SUN MAN TAI HOLDINGS COMPANY LIMITED
新萬泰控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the "Board") of Sun Man Tai Holdings Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008, together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008 (in HK Dollars)

	Notes	2008 $'000	2007 $'000
Turnover	3	**74,400**	237,647
Cost of sales		**(111,218)**	(204,481)
Gross (loss)/profit		**(36,818)**	33,166
Other revenue		**28,455**	3,567
Administrative expenses		**(15,088)**	(21,928)
Other operating expenses		**(3,862)**	(1,850)
Impairment loss on property under development		**(49,545)**	(49,772)
Fair value loss on investment properties		**(3,566)**	–
Impairment loss on financial assets at fair value through profit or loss		**–**	(15,672)
Fair value loss on financial assets at fair value through profit or loss		**–**	(1,286)
Loss on disposal of subsidiaries		**–**	(5,096)
Loss from operations	4	**(80,424)**	(58,871)
Finance costs		**–**	–
Share of results of associates		**18,492**	4,239
Loss before tax		**(61,932)**	(54,632)
Taxation	5	**(862)**	1,934
Loss for the year		**(62,794)**	(52,698)
Attributable to:			
Equity holders of the Company		**(54,336)**	(45,469)
Minority interests		**(8,458)**	(7,229)
		(62,794)	(52,698)
Dividends	7	**–**	–
Loss per share for loss attributable to the equity holder of the Company			
Basis, HK cents	8	**(1.03)**	(1.33)
Diluted, HK cents	8	**N/A**	N/A

* *For identification only*

CONSOLIDATED BALANCE SHEET

At 31 December 2008 (in HK Dollars)

	Notes	2008 $'000	2007 $'000
ASSETS			
Non-current assets			
Property, plant and equipment		**112,169**	131,553
Investment properties		**357,835**	–
Goodwill		**12,591**	12,591
Interests in associates		**59,386**	39,735
Intangible assets		**32,419**	34,269
Prepaid lease payments		**88,533**	–
Exploration and evaluation assets		**888,579**	–
		1,551,512	218,148
Current assets			
Account receivables	9	**2,464**	148
Prepayments, deposits and other receivables		**105,213**	780
Financial assets at fair value through profit or loss		**–**	15,469
Investment deposits		**–**	56,842
Cash and bank balances		**126,984**	176,748
		234,661	249,987
Total assets		**1,786,173**	468,135
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**155,129**	56,308
Reserves		**1,151,338**	396,029
		1,306,467	452,337
Minority interests		**436,699**	8,431
Total equity		**1,743,166**	460,768
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**30,536**	–
Current liabilities			
Account payables	10	**1,888**	68
Other payables and accrued expenses		**7,441**	6,858
Tax payable		**3,142**	441
		12,471	7,367
Total liabilities		**43,007**	7,367
Total equity and liabilities		**1,786,173**	468,135
Net current assets		**222,190**	242,620
Total assets less current liabilities		**1,773,702**	460,768
Net assets		**1,743,166**	460,768

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of investment properties and exploration and evaluation assets, which are carried at fair value, as explained in the accounting policies set out below. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued and are relevant to these financial statements but not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 1 & HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[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.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

Apart from the above, HKICPA has also issued Improvements to HKFRSs which amendments to a number of HKFRSs. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group in the period of initial application.

3. TURNOVER

Turnover represents securities trading, rental income, interest income and property management fee income. An analysis of the Group's turnover and other revenue is as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover:		
Securities trading	**55,849**	231,597
Rental income	**14,863**	–
Interest income	**–**	2,544
Management fee income	**3,688**	3,506
	74,400	237,647

4. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Auditors' remuneration	**400**	400
Staff costs (including directors' remuneration)		
– Wages and salaries	**7,846**	5,480
– Retirement benefits contributions	**591**	162
Depreciation of property, plant and equipment	**2,567**	1,856
Amortisation of intangible assets*	**1,850**	1,850
Amortisation of prepaid lease payments*	**2,012**	–
Operating lease rentals in respect of land and buildings	**1,611**	1,699
Gross rental income from investment properties	**14,863**	–
Less: Direct operating expenses from investment properties that generated rental income during the year	**(3,999)**	–
	10,864	–

* Amortisation of intangible assets and prepaid lease payments have been included in other operating expenses in the consolidated income statement.

