**FAR EAST HOTELS AND ENTERTAINMENT LIMITED**
遠東酒店實業有限公司
*(Incorporated in Hong Kong with limited liability)*
**(Stock Code: 0037)**
Announcement
**Interim Results For The Six Months Ended 30 September 2009**

## INTERIM RESULTS

The Board of Directors (the "Board") of Far East Hotels And Entertainment Limited (the "Company") announces that the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 are set out as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

| | | Six months ended 30 September | |
|---|---|---|---|
| | | **2009** | 2008 |
| | | **(unaudited)** | (unaudited) |
| | Notes | **HK$** | HK$ |
| Revenue from hotel operation | | **8,221,443** | 8,727,114 |
| Property rental income | | **5,529,300** | 6,485,019 |
| Cost of sales | | **(13,956,538)** | (14,055,572) |
| | | **(205,795)** | 1,156,561 |
| Dividend income from listed securities | | **246,110** | 337,902 |
| Increase (Decrease) in fair value of held-for-trading investments | | **4,470,167** | (16,928,258) |
| Other income | | **31,445** | 66,102 |
| Gain on disposal of investment property | | **4,803,681** | - |
| Decrease (Increase) in fair value of financial liabilities at fair value through profit and loss | | **540,425** | (2,749,799) |
| Administrative expenses | | **(6,639,545)** | (6,944,147) |
| Finance costs | 5 | **(929,335)** | (1,127,461) |
| Share of results of associates | | **512,211** | 210,706 |
| Profit (Loss) before taxation | | **2,829,364** | (25,978,394) |
| Taxation | 6 | **-** | - |
| Profit (Loss) for the period | | **2,829,364** | (25,978,394) |

**CONDENSED CONSOLIDATED INCOME STATEMENT**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

| | Notes | Six months ended 30 September **2009** **(unaudited)** **HK$** | 2008 (unaudited) HK$ |
|---|---|---|---|
| Profit (Loss) for the period attributable to: | | | |
| Owners of the Company | | **2,829,364** | (25,978,394) |
| Non-controlling interests | | **-** | - |
| | | **2,829,364** | (25,978,394) |
| | | **Cents** | Cents |
| Earnings (Loss) per share - Basic | 7 | **0.58** | (5.31) |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

| | Six months ended 30 September **2009** **(unaudited)** **HK$** | 2008 (unaudited) HK$ |
|---|---|---|
| Profit (Loss) for the period | **2,829,364** | (25,978,394) |
| Exchange differences arising on translation of foreign operations | **(30,944)** | (756,532) |
| Total comprehensive income for the period | **2,798,420** | (26,734,926) |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Company | **2,798,420** | (26,734,926) |
| Non-controlling interests | **-** | - |
| | **2,798,420** | (26,734,926) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2009

| | Notes | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **98,023,246** | 101,628,623 |
| Paintings | | **4,220,000** | 3,800,000 |
| Investment properties | | **81,822,140** | 104,022,140 |
| Prepaid lease payments | | **987,439** | 1,001,448 |
| Interests in associates | 8 | **2,438,598** | 1,926,387 |
| Available-for-sale investments | | **159,188,314** | 159,188,314 |
| | | **346,679,737** | 371,566,912 |
| **CURRENT ASSETS** | | | |
| Prepaid lease payments | | **28,016** | 28,016 |
| Held-for-trading investments | | **12,950,304** | 10,195,070 |
| Inventories | | **491,759** | 414,450 |
| Trade and other receivables | 9 | **3,139,865** | 3,407,945 |
| Deposits and prepayment | | **1,497,397** | 2,506,804 |
| Deposits for acquisition of properties | | **-** | 4,844,170 |
| Amount due from an associate | | **203,562** | 203,562 |
| Amounts due from related companies | | **-** | 420,716 |
| Pledged bank deposits | | **2,134,730** | 2,132,323 |
| Bank balances and cash | | **9,257,698** | 2,040,796 |
| | | **29,703,331** | 26,193,852 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | **7,576,556** | 7,305,296 |
| Deposits received | | **4,198,717** | 3,153,914 |
| Amounts due to directors | | **-** | 370,000 |
| Amounts due to associates | | **490,381** | 385,381 |
| Amounts due to related companies | | **335,363** | 315,192 |
| Amount due to a minority shareholder | | **4,029,055** | 3,344,671 |
| Provision for onerous contracts | | **-** | 3,706,000 |
| Bank borrowings - due within one year | 11 | **8,670,010** | 9,064,231 |
| Financial liabilities at fair value through profit and loss | | **-** | 540,425 |
| Bank overdrafts | | **-** | 2,495,979 |
| | | **25,300,082** | 30,681,089 |
| **NET CURRENT ASSETS (LIABILITIES)** | | **4,403,249** | (4,487,237) |
| | | **351,082,986** | 367,079,675 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 SEPTEMBER 2009

