粵海制革有限公司
GUANGDONG TANNERY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 1058)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of Guangdong Tannery Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with comparative figures. The interim financial statements have not been audited, but have been reviewed by the Company's audit committee ("Audit Committee") and the auditors, Messrs. Ernst & Young.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	**Six months ended 30 June**	
		2008	2007
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
REVENUE			
Processing and sale of leather	*3*	**276,361**	304,515
Cost of sales		**(256,852)**	(283,536)
Gross profit		**19,509**	20,979
Other income and gains	*3*	**5,747**	3,291
Selling and distribution costs		**(1,036)**	(883)
Administrative expenses		**(8,845)**	(9,075)
Other operating expenses, net		**(10)**	(49)
Finance costs	*4*	**(7,891)**	(3,977)
PROFIT BEFORE TAX	*4*	**7,474**	10,286
Tax	*5*	**(2,787)**	(3,337)
PROFIT FOR THE PERIOD		**4,687**	6,949
EARNINGS PER SHARE	*6*		
- Basic		**HK0.87 cents**	HK1.30 cents
- Diluted		**N/A**	HK1.29 cents

CONDENSED CONSOLIDATED BALANCE SHEET
30 JUNE 2008

	Notes	**30 June 2008 HK$'000 (Unaudited)**	31 December 2007 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**44,913**	39,239
Investment property		**2,270**	2,280
Prepaid land lease payments		**6,064**	5,693
Total non-current assets		**53,247**	47,212
CURRENT ASSETS			
Inventories		**253,470**	338,128
Receivables, prepayments and deposits	*8*	**154,996**	125,817
Pledged bank deposits		**9,650**	19,213
Cash and cash equivalents		**83,106**	60,995
Total current assets		**501,222**	544,153
CURRENT LIABILITIES			
Trade and bills payables	*9*	**53,896**	57,711
Other payables and accruals		**26,706**	22,376
Interest-bearing bank and other borrowings		**14,689**	97,544
Due to a PRC joint venture partner		**1,131**	1,131
Loans from the immediate holding company		**45,496**	21,358
Provision		**3,628**	3,406
Tax payable		**1,661**	651
Total current liabilities		**147,207**	204,177
NET CURRENT ASSETS		**354,015**	339,976
TOTAL ASSETS LESS CURRENT LIABILITIES		**407,262**	387,188
NON-CURRENT LIABILITIES			
Loans from the immediate holding company		**21,488**	31,708
Loan from a fellow subsidiary		**54,600**	54,600
Convertible notes	*10*	**58,308**	56,741
Deferred tax liabilities		**992**	957
Total non-current liabilities		**135,388**	144,006
Net assets		**271,874**	243,182
EQUITY			
Issued capital		**53,750**	53,750
Reserves		**218,124**	189,432
Total equity		**271,874**	243,182

Notes:

(1) ACCOUNTING POLICES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations for the first time for the current period's condensed consolidated interim financial statements.

HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements. Among the new and revised HKFRSs, only HKFRS 8 and HKAS 1 (Revised) are relevant to the Group's financial statements upon them become effective:

HKFRS 2 Amendment	Share-based Payment - Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & HKAS 1 Amendments	Puttable Financial Instruments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]

[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

HKFRS 8 will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocation resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

The Group has not early adopted these new HKFRSs in the financial statements for the period ended 30 June 2008. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

(2) SEGMENT INFORMATION

No separate analysis of segment information is presented as over 90% of the Group's revenue, results and assets related to the processing and sale of leather activities in Mainland China.

(3) REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and value-added tax, during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Processing and sale of leather	**276,361**	304,515
Other income and gains		
Gross rental income	**364**	367
Interest income	**546**	489
Exchange gains	**3,553**	-
Others	**1,284**	2,435
	5,747	3,291

(4) PROFIT BEFORE TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**260,436**	279,480
Depreciation	**3,000**	3,075
Interest on:		
Bank loans and discounted bills	**2,468**	1,453
Convertible notes	**1,874**	-
Loans from the immediate holding company	**2,248**	780
Loan from a fellow subsidiary	**1,301**	1,744
	7,891	3,977
(Write back of provision)/provision of inventories	**(3,584)**	4,056

(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 (2007: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National people's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which is effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1 January 2008 will decrease from 33% to 25%.

Xuzhou Nanhai Leather Factory Co., Ltd. ("Xuzhou Tannery"), a wholly-owned PRC subsidiary of the Company, was exempt from the PRC corporate income tax for the first two profit-making years, and is eligible for a 50%-relief from the PRC corporate income tax for the following three years under the PRC tax laws. For the period ended 30 June 2008, which is the fifth profitable year of Xuzhou Tannery, the applicable tax rate of Xuzhou Tannery, after the 50% reduction, was 12.5% (2007:15%).