5. TAXATION

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
PRC	**1,995**	157
Under/(Over) provision in prior years	**44**	(2,091)
Deferred tax:		
Changes in fair value of investment properties	**(1,177)**	–
	862	(1,934)

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries operated in Hong Kong either incurred taxation loss or had no assessable profit for the year (2007: Nil).

6. SEGMENT INFORMATION

Business segment information has been chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. Details of the business segments are as follows:

(a) Property leasing: The leasing of commercial premises.

(b) Interest income: The placing of funds with banks and lending of funds to independent third parties.

(c) Property management: Provision of management service to commercial premises.

(d) Securities trading: Trading of securities listed on the Stock Exchange.

Primary segment information – Business segments

Consolidated income statement (in HK Dollars)

	Securities trading		Property leasing		Interest income		Property management		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
REVENUE										
Segment turnover	**55,849**	231,597	**14,863**	–	**–**	2,544	**3,688**	3,506	**74,400**	237,647
RESULT										
Segment result	**(48,171)**	12,931	**10,864**	–	**–**	2,544	**489**	731	**(36,818)**	16,206
Unallocated income									**28,455**	3,567
Unallocated corporate expenses									**(18,950)**	(23,776)
Fair value loss on investment properties									**(3,566)**	–
Impairment loss on property under development									**(49,545)**	(49,772)
Loss on disposal of subsidiaries									**–**	(5,096)
Share of profits of associates									**18,492**	4,239
Loss before tax									**(61,932)**	(54,632)
Taxation									**(862)**	1,934
Loss for the year									**(62,794)**	(52,698)

Consolidated balance sheet (in HK Dollars)

	Securities trading		Property leasing		Interest income		Property management		Consolidation	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
ASSETS										
Segment assets	**–**	34,206	**386,990**	–	**–**	–	**38**	1,315	**387,028**	35,521
Interests in associates									**59,386**	39,735
Goodwill and intangible assets									**45,010**	46,860
Prepaid lease payments									**88,533**	–
Exploration and evaluation assets									**888,579**	–
Unallocated corporate assets									**317,637**	346,019
Consolidated total assets									**1,786,173**	468,135
LIABILITIES										
Segment liabilities	**–**	–	**8,029**	–	**–**	–	**435**	730	**8,464**	730
Deferred tax liabilities									**30,536**	–
Unallocated corporate liabilities									**4,007**	6,637
Consolidated total liabilities									**43,007**	7,367

Secondary segment information – Geographical segments

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

	Revenue		Results	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**55,849**	231,597	**(57,608)**	(2,207)
PRC	**18,551**	6,050	**(5,186)**	(56,664)
	74,400	237,647	**(62,794)**	(58,871)

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2008 (2007: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of approximately HK$54,336,000 (2007: approximately HK$45,469,000) and the weighted average of 5,273,607,648 (2007: 3,414,586,135) ordinary shares in issue during the year.

There were no potential dilutive shares in existence for the two years ended 31 December 2008 and 31 December 2007, accordingly, no diluted loss per share has been presented.

9. ACCOUNT RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Account receivables	**4,325**	2,009
Less: Provision for impairment loss recognised	**(1,861)**	(1,861)
	2,464	148

Included in account receivables are debts which are normally due within 30 days from the date of billing. The aging analysis included as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**2,464**	148
31 – 365 days	**–**	–
Over 1 year	**1,861**	1,861
	4,325	2,009

The carrying amount of account receivables approximate to their fair values.

