



PIONEER GLOBAL GROUP LIMITED  
建生國際集團有限公司

Stock Code : 00224

Interim Report 2008





**PIONEER GLOBAL GROUP LIMITED**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Jane Kwai Ying TSUI

#### *Independent Non-executive Directors*

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

### AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

### COMPANY SECRETARY

Jane Kwai Ying TSUI

### BANKERS

Bangkok Bank Public Company Limited

Chiyu Banking Corporation Limited

Citigroup

Standard Chartered Bank (Hong Kong)  
Limited

The Hongkong & Shanghai Banking  
Corporation Limited

### SOLICITORS

K.C. Yung & Co.

Morrison & Foerster

### AUDITORS

Wong Brothers & Co

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower  
No.1 Lyndhurst Terrace  
Central  
Hong Kong

### SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda)  
Limited  
Rosebank Centre, 11 Bermudiana Road  
Pembroke, Bermuda

### SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor  
Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### INFORMATION

<http://www.pioneerglobalgroup.com>

[http://www.irasia.com/listco/hk/pioneer/  
index.htm](http://www.irasia.com/listco/hk/pioneer/index.htm)

Bloomberg: 224:HK

Reuters: 0224.hk

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008, together with the comparative figures for the corresponding period in 2007 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended 30 September</b>	
	Note	<b>2008 (Unaudited) HK\$'000</b>	2007 (Unaudited) HK\$'000
Turnover			
Company and subsidiaries		<b>91,940</b>	25,192
Share of associates		<b>25,471</b>	13,817
		<b>117,411</b>	39,009
Turnover of Company and subsidiaries	2	<b>91,940</b>	25,192
Properties operating expenses		<b>(3,614)</b>	(4,878)
Staff costs		<b>(4,613)</b>	(4,725)
Depreciation and amortisation		<b>(1,110)</b>	(1,515)
Other expenses		<b>(2,893)</b>	(1,482)
		<b>(12,230)</b>	(12,600)
Operating profit	2	<b>79,710</b>	12,592
Share of profits of associates		<b>41,112</b>	24,384
Change in fair value of investment properties		<b>2,603</b>	29,726
Other gains and losses	3	<b>(2,929)</b>	10,641
Finance costs		<b>(1,723)</b>	(3,396)
Profit before taxation		<b>118,773</b>	73,947
Taxation – current	4	<b>(1,141)</b>	(2,806)
– deferred	4	<b>8,940</b>	(5,373)
Profit for the period		<b>126,572</b>	65,768
Attributable to:			
Minority interests		<b>728</b>	665
Shareholders of the Company		<b>125,844</b>	65,103
		<b>126,572</b>	65,768
Interim dividend	5	<b>6,155</b>	6,155
		<b>HK cents</b>	HK cents
Earnings per share	6	<b>16.36</b>	8.46

## CONDENSED CONSOLIDATED BALANCE SHEET

Note	<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
<b>ASSETS</b>		
Non-current assets		
	<b>502,500</b>	555,600
	<b>624,619</b>	791,952
	<b>157,616</b>	245,332
	<b>9,245</b>	20,762
	<b>–</b>	10,885
	<b>1,447</b>	1,447
	<b>1,295,427</b>	1,625,978
Current assets		
	<b>14,089</b>	13,127
	<b>19,762</b>	6,288
	<b>226,599</b>	22,367
	<b>260,450</b>	41,782
<b>Total assets</b>	<b>1,555,877</b>	1,667,760
<b>EQUITY</b>		
7	<b>76,935</b>	76,935
	<b>1,290,105</b>	1,305,938
	<b>1,367,040</b>	1,382,873
	<b>14,938</b>	15,986
<b>Total equity</b>	<b>1,381,978</b>	1,398,859
<b>LIABILITIES</b>		
Non-current liabilities		
	<b>17,000</b>	93,050
	<b>53,347</b>	62,287
	<b>70,347</b>	155,337
Current liabilities		
	<b>15,681</b>	20,513
	<b>83,200</b>	89,513
	<b>4,671</b>	3,538
	<b>103,552</b>	113,564
<b>Total liabilities</b>	<b>173,899</b>	268,901
<b>Total equity and liabilities</b>	<b>1,555,877</b>	1,667,760

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	<b>40,941</b>	7,881
Net cash generated from investing activities	<b>248,230</b>	27,131
Net cash used in financing activities	<b>(84,893)</b>	(30,791)
Increase in cash and cash equivalents	<b>204,278</b>	4,221
Cash and cash equivalents at 1 April	<b>22,367</b>	15,568
Effect of foreign exchange rate changes	<b>(46)</b>	320
Cash and cash equivalents at 30 September	<b>226,599</b>	20,109
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	<b>226,599</b>	20,109