| | Notes | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|---|
| **CAPITAL AND RESERVES** | | | |
| Share capital | 12 | **48,884,268** | 48,884,268 |
| Reserves | | **240,148,765** | 237,350,345 |
| | | **289,033,033** | 286,234,613 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred taxation | | **6,391,062** | 6,391,062 |
| Provision for long service payments | | **2,055,013** | 2,055,013 |
| Bank borrowings - due after one year | 11 | **53,603,878** | 72,398,987 |
| | | **62,049,953** | 80,845,062 |
| | | **351,082,986** | 367,079,675 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis Of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and 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 should be read in conjunction with the 2009 annual financial statements.

Certain comparative figures for prior accounting period have been restated to conform with the current period’s presentation.

### 2. Principal Accounting Policies

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March 2009 except as described below:

In current period, the Group has applied the following amendments and interpretations (“new HKFRSs”), issued by the HKICPA, which are effective for the group’s financial year beginning on 1st April 2009.

| | |
|---|---|
| HKAS 1 (Revised) | Presentation of Financial Statements |
| HKAS 23 (Revised) | Borrowing Costs |
| HKAS 32 & 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 (Amendments) | Vesting Conditions and Cancellations |
| HKFRS 7 (Amendments) | Improving Disclosures about Financial Instruments issued in 2008 |
| 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 |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1st July 2009 |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 in relation to the amendments to paragraph 80 of HKAS 39 |

The adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

**HKFRS 8 "Operating Segments"**

The Group has adopted HKFRS 8 Operating Segments with effect from 1st April 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.

**HKAS 1 (Revised) "Presentation of Financial Statements"**

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 recognized 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 standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|---|---|
| HKFRSs (Amendments) | Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1] |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009[2] |
| HKAS 27 (Revised in 2008) | Consolidated and Separate Financial Statements[1] |
| HKAS 39 (Amendments) | Eligible Hedged Items[1] |
| HKFRS 1 (Amendments) | Additional Exemptions for First-time Adopters[3] |
| HKFRS 2 (Amendments) | Group Cash-settled Share-based Payment Transactions[3] |
| HKFRS 3 (Revised in 2008) | Business Combinations[1] |
| HK(IFRIC) – Int 17 | Distributions of Non-cash Assets to Owners[1] |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers[4] |

[1] Effective for annual periods beginning on or after 1st July 2009.
[2] Amendments that are effective for annual periods beginning on or after 1st July 2009 or 1st January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1st January 2010.
[4] Effective for transfers on or after 1st July 2009.

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 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. 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.

## 3. Segments Information

**Business segments**

For management purposes, the Group is currently organised into three operating divisions - hotel operation, property letting and securities investment and trading. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

| | | |
|---|---|---|
| Hotel operation | – | operation of a hotel |
| Property letting | – | leasing of investment properties and service apartments |
| Securities investment and trading | – | investment and trading in securities |

Segment information about these businesses is presented below.