10. ACCOUNT PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Due within 1 month or on demand	**1,888**	68

The carrying amounts of account payables approximately to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

During the year under review, the Group recorded a turnover of approximately HK$74,400,000 representing a decrease of 68.7% over the corresponding year of 2007 (2007: approximately HK$237,647,000). The significant decrease was mainly due to the decrease in turnover from securities trading operation during the year. Turnover attributable from securities trading operation amounted to approximately HK$55,849,000 for the year ended 31 December 2008 (2007: approximately HK$231,597,000).

During the year under review, the Group has reactivated its leasing operation by acquiring a shopping mall in Changchun City, the PRC through an acquisition of a subsidiary. For the year ended 31 December 2008, turnover attributable to the leasing operation amounted to approximately HK$14,863,000 (2007: Nil) and recorded a profit of approximately HK$10,864,000 (2007: Nil).

For the year ended 31 December 2008, the Group recorded a net loss from ordinary activities attributable to equity holders of the Company for approximately HK$54,336,000 (2007: loss of approximately HK$45,469,000), representing an increase in the loss of approximately 19.5% as compared to the year of 2007. Business loss was mainly due to losses of approximately HK$48,171,000 on the Group's securities trading operation.

BUSINESS REVIEW

The principal activities of the Group are (i) securities trading; (ii) property investments; (iii) property developments; (iv) property management and (v) iron mining. Details analyses on each of the business operations have been summarized below:

Securities Trading

During 2008, due to the financial crisis, the Group trimmed down its securities trading operation and recorded a turnover of approximately HK$55,849,000 (2007: approximately HK$231,597,000). The substantial loss attributable from the securities trading operation was approximately HK$48,171,000 for the year ended 31 December 2008 (2007: profit of approximately HK$12,931,000). A large extent of loss from securities trading operation was due to the disposal of all highly fluctuated shares in year 2008. The securities in which the Group traded during the year were all listed on the Stock Exchange.

After the financial market meltdown, the Group's professional investment team considers that there are some high-quality stocks which have been underestimated by the stock market. Therefore, the Group will closely monitor, identify a number of high-quality stocks for investment, to increase the benefits of the Group and its shareholders.

Property Investments and Developments

The Group had completed a transaction to acquire a shopping mall in Changchun City during the year at a consideration of RMB270,000,000. The average occupancy rates of the shopping mall for the periods ended 31 December 2007 and 31 December 2008 were approximately 48% and 70% respectively. Furthermore, the rental income was approximately RMB19,526,000 (2007: approximately RMB18,274,000), representing an increase in the rental income of approximately 6.9% as compared to the year of 2007. Out of which approximately RMB13,134,000 has been consolidated to the Group's turnover after the completion of acquisition. The increase in the rental income was mainly due to the increase in the occupancy rates of the shopping mall during 2008. There are also several potential tenants under negotiation. In addition, the Group further invested approximately RMB17,000,000 to upgrade the shopping mall, therefore, the Board considers the shopping mall in Changchun City will bring a positive return and steady rental income to the Group.

As at 31 December 2008, the Group has a property development project in Xian. The construction process was satisfactory during the year. However, due to the adverse change in market condition in Xian and the aftermath of the macro-economic measure imposed by the PRC government in broader term, a substantial decrease in fair value has been recognised. The Group's property development team has been closely monitoring the project and expects the property development will bring positive return to the Group in coming year.

Property Management

For the year ended 31 December 2008, the Group recorded a turnover of approximately HK$3,688,000 attributable from its property management operation, representing an increase of 5.2% as compared to approximately HK$3,506,000 for the year ended 31 December 2007. The increase was mainly due to the increase in the management fee received during the year.

