GDH

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 2012

The board of directors (the "Board") of Guangdong Tannery Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2012 together with comparative figures. The interim financial information has not been audited, but has 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 2012

	Notes	**2012** *HK$'000* **(Unaudited)**	2011 *HK$'000* (Unaudited)
REVENUE			
Processing and sale of leather	*3*	**262,188**	285,420
Cost of sales		**(255,342)**	(271,569)
Gross profit		**6,846**	13,851
Other income and gains, net	*3*	**7,906**	4,319
Selling and distribution costs		**(1,023)**	(994)
Administrative expenses		**(13,358)**	(11,113)
Finance costs	*4*	**(3,039)**	(2,405)
PROFIT/(LOSS) BEFORE TAX	*4*	**(2,668)**	3,658
Income tax expense	*5*	**(968)**	(2,956)
PROFIT/(LOSS) FOR THE PERIOD		**(3,636)**	702
EARNINGS/(LOSS) PER SHARE	*6*		
- Basic		**(HK0.68 cent)**	HK0.13 cent
- Diluted		**N/A**	HK0.13 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2012

	2012 *HK$'000* (Unaudited)	2011 *HK$'000* (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**(3,636)**	702
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	**(2,624)**	10,423
Surplus/(deficit) on revaluation of buildings	**(27)**	47
Income tax effect	**7**	(12)
	(20)	35
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(2,644)**	10,458
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(6,280)**	11,160

CONDENSED CONSOLIDATED BALANCE SHEET
30 JUNE 2012

	Notes	**30 June 2012** *HK$'000* **(Unaudited)**	31 December 2011 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**108,572**	108,967
Prepaid land lease payments		**14,331**	14,566
Total non-current assets		**122,903**	123,533
CURRENT ASSETS			
Inventories		**206,554**	185,092
Receivables, prepayments and deposits	*8*	**186,963**	220,874
Tax recoverable		**257**	-
Pledged deposits		**12,927**	33,490
Restricted bank balances		**1,840**	1,850
Cash and cash equivalents		**46,550**	81,672
Total current assets		**455,091**	522,978
CURRENT LIABILITIES			
Trade payables	*9*	**52,637**	48,722
Other payables and accruals		**24,442**	30,149
Interest-bearing bank borrowings		**29,742**	90,357
Due to a PRC joint venture partner		**1,131**	1,131
Loans from the immediate holding company		**142,379**	142,379
Provision		**3,912**	3,934
Tax payable		**-**	796
Total current liabilities		**254,243**	317,468
NET CURRENT ASSETS		**200,848**	205,510
TOTAL ASSETS LESS CURRENT LIABILITIES		**323,751**	329,043
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,044**	633
Total non-current liabilities		**1,044**	633
Net assets		**322,707**	328,410
EQUITY			
Issued capital		**53,802**	53,802
Reserves		**268,905**	274,608
Total equity		**322,707**	328,410

Notes:

(1) ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial information is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are the same as those used in the annual financial statements for the year ended 31 December 2011.

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*

The adoption of the new and revised HKFRSs has had no financial effect on this unaudited interim condensed consolidated financial information.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this unaudited interim condensed consolidated financial information.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [2]
HKFRS 9	*Financial Instruments* [4]
HKFRS 10	*Consolidated Financial Statements* [2]
HKFRS 11	*Joint Arrangements* [2]
HKFRS 12	*Disclosure of Interests in Other Entities* [2]
HKFRS 13	*Fair Value Measurement* [2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [1]
HKAS 19 (2011)	*Employee Benefits* [2]
HKAS 27 (2011)	*Separate Financial Statements* [2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [3]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
Annual Improvement Project	Annual Improvements to HKFRSs 2009-2011 Cycle [2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial positions.

(2) OPERATING SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as over 90% of the Group's revenue, results and assets relate to the processing and sale of semi-finished and finished leather in the People's Republic of China (the "PRC" or "Mainland China").

Information about a major customer

During the period, revenue of approximately HK$69,192,000 (six months ended 30 June 2011: HK$47,924,000) was derived from sales to a single customer, which contributed approximately 26% (six months ended 30 June 2011: 17%) of the total revenue.

(3) REVENUE, OTHER INCOME AND GAINS, NET

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.