| | Hotel operation HK$ | Property letting HK$ | Securities investment and trading HK$ | Consolidated HK$ |
|---|---|---|---|---|
| **2009** | Six months ended 30 September (unaudited) | | | |
| **REVENUE** | **8,221,443** | **5,529,300** | **-** | **13,750,743** |
| **RESULTS** | | | | |
| Segment profit (loss) | **608,214** | **(814,008)** | **5,256,702** | **5,050,908** |
| Bank interest income | | | | **1,142** |
| Gain on disposal of investment property | | | | **4,803,681** |
| Unallocated corporate expenses | | | | **(6,609,243)** |
| Finance costs | | | | **(929,335)** |
| Share of results of associates | | | | **512,211** |
| Profit before taxation | | | | **2,829,364** |
| Taxation | | | | **-** |
| Profit for the period | | | | **2,829,364** |
| **2008** | Six months ended 30 September (unaudited) | | | |
| **REVENUE** | 8,727,114 | 6,485,019 | - | 15,212,133 |
| **RESULTS** | | | | |
| Segment profit (loss) | 914,810 | 241,751 | (19,340,155) | (18,183,594) |
| Bank interest income | | | | 53,833 |
| Unallocated corporate expenses | | | | (6,931,878) |
| Finance costs | | | | (1,127,461) |
| Share of results of associates | | | | 210,706 |
| Loss before taxation | | | | (25,978,394) |
| Taxation | | | | - |
| Loss for the period | | | | (25,978,394) |

**Geographical segments**

| | Sales revenue by geographical market | |
|---|---|---|
| | **2009** | 2008 |
| | **(unaudited)** | (unaudited) |
| | **HK$** | HK$ |
| Hong Kong | **8,535,120** | 9,619,633 |
| Other regions in the People's Republic of China | **5,215,623** | 5,592,500 |
| | **13,750,743** | 15,212,133 |

## 4. Depreciation And Amortisation

During the period, depreciation of HK$3,878,619 (2008: HK$4,268,406) was charged in respect of the Group's property, plant and equipment.

During the period, amortisation of HK$14,008 (2008: HK$14,008) was charged in respect of the Group's prepaid lease payments.

## 5. Finance Costs

| | Six months ended 30 September | |
|---|---|---|
| | **2009** | 2008 |
| | **(unaudited)** | (unaudited) |
| | **HK$** | HK$ |
| Interest on bank borrowings: | | |
| Wholly repayable within 5 years | **84,073** | 436,802 |
| Not wholly repayable within 5 years | **845,262** | 690,659 |
| | **929,335** | 1,127,461 |

## 6. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries have no assessable profit in both periods.

## 7. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profits for the period of HK$2,829,364 (2008: loss of HK$25,978,394) and 488,842,675 (2008: 488,842,675) ordinary shares in issue during the period.

(b) Diluted earnings (loss) per share

No diluted earnings (loss) per share for the six months ended 30 September 2008 and 30 September 2009 were presented as there was no potential dilutive ordinary shares subsisted during the period.

## 8. Interests In Associates

The summarised financial information in respect of the Group's associates is set out below:

**Results**

| | Six months ended 30 September | |
|---|---|---|
| | **2009** | 2008 |
| | **(unaudited)** | (unaudited) |
| | **HK$** | HK$ |
| Revenue | **2,446,807** | 1,829,962 |
| Profit for the period | **1,024,422** | 421,412 |
| Group's share of results of associates for the period | **512,211** | 210,706 |

**Financial position**

| | **30/09/2009** | 31/03/2009 |
|---|---|---|
| | **(unaudited)** | (audited) |
| | **HK$** | HK$ |
| Total assets | **60,555,005** | 59,803,153 |
| Total liabilities | **(68,783,783)** | (68,439,341) |
| Net liabilities | **(8,228,778)** | (8,636,188) |
| Group's share of net assets of associates | **2,438,598** | 1,926,387 |

## 9. Trade And Other Receivables

The Group generally allows an average credit period of not more than 30 days to its customers.

