(1,864)
Finance costs						(14,114)
Gain on disposal of an investment property						<u>8,929</u>
Profit before taxation						76,671
Income tax expenses						<u>(3,958)</u>
Profit for the period						<u>72,713</u>

Geographical Segments

The Group's main operations are located in Hong Kong and other regions in the People's Republic of China, North America and Europe.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong and other regions in the People's Republic of China	445,954	404,430
North America	1,229,149	77,059
Europe	64,848	87,318
Others	7,967	1,900
	<u>1,747,918</u>	<u>570,707</u>

(4) OTHER INCOME

	Six months ended 30 September	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Bank interest income	589	2,480
(Loss)/gain on disposal of property, plant and equipment	(92)	219
Gain on fair value changes of investment held for trading	125	52
Gain on disposal of available-for-sale investment	490	—
Management fee income received from associates	1,149	636
Exchange gain, net	5,746	31,287
Sundry income	740	3,266
	<u>8,747</u>	<u>37,940</u>

(5) FINANCE COSTS

	Six months ended 30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Amount due to a related party	—	25
Bank loans and overdrafts		
– wholly repayable within five years	13,944	31,218
– not wholly repayable within five years	5,068	3,272
Obligations under finance leases	232	212
	<hr/>	<hr/>
Total borrowing costs	19,244	34,727
Less: Amount capitalised to properties under development for sale	(3,147)	(20,613)
Amount capitalised to investment properties	(8,910)	—
	<hr/>	<hr/>
	7,187	14,114
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the period are calculated by applying a capitalisation rate of 6% (2007: 7%) to expenditure on properties under development for sale.

(6) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Allowance for inventories	6,037	12,114
Depreciation of property, plant and equipment	9,062	7,668
Less: Amount capitalised to properties under development for sale	(51)	(129)
	<u>9,011</u>	<u>7,539</u>
Amortisation of prepaid lease payments	2,244	334
Loss on fair value changes of derivative financial instruments	3,069	334
Minimum lease payments for operating leases in respect of land and buildings	1,947	762
Staff costs including directors' emoluments	43,334	47,687
Less: Amount capitalised to properties under development for sale	—	(332)
Amount capitalised to investment properties	(7,407)	(5,040)
	<u>35,927</u>	<u>42,315</u>
Cost of inventories recognised as an expense	1,555,394	489,489
and after crediting:		
Exchange gain, net	5,746	31,287
Gain on fair value changes of investment held for trading	125	52
Gain on disposal of available-for-sale investment	490	—
Gross rental income from properties	2,376	2,893
Less: Outgoings	(420)	(479)
Net rental income from properties	<u>1,956</u>	<u>2,414</u>
Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$737,308 (2007: HK\$2,369,872) are included in staff costs.		

(7) TAXATION

	Six months ended 30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	13	3,157
Other jurisdictions	37,864	—
Deferred tax	8,765	801
	<u>46,642</u>	<u>3,958</u>

Hong Kong profits tax has been provided for at 16.5% (2007 – 17.5%) on the estimated assessable profit for the six months ended 30 September 2008.

(8) EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of HK\$139,093,803 (2007 – HK\$72,713,000) and on the weighted average number of 993,111,338 ordinary shares (2007 – 1,030,831,218 ordinary shares) in issue during the six months ended 30 September 2008.

(9) INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 April 2007	345,000
Additions	715,440
Increase in fair value recognised in the consolidated income statement	111,796
Gain on disposal of investment properties	55,103
Disposals	<u>(347,319)</u>
At 31 March 2008 and 1 April 2008	880,020
Additions	<u>37,787</u>
	917,807
Increase in fair value recognised in the consolidated income statement	<u>47,166</u>
At 30 September 2008	<u>964,973</u>

The fair value of the Group's investment properties at 30 September 2008 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to Valuation Standards on Properties of the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transaction prices for similar properties.

(10) BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK\$7,300,000 (31 March 2008: HK\$12,000,000) which is aged within 30 days.