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Processing and sale of leather	**262,188**	285,420
Other income and gains, net		
Gross rental income	**-**	81
Interest income	**286**	726
Foreign exchange gains, net	**129**	1,019
Sale of scrap materials	**623**	1,250
Government subsidies	**4,311**	30
Surplus on valuation of buildings	**1,670**	-
Gain on disposal of items of property, plant and equipment	**8**	-
Others	**879**	1,213
	7,906	4,319

(4) PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**256,196**	275,314
Depreciation	**3,981**	3,871
Interest on:		
Bank loans	**1,369**	882
Loans from the immediate holding company	**1,670**	891
Loan from a fellow subsidiary	**-**	632
	3,039	2,405
Write-back of provision for inventories	**(854)**	(3,745)
Write-back of impairment for trade receivables	**(892)**	(573)

(5) INCOME 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 (six months ended 30 June 2011: 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.

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Group:		
Current - Mainland China	**550**	3,035
Deferred	**418**	(79)
Total tax charge for the period	**968**	2,956

(6) EARNINGS/(LOSS) PER SHARE

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

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period. 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/(loss) 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.

Diluted loss per share for the period ended 30 June 2012 have not been disclosed, as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) for the period, used in the basic earnings/(loss) per share calculations	**(3,636)**	702

	Number of shares	
	30 June	30 June
	2012	2011
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculations	**538,019,000**	537,637,000
Effect of dilution - weighted average number of ordinary shares:		
Share options	**N/A**	1,461,000
	N/A	539,098,000

(7) DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

(8) RECEIVABLES, PREPAYMENTS AND DEPOSITS

As at 30 June 2012, included in the Group's receivables, prepayments and deposits are trade and bills receivables with a net balance of HK$182,884,000 (31 December 2011: HK$216,780,000) 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 2012, the aged analysis of the Group's trade and bills receivables, based on the payment due date, is as follows:

	30 June 2012 *HK$'000* **(Unaudited)**	31 December 2011 *HK$'000* (Audited)
Current	**182,132**	216,042
Less than 3 months	**491**	1,096
3 to 6 months	**234**	409
Over 6 months	**467**	695
	183,324	218,242
Impairment	**(440)**	(1,462)
	182,884	216,780

(9) TRADE PAYABLES

As at 30 June 2012, the aged analysis of the Group's trade payables, based on the payment due date, is as follows:

	30 June 2012 *HK$'000* **(Unaudited)**	31 December 2011 *HK$'000* (Audited)
Within 3 months	**31,522**	24,486
3 to 6 months	**15,248**	20,234
Over 6 months	**5,867**	4,002
	52,637	48,722

The trade payables of the Group are non-interest-bearing and are normally settled on terms of 60 to 90 days.

BUSINESS AND FINANCIAL REVIEW

Results

The unaudited consolidated loss attributable to shareholders for the six months ended 30 June 2012 of the Group was HK$3,636,000, representing a decrease of HK$4,338,000 as compared to the unaudited consolidated profit attributable to shareholders of HK$702,000 for the same period of last year.

The unaudited net asset value of the Group as at 30 June 2012 was HK$322,707,000, representing an increase of HK$7,542,000 and a decrease of HK$5,703,000 as compared to the net asset value as at 30 June 2011 and 31 December 2011, respectively.

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

Business Review

Since the second half of 2011, the footwear leather market had been facing plunge of sales in international market and sluggish sales in domestic market. In the meantime, the footwear leather producing enterprises underwent significant diminishing in the pricing of finished products upon rise in labour costs and energy costs as well as the surge in prices of raw materials. Enterprises in the industry were submerged in the bottom and the operating results of the Group were affected in a substantial manner. During the period, the Group was already fully aware of the difficulties in the industry, and proactively prepared measures to tackle the situation. The Group insisted on carrying out a stable and sound operation. As there had been inadequate factors subsisting in the industry, the Group sought to standardise its own operation so that it became more appealing for marketing purposes. The Group also further promoted the comprehensive collaboration with well-known branded footwear manufacturers in order to tide over the low season. Moreover, the Group also devoted efforts to the establishment of the branding, which received the title of "Eco-Leather Mark" awarded by the State and was the first tannery enterprise in Jiangsu Province receiving such recognition. This was in fact a milestone in the corporate development history of the Group.

During the period, the production volume of cowhides was 11,677,000 sq. ft., representing a decrease of 1,586,000 sq. ft. or 12.0% as compared to 13,263,000 sq. ft. for the same period of last year. The production volume of grey hides was 6,818 tons, representing a decrease of 37 tons or 0.5% as compared to 6,855 tons for the same period of last year.