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current income tax- Mainland China	**2,776**	3,468
Deferred tax	**11**	(131)
Total tax charge for the period	**2,787**	3,337

(6) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period, adjusted to reflect the interest on the convertible notes, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period, used in the basic earnings per share calculation	**4,687**	6,949
Interest on convertible notes	**1,874***	-
Profit for the period, before interest on convertible notes	**6,561**	6,949

	Number of shares	
	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**537,504,000**	534,917,536
Effect of dilution - weighted average number of ordinary shares:		
Share options	**-**	1,747,405
Convertible notes	**32,368,421***	-
	569,872,421	536,664,941

* A diluted earnings per share for the period ended 30 June 2008 has not been disclosed as the convertible notes outstanding during the period had an anti-dilutive effect on the basic earnings per share.

(7) DIVIDEND

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

(8) RECEIVABLES, PREPAYMENTS AND DEPOSITS

As at 30 June 2008, included in the Group's receivables, prepayments and deposits are trade and bills receivables with a net balance of HK$148,616,000 (31 December 2007: HK$107,130,000) due from the Group's customers.

The Group's trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended for two to three months. Each customer has a maximum credit limit. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and 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.

As at 30 June 2008, the aged analysis of the Group's trade and bills receivables, based on the payment due date, is as follows:

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited)
Current	**140,534**	103,144
Less than 3 months	**3,732**	2,200
3 to 6 months	**3,758**	1,504
Over 6 months	**2,334**	1,985
	150,358	108,833
Less: Impairment	**(1,742)**	(1,703)
	148,616	107,130

(9) TRADE AND BILLS PAYABLES

As at 30 June 2008, the aged analysis of the Group's trade and bills payables, based on the payment due date, is as follows:

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited)
Within 3 months	**17,938**	27,313
3 to 6 months	**27,377**	24,718
6 to 12 months	**3,950**	1,253
Over 12 months	**4,631**	4,427
	53,896	57,711

(10) CONVERTIBLE NOTES

On 13 August 2007, the Company issued 61,500,000 1% convertible notes with a nominal value of HK$61,500,000 to GDH Limited ("GDH"), with maturity date on the third anniversary of the date of issue of the convertible notes (the "Maturity Date"). GDH has the right to convert the whole or part of the principal amount of the convertible notes into shares at any time and from time to time, from the 7th day after the date of the issue of the convertible notes up to the day which is 7 days prior to the Maturity Date, on the basis of one ordinary share for every 1.9 HK$1 notes held. There was no movement in the number of these convertible notes during the period. Any convertible notes not converted will be redeemed on the Maturity Date at a price of HK$1.0623 per HK$1 note. The notes carry interest at a rate of 1% per annum, which is payable semi-annually in arrears on 13 February and 13 August.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible notes issued have been split as to the liability and equity components, as follows:

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited)
Nominal value of convertible notes issued	**61,500**	61,500
Equity component	**(5,599)**	(5,599)
Direct transaction costs attributable to the liability component	**(537)**	(537)
Liability component at the issuance date	**55,364**	55,364
Interest expense charged since date of issuance	**3,251**	1,377
Interest paid since date of issuance	**(307)**	-
Liability component at end of the period/year	**58,308**	56,741

(11) COMMITMENTS

	30 June 2008 HK$'000 (Unaudited)	31 December 2007 HK$'000 (Audited)
Contracted, but not provided for:		
Land and buildings	**23,310**	8,372
Leasehold improvements	**-**	762
Plant and machinery	**725**	1,207
	24,035	10,341
Authorised, but not contracted for:		
Land and buildings	**88,878**	66,191
Plant and machinery	**99,874**	80,355
	188,752	146,546
	212,787	156,887

BUSINESS AND FINANCIAL REVIEW

Results

The unaudited consolidated profit attributable to shareholders for the six months ended 30 June 2008 of the Group was HK$4,687,000, representing a decrease of HK$2,262,000 or 32.6% as compared to the profit of HK$6,949,000 for the same period last year.

The unaudited net asset value of the Group as at 30 June 2008 was HK$271,874,000, representing an increase of HK$52,556,000 and HK$28,692,000 as compared to the net asset value as at 30 June 2007 and 31 December 2007 respectively.