The Group has a policy of allowing an average credit period of 30-60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables net of allowance for doubtful debts of HK\$59,779,555 (31 March 2008: HK\$53,692,129) with an aged analysis as follows:

	At 30 September 2008	At 31 March 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	50,759	50,729
31 to 90 days	4,841	1,898
91 to 180 days	3,738	873
Over 180 days	442	192
	<u>59,780</u>	<u>53,692</u>

(11) BILLS PAYABLES, TRADE PAYABLES AND ACCRUED EXPENSES

Included in bills payables, trade payables and accrued expenses are trade payables of HK\$126,260,069 (31 March 2008: HK\$112,910,976) with an aged analysis as follows:

	At 30 September 2008	At 31 March 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	86,721	77,365
31 to 90 days	32,798	29,562
91 to 180 days	2,021	1,820
Over 180 days	4,720	4,164
	<u>126,260</u>	<u>112,911</u>

(12) CONTINGENT LIABILITIES AND COMMITMENTS

	At 30 September 2008	At 31 March 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contingent liabilities:		
Other guarantees	247	247
	<u> </u>	<u> </u>
Capital commitments:		
Contracted for but not provided:		
Acquisition of property, plant and equipment	—	733
Construction of investment properties	31,915	38,057
	<u> </u>	<u> </u>
	31,915	38,790
	<u> </u>	<u> </u>

(13) RELATED PARTY TRANSACTIONS

- (1) Transactions with associates

	Six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Nature of transaction		
Management fee income received by the Group	1,149	636
	<u> </u>	<u> </u>

- (2) The Group's balances with related parties are set out in the condensed consolidated balance sheet.
- (3) Directors' remuneration of HK\$4,374,777 (2007: HK\$6,627,714) has been paid during the six months ended 30 September 2008.

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of 0.5 HK cent per share (2007 – 0.8 HK cent per share).

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2008 was HK\$1,747,917,527 as compared with HK\$570,706,881 over the same period last year. The increase was due to the sale of condominium units of our One St. Thomas project, Toronto, Canada.

Net profit for the six months ended 30 September 2008 was HK\$139,093,803 as compared with HK\$72,712,822 over the same period last year, representing an increase of 91%.

During the period under review, the profit margin of the Group's watch manufacturing division and the watch component trading division decreased slightly.

PROSPECTS

The stringent labour law and other tough regulations in China have started to take its toll on factories in mainland China, especially those geared for export. Facing continued higher costs and reduced demand, the Group's watch manufacturing division has started to streamline its China factories' staff and labour force and slowed its pace in the relocation of its manufacturing facilities to Nanning, Guan Xi.

The occupancy rate of "The Putman", the Group's Luxurious Boutique Hotel at 202 Queen's Road Central, Hong Kong which is a Joint Venture Project with Citi Property Investors, is very satisfactory and the rental income has increased.

The superstructure work of the Group's second boutique hotel Joint Venture project with Citi Property Investors at 137-138 Connaught Road West, Hong Kong was completed and the hotel is expected to be ready by the first quarter of 2009.

The demolition work of the Group's third Joint Venture project with Citi Property Investors at Nos. 50 to 59 Connaught Road Central, Hong Kong for the development of a Grade A office building was completed and the foundation work has commenced.

The foundation work of the Group's boutique hotel project at 21 Whitfield Road, Causeway Bay, Hong Kong is in progress, and the Group targets to complete the building by mid 2010.

The foundation work of the Group's development project at 87 and 89 Jervois Street, Hong Kong has been completed and the Group expects the completion of this new boutique hotel to be around mid to end of 2010.

The demolition work of the Group's project at Nos. 99, 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong, has been completed and the foundation work has commenced. The target completion date is around mid to end of 2010.

The demolition work on No. 194 - 196 Queen's Road Central, Hong Kong is expected to be completed by the end of 2008. The Group aims to complete this new boutique hotel by early 2012.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2008, the Group's total borrowings were HK\$1,181 million, representing a decrease of HK\$516 million from 31 March 2008. The maturity profile spreads over a period of 30 years, with HK\$461 million repayable within one year, HK\$423 million within two to five years and HK\$297 million beyond five years.

As at 30 September 2008, the Group's gearing ratio was 0.91 (31 March 2008: 0.99) which is calculated based on the Group's long-term bank borrowings of approximately HK\$713 million and shareholders' funds of approximately HK\$784 million.

As at 30 September 2008, the Group's total bank balances and cash was approximately HK\$212 million (31 March 2008: HK\$92 million).

Similar to last period, the Group has maintained a reasonable level of cash resources and stand-by credit facilities to provide adequate liquid funds to finance its commitments and working capital requirements.