During the period, the consolidated turnover of the Group was HK$262,188,000, representing a decrease of HK$23,232,000 or 8.1% from HK$285,420,000 for the same period of last year of which the sales value of cowhides amounted to HK$222,661,000 (six months ended 30 June 2011: HK$248,721,000), representing a decrease of 10.5%; and the sales value of grey hides and other products amounted to HK$39,527,000 (six months ended 30 June 2011: HK$36,699,000), representing an increase of 7.7%. During the period, the footwear leather market suffered from instability in the flow of orders as a result of a fall in demand arising from the worsening of economy in the international market together with the change in inventory cycle. It became more difficult to forecast and arrange the production plan, where it was mutually affected by the change in volume slaughtered in the international market and the change in actual sales demand within the domestic market. Competition among products also became more intense. Customers were more demanding for the quality and utilisation rate of products. Hence, the production cycle of products was extended and there was a rapid surge in the production costs and labour costs. Faced with the various uncertainties in the market, the Group used its best endeavours to compute the most optimal scale of economies, which preliminarily stabilised production from linking purchase with production, sound operation and risk management. In terms of sales, the Group strictly adhered to the credit policy. As to those customers without credit rating, the cash-on-delivery principle would be tightly implemented, which secured the assets. Furthermore, upon the repositioning activities in the market, the Group strengthened its alliances with strategic customers having strong financial background. Efforts were devoted to procure customers adding inventory. At the same time, the Group also used its endeavours to expand its share in those weak trend markets during the period. The Group managed to identify appropriate product mix for expanding its share in those weak trend markets through leveraging on horizontal integration. Hence, sales share was improved.

In terms of purchase, apart from improving the purchasing of cowhides for use in its usual course of production, the Group also reduced its inventory on chemicals from increased application of those in obsolete. Attention was paid to reduce stocks in raw cowhides and avoiding inventory continuing to accumulate exceeding the critical level. The Group also strictly adhered to the management of budget. Through dynamic analysis on the actual figures on various forecast indicators, scientific production was arranged under the direction of those quantitative information. Rational application of production resources was thus assured. During the period, total purchases amounted to HK$269,879,000, representing a decrease of 0.3% as compared with the same period of last year.

As at 30 June 2012, the Group's consolidated inventory amounted to HK$206,554,000 (31 December 2011: HK$185,092,000), representing an increase of HK$21,462,000 or 11.6% over that of 31 December 2011, mainly due to the increase in stock level. During the period, the Group replenished its inventory from purchasing based on the utilisation rate of cowhides with a primary objective to stabilise demand from production. Import of cowhides was thus under control and mitigated the risk in substantial fluctuation of prices in cowhides.

Financial Review

As at 30 June 2012, the Group's cash and cash equivalents amounted to HK$46,550,000 (31 December 2011: HK$81,672,000), representing a decrease of HK$35,122,000 or 43.0% as compared to the same as at 31 December 2011, which were denominated in Hong Kong dollars (13.7%), Renminbi (85.5%) and United States dollars (0.8%), respectively. During the period, net cash outflow from operating activities was HK$52,727,000, which was mainly attributable to the increase in cash outflow as a result of repayment of trust receipt loans. The net cash inflow from investing activities was HK$17,920,000, which mainly represented the decrease in pledged bank deposits.

As at 30 June 2012, the Group's interest-bearing borrowings amounted to HK$172,121,000 (31 December 2011: HK$232,736,000), of which interest-bearing borrowings in Hong Kong dollars amounted to HK$65,000,000 and interest-bearing borrowings in United States dollars amounted to HK$107,121,000. The Group's borrowings mainly consisted of: (1) balances of short-term loans provided by the bank of HK$29,742,000, which were secured by bank deposits of RMB10,538,000; and (2) balances of short-term unsecured intra-group borrowings of HK$142,379,000. The above interest-bearing borrowings were charged at floating interest rates.

As at 30 June 2012, the Group's gearing ratio of the interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was 34.8% (31 December 2011: 41.5%). During the period, the annual interest rate of the borrowings was approximately 1.5% to 6.0%. Of the Group's total borrowings, all were repayable within one year. The Group's interest expenses during the period amounted to HK$3,039,000, representing an increase of 26.4% from the same period of last year.