Iron Mining

The Group had entered into an acquisition agreement to acquire 51% equity interests of Rui Sui on 30 October 2008 at a consideration of RMB7,650,000. Rui Sui has exploration rights to an iron mine located at Da Nan Gou, Jin Dou Xiang, Tong Hua of the Jilin Province of the PRC which covers approximately 4.17 km^2. The Group has appointed an independent valuer to assess the fair value of the project brought about by the exploration rights of the iron mine. Based on the valuation report, the project valued at RMB779,000,000 as at 31 December 2008. According to the PRC technical report issued by 吉林省通化地質礦產勘查開發院 (Jilin Province Tonghua Geology and Minerals Investigation and Exploitation Office), the potential reserve of iron concentrate is approximately 4 million tons and the maximum production capacity will be 690,000 tons per year. Moreover, the Group believes that when the iron mine officially goes into operation, it will bring considerable income and cash inflows for the Group.

Interests in Associates

As at 31 December 2008, the Group held 27% interests in Tonghua Hengan Pharmaceutical Holding Company Limited ("Hengan"), which is principally engaged in the manufacturing and production of pharmaceutical products in the PRC. During the year, profit contribution to the Group from Hengan was approximately HK$18,492,000, representing an increase of approximately 3.4 times as compared to last corresponding year of approximately HK$4,239,000. Such increase was mainly due to an additional manufacturing line was in production during the year.

As at 31 December 2008, the Group held 44% equity interests in a property development company – Tonghua Yong Ji Real Estate Company Limited ("Yong Ji"). Yong Ji currently has one residential construction project in the PRC and the expected completion date will be in June 2009.

PROSPECTS

At a preliminary calculation, Mainland China's GDP was approximately RMB300,670 billion as at 31 December 2008, grew around 9.0% compared to last year. However, the global economic outlook is clouded by the U.S. subprime and credit crisis, the Mainland economy is still expected to maintain growth momentum. The Group has been actively seeking for investment opportunities in the PRC to maximize the return to its shareholders.

DIVIDENDS

The Board has resolved not to recommend any final dividend for the year ended 31 December 2008 (2007: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operation with internally generated cashflow. During the year under review, the Group recorded a net cash outflow of approximately HK$49,764,000 (2007: inflow of HK$155,472,000). The cash outflow was mainly due to the fact that significant portion of cash were used in investing activities including the acquisition of subsidiaries and leasehold land during the year. Nevertheless, with the significant amounts of cash on hand as at 31 December 2008, the directors considered that the Group's liquidity position is healthy.

The Group expressed its gearing ratio as a percentage of bank borrowing over total shareholders' equity. As at 31 December 2008, the Group's gearing ratio was nil (2007: nil). It was because the Group did not have any bank borrowing during the year under review.

The Group is of good liquidity and sufficient solvent ability. As at 31 December 2008, the Group's current ratio was approximately 18.8 (2007: approximately 33.9). The decrease in current ratio was mainly due to the increase in current liabilities in the Group's leasing operation through a newly acquired subsidiary during the year under review.

As at 31 December 2008, the Group's debt to equity ratio was approximately 0.03 while it was approximately 0.02 in 2007. The ratio was calculated by dividing the total liabilities of approximately HK$43,007,000 (2007: approximately HK$7,367,000) by the total shareholders' equity of approximately HK$1,306,467,000 (2007: approximately HK$452,337,000).

The Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The capital structure of the Group as at 31 December 2008 has been summarised below:

	2008	2007
	HK$'000	*HK$'000*
Current assets	**234,661**	249,987
Current liabilities	**12,471**	7,367
Shareholders' equity	**1,306,467**	452,337

Current assets mainly consist of cash and cash equivalent of approximately HK$126,984,000 (2007: approximately HK$176,748,000) and prepayments, deposits and other receivables of HK$105,213,000 (2007: approximately HK$780,000).

Current liabilities mainly comprised of account payables, tax payable, accrual and other payables.

Treasury Policies

During the year ended 31 December 2008, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the year ended 31 December 2008, the Group did not employ any financial instruments for hedging purpose and did not engage in foreign currency speculative activities.

BORROWINGS AND BANKING FACILITIES

As at 31 December 2008, the Group did not have any bank borrowing (2007: Nil).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2008, the Group had no material contingent liabilities (2007: Nil). As at 31 December 2008, the Group had contracted capital commitments in respect of renovation of its investment properties amounting to approximately HK$9,139,000 (2007: Nil).