The following is an aged analysis of trade receivables at the reporting date:

| | **30/09/2009** | 31/03/2009 |
|---|---|---|
| | **(unaudited)** | (audited) |
| | **HK$** | HK$ |
| 0 - 30 days | **3,104,111** | 3,398,878 |
| 31 - 60 days | **11,479** | - |
| Over 60 days | **534,820** | 519,612 |
| Trade and other receivables | **3,650,410** | 3,918,490 |
| Less: allowance for doubtful debts | **(510,545)** | (510,545) |
| | **3,139,865** | 3,407,945 |

## 10. Trade And Other Payables

The following is an aged analysis of trade payables at the reporting date:

| | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|
| 0 - 30 days | **707,082** | 495,384 |
| 31 - 60 days | **373,709** | 449,781 |
| Over 60 days | **2,855,483** | 3,065,808 |
| Trade payables | **3,936,274** | 4,010,973 |
| Other payables | **3,640,282** | 3,294,323 |
| | **7,576,556** | 7,305,296 |

## 11. Bank Borrowings

| | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|
| Bank borrowings comprise: | | |
| Mortgage loans | **33,933,888** | 51,503,218 |
| Bank loans | **28,340,000** | 29,960,000 |
| | **62,273,888** | 81,463,218 |
| Secured | **58,773,888** | 77,963,218 |
| Unsecured | **3,500,000** | 3,500,000 |
| | **62,273,888** | 81,463,218 |
| The above borrowings are repayable as follows: | | |
| Within one year | **8,670,010** | 9,064,231 |
| More than one year, but not exceeding two years | **5,269,920** | 5,674,011 |
| More than two years, but not exceeding five years | **17,639,678** | 20,113,479 |
| More than five years | **30,694,280** | 46,611,497 |
| | **62,273,888** | 81,463,218 |
| Less: Amount due within one year shown under current liabilities | **(8,670,010)** | (9,064,231) |
| Amount due after one year | **53,603,878** | 72,398,987 |

## 12. Share Capital

| | Number of shares | | Share capital | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | | | **HK$** | HK$ |
| Authorised: | | | | |
| At 1 April and at 30 September | 750,000,000 | 750,000,000 | 75,000,000 | 75,000,000 |
| Issued and fully paid: | | | | |
| At 1 April and at 30 September | 488,842,675 | 488,842,675 | 48,884,268 | 48,884,268 |

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 1st June 2007, and the subsequent Order of the High Court of the Hong Kong Special Administrative Region granted on 20th July 2007, the Company effected a capital reduction which took effect on 20th July 2007. The paid-up capital on each of its issued ordinary share of HK$1.00 was cancelled to the extent of HK$0.90 per share, and the nominal value of all of the ordinary shares of the Company, both issued and unissued, was reduced from HK$1.00 per share to HK$0.10 per share.

## 13. Commitments

Operating lease arrangements

The Group as lessee:
At 30/09/2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

| | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|
| Within one year | **4,766,769** | 4,844,725 |
| In the second to fifth year inclusive | **19,067,075** | 19,047,619 |
| Over five years | **47,667,688** | 50,000,000 |
| | **71,501,532** | 73,892,344 |

The Group as lessor:

| | **30/09/2009 (unaudited) HK$** | 31/03/2009 (audited) HK$ |
|---|---|---|
| Within one year | **2,416,296** | 2,481,833 |
| In the second to fifth year inclusive | **-** | - |
| | **2,416,296** | 2,481,833 |

Property rental income earned during the period was HK$5,529,300 (2008: HK$6,485,019).

### 14. Subsequent Event

In October 2009, the Company entered into a Joint Venture Agreement (the "Agreement") with Mr. Derek Chiu, a director of the Company, for the formation of a Joint Venture Company (the "JV Company") which is owned by the Company as to 50% and by Mr. Derek Chiu as to 50%. Pursuant to the Agreement, the JV Company will hold and develop the property located in Yuen Long, New Territories to be acquired by the JV Company from Mr. Derek Chiu. The Company shall pay in aggregate HK$8,650,000 to the JV Company for the subscription for 50 new Shares (at the subscription price of HK$1.00 per Share) and the making of a HK$8,649,950 shareholder's loan to the JV Company.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2009 (2008: Nil).