As at 30 June 2012, the total banking facilities of the Group was HK$339,833,000 (31 December 2011: HK$251,160,000), of which banking facilities of HK$29,742,000 (31 December 2011: HK$90,357,000) were utilised and banking facilities of HK$310,091,000 (31 December 2011: HK$160,803,000) were unutilised. Taking into account of the existing cash resources and available credit facilities, the Group had adequate financial resources to meet its day-to-day operational requirements.

Capital Expenditure

As at 30 June 2012, the net value of non-current assets including prepaid land lease payments, property, plant and equipment amounted to HK$122,903,000, representing a decrease of HK$630,000 over the net value as at 31 December 2011 of HK$123,533,000. The capital expenditure for the period amounted to HK$2,548,000 (six months ended 30 June 2011: HK$6,825,000), which mainly represented the payment for the construction works and the acquisition of machinery and equipment to cope with the production requirements of the Group.

Pledge of Assets

As at 30 June 2012, certain of the Group's bank balances with a total of HK$12,927,000 (31 December 2011: HK$33,490,000) 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, United States dollars or Renminbi. During the period, the exchange rates of Hong Kong dollars and United States dollars were relatively stable and did not constitute any material risk of foreign exchange for the Group. As to the movement in the exchange rate of Renminbi, since the sales of the Group were settled in Renminbi, whereas the purchases were made in Renminbi and United States dollars, the Group did not have material exposure to foreign exchange risk.

Remuneration Policy for Employees

As at 30 June 2012, a total of 772 employees (31 December 2011: 759) were employed by the Group. The remuneration policy is based on the Group's operating results and the employees' performance. The Group has adopted a performance-based appraisal scheme for its employees focusing on "accountability and performance". The incentive bonuses to the management, key officers and staff with outstanding performance under the incentive scheme are determined by reference to the Group's operating net cash flow and profit after tax, calculated by various profit rankings and by applying a measure that links bonuses with the operating results of the Group and further taking into account of the individual performance of the staff concerned with an aim to motivate the contribution of its employees. In addition, the Group offered social and medical insurance and provident fund to all employees in different areas. The Company has adopted a new share option scheme in November 2008, with the purpose to provide incentives to the senior management 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 Group's operation will still remain uncertain during the second half of 2012, given the adversity of downturn in the macro-economy of the Mainland China, and fall in demand of various industries. Notwithstanding the above, on top of scale development of footwear leather, the Group will continue to pursue for sustainable development by tapping into the improvement of basic management. The Group shall insist the vision of "practical foundation, steady advancement and opportunistic development". Product research and development will be expanded, whilst strategies will be adopted to stabilise sales. The Group will control risks and persistently determine inventory from production needs. Purchasing will thus be stable and costs will be subject to tight control. The Group will continue to consolidate the establishment of a team serving end-user outlets and to enhance safety in its production, thereby achieving those preset operation goals diligently.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (collectively 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 (the "Listing Rules") throughout the six months ended 30 June 2012, save for new code provision A.6.7 of the CG Code as two non-executive directors were unable to attend the annual general meeting of the Company held on 30 May 2012 as they were out of town or they had other engagements.

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 to the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, upon 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 2012.

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 three independent non-executive directors, Mr. Choi Kam Fai, Thomas, Mr. Fung Lak and Mr. Chan Cheong Tat. Mr. Choi Kam Fai, Thomas 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. Chen Hong, and three independent non-executive directors, Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat. Mr. Chen Hong is the Chairman of the Nomination Committee. The principal duties of the Nomination Committee include, inter alia, identifying individuals suitably qualified to become Board members and making recommendations to the Board on appointment and re-appointment of directors.

Review of Interim Results

The Audit Committee has reviewed the unaudited interim financial information of the Group and the interim report of the Company for the six months ended 30 June 2012. In addition, the Company's auditors, Messrs. Ernst & Young, have also reviewed the aforesaid unaudited interim financial information.

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 2012.

By order of the Board
Chen Hong
Chairman

Hong Kong, 27 August 2012

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Chen Hong and Mr. Sun Jun; three Non-Executive Directors, namely Mr. Xiong Guangyang, Mrs. Ho Lam Lai Ping, Theresa and Mr. Qiao Jiankang; and three Independent Non-Executive Directors, namely Mr. Fung Lak, Mr. Choi Kam Fai, Thomas and Mr. Chan Cheong Tat.