Treasury Policies

As at 30 September 2008, 76% of the Group's borrowings was in HK\$, 10% in US\$, 6% in JPY and 8% in CAD.

As at 30 September 2008, 32% of the Group's bank balances and cash was in HK\$, 18% in US\$, 48% in CAD and 2% in others.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange exposure and forward contracts have been used as hedging instruments.

Future plans for material investments

The Group currently has no other plans for material investments. All investments, if any, will be funded by bank borrowings and the internal resources of the Group.

Charges on assets

As at 30 September 2008, certain properties of the Group of approximately HK\$1,570 million (31 March 2008: HK\$2,425 million) were pledged to secure banking facilities for the Group.

Employees

As at 30 September 2008, the Group employed approximately 2,630 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the period including director's emoluments amounted to HK\$43 million (2007: HK\$48 million). Remuneration is determined by reference to market terms as well as the qualifications and experiences of the staff concerned. Salaries are reviewed annually and discretionary bonuses may be paid depending on individual performance and the profitability of the Group.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2008, the interests of the Directors, chief executives and their associates in the shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by the Directors of Listed Companies, were as follows:

Name of director	Capacity	Shares of HK\$0.10 each				Percentage of the issued share capital of the Company
		Personal interests	Corporate interests	Other interests	Total interests	
Mr. Jimmy Lee Yuen Ching	Chairman	—	—	253,106,873 <i>(note a)</i>	253,106,873	25.62%
Mr. James Lee Yuen Kui	Managing Director	5,940	—	252,102,979 <i>(note b)</i>	252,108,919	25.52%
Mr. Loewe Lee Bon Chi	Director	—	—	253,106,873 <i>(note a)</i>	253,106,873	25.62%
Mr. Edward Lee Yuen Cheor	Director	—	—	252,102,979 <i>(note b)</i>	252,102,979	25.52%
Mr. Ricky Wai Kwong Yuen	Director	—	37,267,767 <i>(note d)</i>	—	37,267,767	3.77%
Dr. Samson Sun, M.B.E., J.P.	Director	—	4,988,968 <i>(note c)</i>	—	4,988,968	0.51%

Notes:

- The 253,106,873 shares are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members including Mr. Loewe Lee Bon Chi are named beneficiaries.
- The 252,102,979 shares are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor are named beneficiaries.
- The 4,988,968 shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.
- The 37,267,767 shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.

Save as disclosed above, at 30 September 2008, none of the director or chief executive or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO Ordinance.

SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain directors disclosed under the heading “Directors’ Interests in Shares, Underlying Shares and Debentures” above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interests or short position in the issued share capital of the Company as at 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2008 the Company repurchased a total of 10,682,000 shares of HK\$0.10 each of the Company on The Stock Exchange of Hong Kong Limited, all of which shares were cancelled upon repurchase. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of shares of HK\$0.1 each	Price per share		Aggregate consideration
		Highest HK\$	Lowest HK\$	paid HK\$
April 2008	3,380,000	0.520	0.485	1,692,663
May 2008	1,462,000	0.530	0.510	762,253
June 2008	1,254,000	0.550	0.540	689,147
July 2008	50,000	0.530	0.520	26,730
August 2008	808,000	0.490	0.465	386,627
September 2008	3,728,000	0.480	0.400	1,678,268
	<u>10,682,000</u>			<u>5,235,688</u>

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2008.

AUDIT COMMITTEE

The Company has established an Audit Committee and its members comprise Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai who are all independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters. The interim results for the six months ended 30 September 2008, which have not been audited, have been reviewed by the Audit Committee.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all directors who have confirmed that, during the period under review, they have complied with the required standard set out in the Model Code.

By order of the Board
Lee Yuen Ching, Jimmy
Chairman

Hong Kong, 9 December 2008

As at the date of this report, the Board of the Company comprises Mr. Lee Yuen Ching, Jimmy, Mr. Lee Yuen Kui, James, Mr. Lee Bon Chi, Loewe, Mr. Lee Yuen Cheor, Edward and Mr. Wai Kwong Yuen, Ricky as Executive Directors, Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai as Independent Non-executive Directors and Ms. Lee Yuen Yu, Dorathy as a Non-executive Director.