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2008	76,935	307,687	41,242	15,878	314,919	626,212	1,382,873	15,986	1,398,859
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	(105,324)	-	(105,324)	-	(105,324)
– minority interests	-	-	-	-	-	-	-	(1,042)	(1,042)
– associates	-	-	-	-	(30,764)	-	(30,764)	-	(30,764)
Exchange on translation of									
– subsidiaries	-	-	-	(46)	-	-	(46)	-	(46)
– associates	-	-	-	(5,543)	-	-	(5,543)	-	(5,543)
Net income recognised directly in equity	-	-	-	(5,589)	(136,088)	-	(141,677)	(1,042)	(142,719)
Profit attributable to equity holders	-	-	-	-	-	125,844	125,844	729	126,573
Total recognised income and expense for the period	-	-	-	(5,589)	(136,088)	125,844	(15,833)	(313)	(16,146)
Distribution to minority interests	-	-	-	-	-	-	-	(735)	(735)
<b>As at 30 September 2008</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>10,289</b>	<b>178,831</b>	<b>752,056</b>	<b>1,367,040</b>	<b>14,938</b>	<b>1,381,978</b>
At 1 April 2007	76,935	307,687	41,242	16,165	227,658	494,761	1,164,448	15,332	1,179,780
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	43,293	-	43,293	-	43,293
– minority interests	-	-	-	-	-	-	-	455	455
– associates	-	-	-	-	79,366	-	79,366	-	79,366
Exchange on translation of									
– subsidiaries	-	-	-	320	-	-	320	-	320
– associates	-	-	-	(2,406)	-	-	(2,406)	-	(2,406)
Net income recognised directly in equity	-	-	-	(2,086)	122,659	-	120,573	455	121,028
Profit attributable to equity holders	-	-	-	-	-	65,103	65,103	665	65,768
Total recognised income and expense for the period	-	-	-	(2,086)	122,659	65,103	185,676	1,120	186,796
Distribution to minority interests	-	-	-	-	-	-	-	(704)	(704)
<b>As at 30 September 2007</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>14,079</b>	<b>350,317</b>	<b>559,864</b>	<b>1,350,124</b>	<b>15,748</b>	<b>1,365,872</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2008

### 1. Basis of Presentation and Accounting Policies

These unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies used in the preparation of interim financial statements are consistent with those set out in the annual financial statements for the year ended 31 March 2008.

In the current period, the Group adopted the new interpretation of Hong Kong Financial Reporting Standards (“HKFRS”) below, which is relevant to its operations.

HK(IFRIC) – Int 11

HKFRS 2 – Group and Treasury Share Transactions

The adoption of this new interpretation has had no significant impact on the Group’s results and financial position nor any material changes in the Group’s accounting policies and presentation of the financial statements.

### 2. Segment Information

Segment information is presented in respect of the Group primary business segment.

	For the period ended 30 September					
	Property and Hotel		Investments and Others		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>84,422</b>	16,824	<b>7,518</b>	8,368	<b>91,940</b>	25,192
<b>Segment result</b>	<b>72,776</b>	4,698	<b>7,023</b>	8,011	<b>79,799</b>	12,709
Unallocated corporate expenses					<b>(89)</b>	(117)
Operating profit					<b>79,710</b>	12,592
Share of profits of associates	<b>41,112</b>	24,384	–	–	<b>41,112</b>	24,384
Change in fair value of investment properties	<b>2,603</b>	29,726	–	–	<b>2,603</b>	29,726
Other gains and losses	–	–	<b>(2,929)</b>	10,641	<b>(2,929)</b>	10,641
Finance costs					<b>(1,723)</b>	(3,396)
Taxation					<b>7,799</b>	(8,179)
Minority interests					<b>(728)</b>	(665)
					<b>125,844</b>	65,103



### 3. Other Gains and Losses

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Change in fair value of financial assets	<b>(1,731)</b>	1,728
(Loss)/gain on disposal of available for sale investments	<b>(2)</b>	9,792
Loss on disposal of financial assets	<b>(1,355)</b>	–
Gain on disposal of investment properties	<b>159</b>	–
Impairment loss on available for sale investments and other assets	–	(833)
Others	–	(46)
	<b>(2,929)</b>	10,641

### 4. Taxation

	<b>2008</b>			2007		
	<b>Current taxation</b> <b>HK\$'000</b>	<b>Deferred taxation</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	<b>1,133</b>	<b>(8,940)</b>	<b>(7,807)</b>	2,790	5,373	8,163
Overseas	<b>8</b>	–	<b>8</b>	16	–	16
	<b>1,141</b>	<b>(8,940)</b>	<b>(7,799)</b>	2,806	5,373	8,179

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

### 5. Interim Dividend

The Board of Directors declares an interim dividend of HK0.80 cent per share (2007: HK0.80 cent), totaling HK\$6,155,000 for the six months ended 30 September 2008 (2007: HK\$6,155,000) to shareholders whose names appear on the register of members of the Company at the close of business on 8 January 2009. This amount is not included as a liability in these interim financial statements.

## 6. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$125,844,000 (2007: HK\$65,103,000) and on 769,359,104 shares in issue during both periods of 2007 and 2008.

No diluted earnings per share have been presented for the periods ended 30 September 2008 and 30 September 2007 as the Company had no dilutive potential ordinary shares during both years.