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

Business Review

The tannery market was dampened by a series of macroeconomic regulation and control policies promulgated by the State and the high anti-dumping tax imposed by the European Union on footwear products originating from China. Nevertheless, through product technology developments and structural optimization adjustment, effective controls of quantity purchased and intensified recovery of receivables during the period, the Group had solidified its existing operational scale and implemented its sound corporate development strategies that successfully relieved operational difficulties of the industry. With its "operating budgetary control systems", the Group had also achieved desirable results in operational management, financial management and cost control. In respect of strategic development, the smooth initiation of the relocation and technical renovation project of Xuzhou Tannery had laid a solid foundation for its future completion and commencement of production. Up to now, the Company had injected a registered capital of US$9,000,000 into the new project in the Xuzhou Economic Development Zone, which is now undergoing land examination and approval procedures. In addition, the Group entered into a project agreement with Xuzhou Jiawang People's Government on 19 March 2008, pursuant to which the Group undertook to construct a production plant in Jiawang Chemical Industrial Development Zone in Xuzhou City for the upstream processing of leather products. The anticipated construction contract amount is approximately HK$60,320,000, which is expected to be funded by the Company's internal sources and/or borrowings.

The Group's cowhides production volume for the period was 13,450,000 sq. ft., a decrease of 3,393,000 sq. ft. or 20.1 % compared to 16,843,000 sq. ft. for the same period last year, whereas the grey hides production volume for the period was 2,555 tons, a decrease of 4,913 tons or 65.8% as compared to 7,468 tons for the same period last year.

During the period, the consolidated turnover of the Group was HK$276,361,000, representing a decrease of HK$28,154,000 or 9.2% from HK$304,515,000 of the same period of last year. The turnover of cowhides amounted to HK$261,063,000 (2007: HK$263,496,000), a decrease of 0.9%; the turnover of grey hides and other products amounted to HK$15,298,000 (2007: HK$41,019,000), a decrease of 62.7%. Confronted with the unfavorable conditions such as decrease in sales volume of cowhides and the substantial drop in sales volume and price of grey hides, the Group had adopted the following measures to stabilize its clienteles: (1) market segmentizing, targeted selling and selling with accountability; (2) fostering an effective marketing network characterized by "establishing a high-end client base and a regional-balanced market", to ensure production orders and timely recovery of account receivables, and avoid market risk of over-concentration of sales; (3) probing into the market by visiting the customers to strengthen a strategic supply-and-sale relationship on basis of mutual benefits.

In respect of product development and composition, the Group had worked actively in promoting technology renovation, craftsmanship innovation, and enhancement of new and existing products. These efforts, coupled with market development and re-optimization the ranking of chromed hides, had achieved desirable results with a surge of leather yield in newly developed product lines such as "Sunshine", "Goddess" and "Snowflake", securing markets and profits for the Group.

During the period, on the premise that ensures the normal production requirement, the Group had cut down its purchasing plan and quantity purchased, and focused on market research and investigation to provide a more accurate criteria for adjustments in the Group's supply strategies and its future purchases. In respect of costs control, the Group had adopted multi-measures for effective control of purchasing costs, such as decreasing intermediate agent, substitution of some products, deferring and adjusting payment for goods and a combination of them. During the period, total amount of purchases decreased 55.3% to HK$132,551,000.

As at 30 June 2008, the consolidated inventories of the Group amounted to HK$253,470,000, which decreased by HK$26,557,000 and HK$84,658,000 as compared to 30 June 2007 and 31 December 2007 respectively. The decrease in inventories was mainly due to the decrease of raw material purchases and the effort in maintaining a good inventory system to improve the cash flow of the Group.

Financial Review

As at 30 June 2008, the Group's cash and cash equivalents amounted to HK$83,106,000 (as at 31 December 2007: HK$60,995,000), representing an increase of HK$22,111,000 or 36.3% when compared with the same as at 31 December 2007, which were denominated in Hong Kong dollars (3.6%), Renminbi (94.7%) and US dollars (1.7%) respectively. During the period, net cash inflow from operating activities was HK$39,442,000, which mainly represented our modified purchase strategy with control of quantity purchased that decreased cash paid for raw materials. Our net cash outflow from financing activities was HK$25,110,000, which was mainly used to repay bank loans.

As at 30 June 2008, the Group's interest-bearing borrowings amounted to HK$194,581,000 (as at 31 December 2007: HK$261,951,000). Of which, interest-bearing borrowings in Hong Kong dollars amounted to HK$79,796,000, interest-bearing borrowings in Renminbi amounted to HK$56,870,000, and interest-bearing borrowings in US dollars amounted to HK$57,915,000. The Group's borrowings are consisting of: (1) balances of short-term bank borrowings of HK$14,689,000; (2) balances of long-term and short-term intra-group borrowings of HK$121,584,000; and (3) balances of convertible notes held by the Group's immediate holding company of HK$58,308,000. Other than the convertible notes, which was charged at 1% per annum, all of these interest-bearing borrowings were charged at floating interest rate.

As at 30 June 2008, after deduction of the cash and bank balances, the Group's gearing ratio of the net value of interest-bearing borrowings to adjusted capital (including shareholders' equity and convertible notes) plus net value of interest-bearing borrowings was 13.9% (as at 31 December 2007: 32.5%). The annual interest rate of the borrowings was approximately 3.0% to 7.8%. Of the Group's total borrowings, all are repayable within one year except for the amount due to immediate holding company and convertible notes with an aggregate amount of HK$121,584,000 and HK$58,308,000 respectively. During the period, the Group's interest expenses amounted to HK$7,891,000, an increase of 98.4% from the same period of last year.