## REVIEW OF OPERATIONS AND PROSPECTS

In 2009, most types of business are affected by the worldwide economic crisis, such as hotels and restaurants of the service sector. According to worldwide economists' prediction, many businesses will start recovering in the coming years. The overall turnover of Cheung Chau Warwick Hotel has decreased by 6% compared with last corresponding period. In 2010, our Sales and Marketing Team will focus more on meeting and conference groups, both local and overseas. In addition, they will also try to extend China market as well as keeping our existing local clientele through advertisings and seasonal promotions. Sales Team will explore more markets besides the regular clients that we are currently having. Joint venture with other brands or obtaining sponsor from other companies to gain more publicity and profits will be another thought. The Food & Beverages Department will also be benefited if the above targets can be reached, that means the list of clientele will be expanded and added to our steady weddings and banquet business from Cheung Chau Island.

The turnover of Beijing Warwick Suite Hotel has decreased by 7% compared with last corresponding period. However, the management believes that the turnover will increase after the 60th anniversary of National Day of the People's Republic of China. The Sales Team will put more emphasis on both local and overseas short-term business clients and tours, and more preferential price will be offered.

In securities investment and trading, the Group has recorded a profit of approximately HK$5 million.

In July 2009, the Group disposed of an investment property and recognized a gain of approximately HK$4.8 million.

## SUBSEQUENT EVENT

In October 2009, the Company entered into a Joint Venture Agreement (the "Agreement") with Mr. Derek Chiu, a director of the Company, for the formation of a Joint Venture Company (the "JV Company") which is owned by the Company as to 50% and by Mr. Derek Chiu as to 50%. Pursuant to the Agreement, the JV Company will hold and develop the property located in Yuen Long, New Territories to be acquired by the JV Company from Mr. Derek Chiu. The Company shall pay in aggregate HK$8,650,000 to the JV Company for the subscription for 50 new Shares (at the subscription price of HK$1.00 per Share) and the making of a HK$8,649,950 shareholder's loan to the JV Company. Capital provided and to be provided to the JV Company under the Agreement will be used to pay for the acquisition of the property. The formation of the JV Company can increase the land portfolio of the Group and enable the Group to have adequate land reserve for future development. Details are disclosed in the announcement dated 16 October 2009.

## EMPLOYEES

The Group has approximately 100 employees. Employees are remunerated in accordance with nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

## FINANCE ACTIVITIES

At 30/09/2009, the Group had bank credit facilities amounting to approximately HK$67,774,000 (31/03/2009: HK$86,963,000), of which approximately HK$62,274,000 (31/03/2009: HK$83,959,000) were utilised. These facilities, other than HK$3,500,000 (31/03/2009: HK$3,500,000) which was unsecured, were secured by legal mortgages over the Group's properties and deposits.

At 30/09/2009, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 30/09/2009 amounted to approximately HK$289 million (31/03/2009: approximately HK$286 million). Accordingly, the Group's gearing ratio (total bank credit facilities utilized to shareholders' funds) at 30/09/2009 is 22% (31/03/2009: 29%).

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

The Company has complied with Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009, with deviations from code provision A.4.1 of the Code in respect of the service term of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

## AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely, Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond and one non-executive director, Mr. Duncan Chiu.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including a review of the unaudited interim financial statements for the six months ended 30 September 2009.

## REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The committee comprises two independent non-executive directors, namely Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond and the Managing Director of the Company, Mr. Derek Chiu. The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

## 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.

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 30 September 2009.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.tricor.com.hk/webservice/00037. The interim report will be despatched to the shareholders of the Company and will be published on the same websites in due course.

On Behalf of the Board
**Derek Chiu**
*Managing Director & Chief Executive*
Hong Kong, 14 December 2009
*As at the date of this announcement, the executive Directors are Mr. Deacon Te Ken Chiu, Mr. Derek Chiu, Ms. Margaret Chiu; the non-executive Directors are Mrs. Chiu Ju Ching Lan, Mr. Dick Tat Sang Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Duncan Chiu; the independent non-executive Directors are Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond; and alternate Director is Mr. Chan Chi Hing (alternate Director to Mr. Deacon Te Ken Chiu).*