PLEDGE AND CHARGES OF GROUP ASSETS

As at 31 December 2008, the Group did not have any pledged assets (2007: Nil).

MATERIAL ACQUISITIONS

In April 2008, the Group completed an acquisition of the entire issued share capital of Chang Chun Rong Xin Economy and Trade Company Limited ("Rong Xin") at a consideration of RMB270,000,000. The sole asset of Rong Xin is the entire interest of a commercial property located at Changchun City, Jilin Province, the PRC, which has an aggregated commercial area of 9,197.27 square meters. The commercial property held by Rong Xin is a 7-storey shopping mall in the centre of Changchun City, Jilin Province, the PRC.

In October 2008, the Group acquired 51% interests in Rui Sui Kuang Ye Company Limited ("Rui Sui") at a consideration of RMB7,650,000. Rui Sui has an exploration rights to an iron mine located at Da Nan Gou, Jin Dou Xiang, Tong Hua of the Jilin Province of the PRC which covers approximately 4.17 km^2.

Apart from disclosed above, the Group had no material acquisition/disposal of subsidiaries and associated companies during the year under review.

FUND RAISING ACTIVITIES

During the year under review, the Group successfully raised approximately HK$444,696,000 by way of issuance of three convertible bonds. The following summarizes the fund raising activities of the Group during the year ended 31 December 2008:

1. On 25 June 2008, the Company raised approximately HK$150,000,000 after deduction of expenses by way of the issuance of the first convertible bond to Universal Union Limited, being the substantial shareholder of the Company (the "Subscriber"). The full conversion of an aggregate principal amount of HK$150,000,000 of the first convertible bond was made by the Subscriber at an adjusted conversion price of HK$0.072 on 27 August 2008 which resulted in 2,083,333,333 conversion shares being issued by the Company on 1 September 2008.

2. On 6 August 2008, the Company raised approximately HK$200,000,000 after deduction of expenses by way of the issuance of second convertible bond to the Subscriber. The full conversion of an aggregate principal amount of HK$200,000,000 of the second convertible bond was made by the Subscriber at an adjusted conversion price of HK$0.072 on 16 September 2008 which resulted in 2,777,777,777 conversion shares being issued by the Company on 22 September 2008.

3. On 29 September 2008, the Company raised approximately HK$94,696,000 after deduction of expenses by way of the issuance of third convertible bond to the Subscriber. The full conversion of an aggregate principal amount of HK$94,696,000 of the third convertible bond was made by the Subscriber at an adjusted conversion price of HK$0.072 on 6 October 2008 which resulted in 1,315,222,222 conversion shares being issued by the Company on 8 October 2008.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2008, the Group employed 88 full time employees (2007: 74 employees) in Hong Kong and the PRC. Employee remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits which included year end double pay, mandatory provident fund and medical insurance. Total staff costs for the year ended 31 December 2008 were approximately HK$7,846,000 (2007: approximately HK$5,480,000).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. Throughout the year ended 31 December 2008, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and complied with all the applicable code provisions of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2008, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2008, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Messrs. Mu Xiangming, Cheng Chak Ho and Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee had reviewed the Group's financial statements for the year ended 31 December 2008.

APPRECIATION

Finally, I would like to thank our shareholders for their trust and support and gratitude to all the directors and staff members for their continuous hard work and loyalty over the years.

PUBLICATION OF ANNUAL REPORT

A full text of the Company's 2008 Annual Report will be sent to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Chiu Yeung
Executive Director

Hong Kong, 16 March 2009

As at the date of this announcement, the executive directors are Mr. Ji Jian Xun, Mr. Chiu Yeung, Mr. Jin Jiu Xin and Mr. He Hui Min; and the independent non-executive directors are Mr. Mu Xiangming, Mr. Lo Wa Kei Roy, Dr. Cheng Chak Ho and Ms. Li Mei.