Capital Expenditure

As at 30 June 2008, the net value of non-current assets including land, property, plant and equipments and investment property amounted to HK$53,247,000, an increase of HK$6,035,000 over the net value as at 31 December 2007 of HK$47,212,000. The capital expenditure for the period amounted to HK$5,447,000 (2007: HK$6,472,000), which was mainly due to the renewal and purchase of leather manufacturing machines and equipments, and the deposits for the land and construction works of relocation and technical renovation project of Xuzhou Tannery, to cope with the production and development requirements of the Group.

Pledge of Assets

As at 30 June 2008, certain of the Group's bank deposits, inventories, plant and equipments with a total net book value of HK$39,272,000 (as at 31 December 2007: HK$91,844,000) were pledged to secure general banking facilities granted to the Group.

Risk of Exchange Rate

The assets, liabilities and transactions of the Group are basically denominated in Hong Kong dollars, US dollars or Renminbi. During the period, the exchange rates of Hong Kong dollars and US dollars were relatively stable without causing any material risk of exchange rate; as to the appreciation of Renminbi, since the sales of the Group are settled in Renminbi, whereas the purchases are made in Renminbi or US dollars, the Group does not have material exposure to foreign exchange.

Remuneration Policy for Employees

As at 30 June 2008, a total of 975 employees (30 June 2007: 994) were employed by the Group. The remuneration policy is based on the Group's operating results and the employees' performance. The Group offered social and medical insurance and provident fund to all employees in different areas. The Company has adopted a share option scheme in May 2002, and the purpose of which is to provide incentives to participants to contribute to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

Prospects

The macroeconomic regulation and control policies promulgated by the State in 2008 had made plenty of tannery enterprises and downstream footwear enterprises shut down and go bankrupt. It becomes a deteriorating phenomenon of industrial agitation instead of simply individual matters. Besides, the soaring prices of primary raw materials such as grains, feeds, crude oil and fuels, had resulted in surging prices in cowhides and chemical materials for producing leather products, and thus an extreme operational misery. Facing such difficulties, the Group will continue enhancing its capacity in resisting risks and sustaining growth under adverse circumstances through the aforesaid measures. Under the objective of "rushing through schedule, concentrating on quality, ensuring safety, controlling costs, as well as delivering high quality products", the relocation and technical renovation project of Xuzhou Tannery had worked smoothly, and had laid a solid foundation for its completion and commencement of production by the end of the year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Code on Corporate Governance Practices

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2008.

Model Code for Securities Transactions by Directors

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

Audit Committee

The Company established Audit Committee in September 1998 and its terms of reference are in line with the CG Code. The Audit Committee comprises three independent non-executive directors, Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat. Mr. Fung Lak is the Chairman of the Audit Committee. The principal duties of the Audit Committee include, inter alia, the review of the completeness, accuracy and fairness of the Company's financial reports and the Group's internal controls and risk management systems.

Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") in June 2005 and its terms of reference are in line with the CG Code. The Remuneration Committee comprises one executive director, Mr. Zhang Chunting, and three independent non-executive directors, Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat. Mr. Zhang Chunting is the Chairman of the Remuneration Committee. The principal duties of the Remuneration Committee include, inter alia, making recommendations to the Board relating to the Company's policy for directors' and senior management's remuneration, determining the executive directors' and senior management's remuneration packages, reviewing and approving their performance-based remuneration and compensation payable for their loss of offices.

Nomination Committee

The Company established a nomination committee ("Nomination Committee") in June 2005 and its terms of reference are in line with the CG Code. The Nomination Committee comprises one executive director, Mr. Zhang Chunting, and three independent non-executive directors, Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat. Mr. Zhang Chunting is the Chairman of the Nomination Committee. The principal duties of the Nomination Committee include, inter alia, nominating and recommending candidates to fill vacancies on the Board.

Review of Interim Results

The Audit Committee has reviewed the unaudited interim financial statements and the interim report of the Group for the six months ended 30 June 2008. In addition, the Company's auditors, Messrs. Ernst & Young, have also reviewed the aforesaid unaudited interim financial statements.

Purchase, Sale and Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Company (www.gdtann.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk). The interim report of the Company for 2008 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

By order of the Board
Zhang Chunting
Chairman

Hong Kong, 9 September 2008

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Zhang Chunting and Mr. Ren Yingguo; three Non-Executive Directors, namely Mr. Zhang Yaping, Mr. Xiong Guangyang and Mrs. Ho Lam Lai Ping, Theresa; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat.