KITH HOLDINGS LIMITED
僑威集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 1201)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

INTERIM RESULTS

The Board of Directors (the "Board") of Kith Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2009, together with the comparative figures for the corresponding period of 2008. The details are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended 30th June,	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**604,536**	628,777
Cost of sales		**(500,358)**	(532,850)
Gross profit		**104,178**	95,927
Other revenue		**10,666**	15,074
Distribution costs		**(1,307)**	(1,778)
Administrative expenses		**(40,842)**	(37,679)
Fair value gain on held-for-trading investments		**694**	3,044
Fair value loss on other financial assets		**(740)**	(3,843)
Profit from operations		**72,649**	70,745
Finance costs		**(11,328)**	(10,569)
Profit for the period before taxation	4	**61,321**	60,176
Taxation	5	**(10,891)**	(8,530)
Profit for the period		**50,430**	51,646

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended 30th June,	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(1,345)**	2,625
Gain (loss) on available-for-sale financial assets		**494**	(952)
Change in revaluation surplus		**(939)**	–
Total comprehensive income for the period		**48,640**	53,319
Profit for the period attributable to:			
Owners of the Company		**30,048**	35,990
Minority interests		**20,382**	15,656
		50,430	51,646
Total comprehensive income for the period attributable to:			
Owners of the Company		**29,127**	35,737
Minority interests		**19,513**	17,582
		48,640	53,319
Interim dividend		**5,752**	5,752
		HK cents	*HK cents*
Earnings per share			
– Basic	6	**11.49**	13.77
– Diluted		**11.49**	13.74

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) As at 30th June, 2009 HK$'000	(Audited) As at 31st December, 2008 HK$'000
Non-current Assets			
Property, plant and equipment		**591,438**	585,792
Prepaid lease payments		**19,577**	19,883
Goodwill		**2,695**	2,695
Available-for-sale investments		**15,805**	12,715
Deferred tax assets		**826**	830
		630,341	621,915
Current Assets			
Inventories		**87,748**	98,678
Trade and other receivables from third parties, deposits and prepayments	7	**467,793**	512,683
Trade and other receivables from minority shareholders	8	**59,313**	25,607
Prepaid lease payments		**613**	613
Short-term loans receivable		**123,340**	157,640
Held-for-trading investments		**4,375**	19,071
Other financial assets		**–**	9,998
Bank balances and cash		**102,362**	91,801
		845,544	916,091
Current Liabilities			
Trade and other payables	9	**235,452**	98,178
Tax liabilities		**9,089**	8,712
Dividend payable		**23,813**	1,309
Borrowings – due within one year	10	**343,517**	563,981
		611,871	672,180
Net Current Assets		**233,673**	243,911
Total Assets Less Current Liabilities		**864,014**	865,826
Non-current Liabilities			
Borrowings – due after one year	10	**69,553**	84,748
Deferred tax liabilities		**35,156**	35,299
		104,709	120,047
Net Assets		**759,305**	745,779

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**(Unaudited) As at 30th June, 2009** *HK$'000*	(Audited) As at 31st December, 2008 *HK$'000*
Capital and Reserves			
Share capital	11	**26,145**	26,145
Reserves		**460,708**	444,467
Equity attributable to owners of the Company		**486,853**	470,612
Minority interests		**272,452**	275,167
Total Equity		**759,305**	745,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed 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 (the "Listing Rules") and with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal accounting policies

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

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2008.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instrument
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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

HKFRSs (Amendments)	Amendment of HKFRS 5 as a part of Improvements to HKFRSs issued in 2008[1]
HKFRSs	Improvements to HKFRSs issued in 2009[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[2]

[1] Effective for annual periods beginning on or after 1st July, 2009

[2] Effective for transfers on or after 1st July, 2009

[3] Effective annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The adoption 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 1st July, 2009.

3. Revenue and segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. There are no material changes in the identification of the Group's reportable segments following the adoption of HKFRS 8.

The Group's reportable segments under HKFRS 8 are as follows:

	Printing and manufacturing of package products	Distribution of products	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June, 2009				
REVENUE	**276,382**	**328,154**	**–**	**604,536**
RESULT				
Segment result	**61,836**	**12,616**	**(451)**	**74,001**
Interest income				**6,801**
Fair value gain on held-for-trading investments				**694**
Fair value loss on other financial assets				**(740)**
Net unallocated corporate expenses				**(8,107)**
Finance costs				**(11,328)**
Profit before taxation				**61,321**
Taxation				**(10,891)**
Profit for the period				**50,430**
Six months ended 30th June, 2008				
REVENUE	247,908	379,398	1,471	628,777
RESULT				
Segment result	53,316	20,096	1,552	74,964
Interest income				5,987
Fair value gain on held-for-trading investments				3,044
Fair value loss on other financial assets				(3,843)
Net unallocated corporate expenses				(9,407)
Finance costs				(10,569)
Profit before taxation				60,176
Taxation				(8,530)
Profit for the period				51,646

4. Profit before taxation

Profit before taxation has been arrived at after charging/(crediting):

	Six months ended 30th June, **2009** *HK$'000*	2008 *HK$'000*
Staff costs	**30,361**	22,694
Retirement benefits scheme contributions	**4,113**	2,930
Share-based payment expenses	**63**	189
Total staff costs including directors' emoluments	**34,537**	25,813
Cost of inventories recognised as an expense	**500,358**	532,850
Depreciation and amortisation of property, plant and equipment	**20,247**	19,720
Amortisation of prepaid lease payments	**306**	326
Interest income	**(6,801)**	(5,987)

5. Taxation

	Six months ended 30th June, **2009** *HK$'000*	2008 *HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**1,160**	2,000
Taxation outside Hong Kong	**8,235**	4,803
	9,395	6,803
Deferred tax:	**1,496**	1,727
	10,891	8,530

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation outside Hong Kong represents the enterprise income tax of the People's Republic of China (the "PRC") calculated at the applicable rates on the estimated assessable profit of the Group's PRC subsidiary for the relevant period.

6. Earnings per share

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share		
Profit for the period attributable to owners of the Company	**30,048**	35,990

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**261,453,600**	261,453,600
Effect of dilutive potential ordinary shares:		
Share options	**–**	438,737
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**261,453,600**	261,892,337

For the six months ended 30th June, 2009, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average daily market prices for the period.

7. Trade and other receivables from third parties, deposits and prepayments

The Group allows an average credit period of 30 to 120 days to its trade customers. Included within trade and other receivables from third parties, deposits and prepayments are trade receivables balance of HK$349,595,000 (31st December, 2008: HK$441,294,000), the aged analysis of this balance is as follows:

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Within 60 days	**219,008**	125,794
Within 61 – 90 days	**114,596**	118,740
More than 90 days	**15,991**	196,760
	349,595	441,294

8. Trade and other receivables from minority shareholders

The Group allows an average credit period of 30 to 90 days to the minority shareholders. Included within trade and other receivables from minority shareholders are trade receivables balance of HK$58,469,000 (31st December, 2008: HK$24,231,000), the aged analysis of this balance is as follows:

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Within 60 days	**56,717**	22,420
More than 90 days	**1,752**	1,811
	58,469	24,231

9. Trade and other payables

Included within trade and other payables are trade payables balance of HK$185,296,000 (31st December, 2008: HK$64,372,000), the aged analysis of this balance is as follows:

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Within 60 days	**121,784**	40,209
Within 61 – 90 days	**36,285**	3,302
More than 90 days	**27,227**	20,861
	185,296	64,372

10. Borrowings

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Bank loans	**265,564**	241,590
Trust receipt loans	**147,506**	407,139
	413,070	648,729
Analysed as		
– secured *(Note)*	**79,422**	65,316
– unsecured	**333,648**	583,413
	413,070	648,729
Within one year or on demand	**343,517**	563,981
More than one year but not exceeding two years	**21,900**	20,680
More than two years but not exceeding five years	**47,653**	64,068
	413,070	648,729
Less: Amount due within one year shown under current liabilities	**(343,517)**	(563,981)
Amount due after one year	**69,553**	84,748

Note: Included in secured borrowings are bank loans totalling HK$79,422,000 (31st December, 2008: HK$65,316,000) which are secured by the assets of a Company's subsidiary in the PRC according to the terms of the relevant loan agreements.

11. Share capital

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st January, 2008, 1st January, 2009 and 30th June, 2009	1,000,000,000	100,000
Issued and fully paid:		
At 1st January, 2008, 1st January, 2009 and 30th June, 2009	261,453,600	26,145

12. Total assets less current liabilities and net current assets

The Group's total assets less current liabilities amounted to HK$864,014,000 and HK$865,826,000 at 30th June, 2009 and 31st December, 2008 respectively. The Group's net current assets, defined as current assets less current liabilities, amounted to HK$233,673,000 and HK$243,911,000 at 30th June, 2009 and 31st December, 2008 respectively.

13. Capital commitments

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted but not provided for	**163**	7,071
– Authorised but not contracted for	**–**	–
Commitment for future aggregate minimum payments under savings plan in respect of available-for-sale investments:		
– Within one year	**6,240**	6,240
– In the second year	**1,560**	4,160
	7,800	10,400

14. Contingent liabilities

The Group had no significant contingent liabilities at the date of condensed consolidated statement of financial position.

15. Related party transactions

During the period under review, the Group had transactions with the related parties as follows:

		Six months ended 30th June,	
Related parties	**Nature of transactions**	**2009**	2008
		HK$'000	*HK$'000*
Finance Bureau of Zhaotong City, Yunnan Province	Rental paid by the Group	**57**	57

Details of the Group's outstanding balances with the related parties are set out on the condensed consolidated statement of financial position.

Save as disclosed above, there were no other significant transactions with related parties during the period or significant balances with them as at 30th June, 2009.

INTERIM DIVIDEND

The Board has declared the payment of an interim cash dividend of HK2.2 cents (2008: HK2.2 cents) per share for the six months ended 30th June, 2009 payable on 22nd October, 2009 to shareholders whose names appear on the Register of Members of the Company on 8th October, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9th October, 2009 to 15th October, 2009 (both days inclusive) during which period no transfer of shares will be registered. All transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, of 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 8th October, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operation Results

Total turnover of the Group for the six months ended 30th June, 2009 amounted to HK$604,536,000, representing a decrease of 3.86% from the corresponding period in 2008. Profit attributable to owners of the Company stood at HK$30,048,000 for the six months ended 30th June, 2009, representing a decrease of approximately 16.51% compared with the corresponding period in 2008. The decrease in turnover and net profit was mainly attributable to the drop in demand for electronic products in the United States of America ("USA") for the Group's distribution business. This was in part mitigated by the improving performance of the package printing business. As a result, there was overall a moderate drop in the profit attributable to owners of the Company compared to that of the last period.

Business Overview

Package Printing Division

The turnover from package printing business for the six months ended 30th June, 2009 was HK$276,382,000, representing an increase of 11.49% from the same period of 2008. Gross profit margin increased from 27.78% to approximately 30.10% in the first half of 2009. The increase in gross profit margin was a result of the drop in prices of major materials such as paper and aluminium foils. The Group strived to control its cost through leveraging its bargaining power with suppliers and developing more efficient production techniques. Gross profit from the package printing business, which remains the core business of the Group, accounted for approximately 79.86% of the Group's total gross profit for the six months ended 30th June, 2009.

In the first half of 2009, tobacco output in the PRC totalled 23,866,000 master cartons, representing an increase of approximately 2.39% from the same period of last year (23,309,000 master cartons in the first half of 2008). This indicated that the demand for tobacco is still growing in the PRC, despite the unfavourable global economic environment. The steady growth in the PRC's economy and improvement in living standards continued to fuel the robust growth of the demand for lifestyle and fashionable consumer products which required better product design and packaging. The Group had excellent research and development capability and has continued investment in cutting edge technology, including the most advanced imported printing machinery and equipment which can produce consumer paper packaging products of any colour, any shape and any size together with the latest anti-counterfeit and printing technologies. Turnover from the tobacco printed packaging during the period still remained the core product line in the package printing division, constituting approximately 87.29% of the turnover from package printing division. The Group is confident that orders will be secured through adoption of its business model by joining with the local government as a strategic partner in the Group's major joint ventures. The Group has plans to increase its production capacity by building an additional plant in and ordering new machines for its Kunming factory to cope with steadily growing demand. Furthermore, the Group's management is confident that, by entering into package printing business for other premium quality consumer products, the division will continue to grow and the risk of focusing on printed packaging for single major product will consequently be lowered.

Distribution Business

Turnover from the distribution business during the period amounted to HK$328,154,000, representing a decrease of 13.51% from the corresponding period in 2008. The gross profit margin decreased slightly from 7.00% in the first half of 2008 to 6.39% in the same period of 2009. The drop in revenue and gross profit margin was a direct result of the difficult market conditions in the USA, a major market in the Group's distribution business, in the early months of 2009. The USA market accounted for 85.83% of the revenue of the Group's distribution business for the period and the majority of it is converter box. In the early months of 2009, shipments were delayed and prices were depressed. However, sales of converter box gradually recovered towards the end of the period.

The Group has reaped the benefit from the worldwide trend of the change to digital broadcasting from analogue broadcasting. The USA has changed its boardcasting mode to digital in June 2009. The Group's investment in the production of the Advanced Television Systems Committee standards ("ATSC") converter box has been fruitful. The Group, with the co-operation of several manufacturers in the PRC and a strategic partner in the USA, has begun to ship ATSC converter boxes in June 2008 for selling in retail chain stores. Demand for these has been great in the period as the USA government has sponsored the USA households to purchase ATSC converter box. The Group expects that demand for converter box will gradually go down in the coming year. The Group has been actively seeking other electronic products and has already been distributing liquid crystal display television sets, netbook computers and computer hard disk drives.

Financial Assets

At 31st December, 2008, the Group had HK$9,998,000 of financial assets which were represented by structured/securities linked deposits and a forward contract. During the period, these financial assets have been disposed of and resulting in a fair value loss of HK$740,000. There was no other derivative financial instrument outstanding for the Group as at 30th June, 2009.

Human Resources Development

As at 30th June, 2009, the Group employed a total of approximately 1,000 employees. There was no substantial change in the number of employees during the period and most of them were hired by the Group's production plants in the PRC during the period. The Group has provided training to employees to update their expertise and enhance their development. Competitive remuneration packages and fringe benefits, including provident fund and medical insurance, are provided to attract, retain and motivate employees.

Future Prospects

Global business conditions remain difficult with the world in the midst of a recession. However, there are recent signs that the world economy is slowly recovering. The management is optimistic that the demand for high quality consumer products, mainly tobacco and wine, which are the major market segments of the Group, will continue to maintain steady growth with the stable economic growth and improving living standards in the PRC. With the stimulus package announced by the central government of the PRC to boost its domestic consumption and demand, the management is optimistic about the market of high quality package printing business in the PRC. With its leading edge anti-counterfeit techniques and experience in tobacco package printing product design, the Group is confident in achieving a leading position in the package printing for other fast growing premium consumer products. As a result, the Group is seeking opportunities to diversify itself from the tobacco package printing to other markets, like pharmaceutical, wine and health foods.

In the past two years, the electronic product distribution division had made substantial contribution to the Group's turnover and profit, and this is expected to continue in the future.

The Group will continue to seek other business opportunities for further development and diversification, which include widening its product portfolio and geographical coverage for the package printing division, expanding through setting up new joint ventures with potential business partners in the PRC and expanding existing distribution markets on consumer electronic products. In the short run, the Group will adopt a prudent approach towards expansion, closely monitor its working capital and implement cost saving measures.

Maximise Shareholders' Value

The Group applies flexible and proactive marketing and investment strategies to maximise shareholders' value. The Group is committed to achieving long-term growth by generating various revenue sources and searching for good business opportunities as well as other investment opportunities in a prudent manner.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital as at 30th June, 2009 with net current assets of HK$233,673,000 (31st December, 2008: HK$243,911,000) and bank balances and cash of HK$102,362,000 (31st December, 2008: HK$91,801,000). The net debt to equity ratio (Interest bearing liabilities less cash/Shareholders' equity plus minority interests) decreased significantly from 74.69% as of 31st December, 2008, to 40.92%. The decrease in the net debt to equity ratio was a result of the increase in the use of credits from its suppliers to support the Group's business of distribution of consumer electronic products.

CAPITAL STRUCTURE

During the period, there was no change to the share capital of the Company.

EXCHANGE EXPOSURE

All sales and purchases for the package printing division are denominated in Renminbi ("RMB") and most of the sales and purchases for the distribution division are denominated either in United States dollar or Hong Kong dollar. Through the currency match for sales and purchases, the exposure to exchange risks is minimised.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2009, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Hui King Chun, Andrew	Held by trust	166,589,000 *(Note)*	63.72%

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. Yau Chau Min, Paul	Beneficial owner	1,000,000	1,000,000
Mr. Zhou Jin	Beneficial owner	500,000	500,000

Note: These shares are registered in the name of Accufit Investments Inc., a company indirectly wholly-owned by a discretionary trust, the beneficiaries of which are the family members of Mr. Hui King Chun, Andrew.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th June, 2009, as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2009 the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

(i) Long positions

Ordinary shares of HK$0.10 each of the Company

Names of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Basab Inc.	Beneficiary of trusts	166,589,000 *(Note)*	63.72%
Safeguard Trustee Limited	Beneficiary of trusts	166,589,000 *(Note)*	63.72%
Structured Investments, Ltd	Investment manager	27,348,000	10.46%
Evo Capital Management Asia Limited	Investment manager	27,348,000	10.46%

Note: These shares are registered in the name of Accufit Investments Inc., which is 100% owned by Basab Inc. as trustee of the Basab Unit Trust which is a unit trust owned by Safeguard Trustee Limited as trustee of a discretionary trust, the beneficiaries of which are the family members of Mr. Hui King Chun, Andrew.

(ii) Short positions

Ordinary shares of HK$0.10 each of the Company

Names of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Structured Investments, Ltd	Investment manager	24,518,000	9.38%
Evo Capital Management Asia Limited	Investment manager	24,518,000	9.38%

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued capital of the Company as at 30th June, 2009.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to the annual general meeting of the Company held on 15th May, 2002 for the primary purpose of providing incentives to selected participants for their contribution to the Group, and will expire on 14th May, 2012. Under the Scheme, the Board may grant options to all directors of the Company (including independent non-executive directors) and any employee of the Group, and any participant from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group to subscribe shares in the Company.

Details of the share options granted under the Scheme to directors of the Company and certain employees of the Group under the Scheme during the period and movements in such holding during the period are as follows:

	Date of grant	Vesting period	Exercisable period	Exercise price per share	Outstanding as at 1st January, 2009	Granted during the period	Outstanding as at 30th June, 2009
Directors	28th August, 2007	28th August, 2007 to 27th February, 2009	28th February, 2009 to 27th August, 2009	2.673	1,500,000	–	1,500,000
Employees	28th August, 2007	28th August, 2007 to 27th February, 2009	28th February, 2009 to 27th August, 2009	2.673	700,000	–	700,000
					2,200,000	–	2,200,000

No share options were granted, exercised, cancelled or lapsed during the period. All 2,200,000 share options lapsed on 27th August, 2009.

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

During the six months period ended 30th June, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has adopted all the Code Provisions in Appendix 14 of the Listing Rules except the following deviations:

1. Mr. Hui King Chun, Andrew is the founder and Chairman of the Group. The Company does not at present have any officer with the title "Chief Executive Officer" and Mr. Hui has assumed the role of both Chairman and Managing Director since the establishment of the Company, and is in charge of the overall management of the Company. The Board intends to maintain this structure in future as it believes that this structure can ensure efficient and effective formulation and implementation of business strategies without compromising the balance of power and authority between the Board and management of the Company. (Code Provision A.2.1)

2. All the independent non-executive directors are not appointed for specific term but are subject to retirement and rotation and re-election at the Company's Annual General Meeting in accordance with Article 87(1) of the Company's Bye-Laws. (Code Provision A.4.1)

The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

AUDIT COMMITTEE

In accordance with the Appendix 14 of the Listing Rules, the Board established an Audit Committee since 1998 and the Audit Committee currently comprises three independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

REMUNERATION COMMITTEE

The Remuneration Committee includes the executive director, Mr. Hui King Chun, Andrew, and three independent non-executive directors, Mr. Ng Chi Yeung, Simon (chairman of the committee), Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong. The Remuneration Committee has adopted terms of reference, which are in line with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2009.

By Order of the Board
Hui King Chun, Andrew
Chairman

Hong Kong, 23rd September, 2009

As at the date of this announcement, the Directors of the Company are Mr. Hui King Chun, Andrew, Mr. Yau Chau Min, Paul, Mr. Hui Bin Long, Mr. Li Chun Ren, Mr. Zhou Jin, Mr. Wang Feng Wu and Mr. Wang Guang Yu as executive directors, Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong as independent non-executive directors.