## 7. Share Capital

	No. of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 30 September 2008 and 31 March 2008	<b>2,000,000,000</b>	200,000
Issued and fully paid		
At 30 September 2008 and 31 March 2008	<b>769,359,104</b>	76,935

## 8. Contingent Liabilities and Commitments

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Guarantees		
on utility deposits	<b>160</b>	160
Commitments		
for total future minimum lease payments		
– not later than one year	<b>2,562</b>	1,440
– later than one year and not later than five years	<b>3,689</b>	720
for purchase of investment properties		
– later than one year and not later than five years	<b>12,548</b>	12,548
for purchase of available for sale investments		
– not later than one year	<b>3,900</b>	–

## BUSINESS REVIEW

The first half of this fiscal year has indeed been a tumultuous one. The world financial markets have experienced a crisis of unprecedented proportions. First came the collapse of US investment bank Bear Stearns in March, then came the bankruptcy of Lehman Brothers and the government bailout of American International Group in September along with the capital injection by the US Federal Reserve into every major banking institution in the United States. European governments followed suit with state sponsored bailouts of their own institutions. And Hong Kong Government took the unusual step of guaranteeing all deposits in the territory's banks.

Along this backdrop, the Group's results for the six months ended 30 September 2008 was very satisfactory. Total revenues including share of associates was HK\$117.4 million, an increase of 201.0% over the same period in 2007 (2007: HK\$39.0 million). Net profit was HK\$126.6 million, an increase of 92.4% from 2007 (2007: HK\$65.8 million). The main reasons for the increase in revenues and net profits were due to the profits and fees from the disposals of the Group's interests in Kowloon City Plaza and AIA Tower, Macau.

### Property Investments

On 5 September 2008, the Group, along with its joint venture partners, sold the 437,000 sq.ft. AIA Tower in Macau for HK\$1.2 billion. The property was first acquired as a vacant abandoned building in 2005. Since the completion of a major refurbishment program and the re-launch under its current name, the property has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. At the time of sale, 88.1% of the building had been leased. This transaction generated total profits of HK\$349.6 million for the joint venture company. As the managing partner of the joint venture company, the Group was paid a carried interest of HK\$27.9 million based on profits generated for the partners. In addition, the Group also generated profits of HK\$87.4 million from its 25% interest in the joint venture (HK\$17.0 million profit through an associated company has been reported in current period and the balance was recognized in previous reporting periods from revaluation gains).

In June 2008, the Group and its joint venture partners sold the 640,000 sq.ft. Kowloon City Plaza for a consideration of HK\$1.47 billion. As a result, the joint venture paid out a dividend of HK\$35.1 million to the Group.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. The property consists of a 16-storey office building and an 8-storey retail and carpark podium. As at the end of the reporting period, the occupancy rate of the property was 96.0%. While the occupancy has been down from the last period (99.0%), we have been able to renew as well as sign new leases at much higher rates than existing levels during the period.

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK\$20.0 million profit to the Group mostly through revaluation gains.

Other properties wholly owned by the Group performed satisfactorily. The Pioneer Building in Kwun Tong, Kowloon had HK\$9.1 million in net rental revenues while enjoying full occupancy. The Group's properties (comprising of total of GFA 63,840 sq.ft.) at Maximall, City Garden, North Point generated net rental revenues of HK\$2.8 million.

### **Investments in Hotel Industry**

For the six months ended 30 September 2008, Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 89.8 million, representing a decrease of 19.2% from the previous year (2007: Baht 111.1 million). Gross operating profit for the period was Baht 29.0 million, compared to Baht 48.1 million in 2007. After a superb high season during the first three months of the year, the resort (and Thailand's tourism industry as a whole) started to suffer from the multiple effects of strong Baht, high travel costs (oil price), and ultimately the political turmoil in Thailand. While the Baht has weakened and oil price has come down since their heights this summer, the political situation took a turn for the worse. Since this summer, anti-government groups have occupied the government compound and had clashes with pro-government groups. One Prime Minister has resigned and his replacement is now also under pressure. While these disturbances were mostly quite limited in scale, it painted a very negative image of Thailand around the world and discredited Thailand's reputation as a stable country.

The Group's 50% owned associated company holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the nine months ended 30 September 2008, Dusit Thani had revenues of Baht 2.41 billion (2007: Baht 2.15 billion) and net profit of Baht 204.2 million (2007: Baht 39.4 million).

## PROSPECTS

Based on 3rd Quarter GDP figures, Hong Kong has now reported two consecutive quarters of negative growth. The question is no longer whether we are in a recession, but how long and how deep it will be. The strength and power of this “financial tsunami” have been extraordinary. And the modern banking landscape that we were familiar with has been forever changed.

For the Group’s businesses, we will need to be prepared for possible write down in asset values in the second half of the year. Our investments in Thailand will also suffer due to the continued political impasse in that country. At the time of writing of this report, anti-government groups have occupied Bangkok’s international airport and disrupted all flights in and out of the country. If these events continue unabated, Thailand’s tourism industry will be severely affected.

On the other hand, the Group can confirm it does not currently have any speculative financial instruments in our investment portfolio.

But history has shown time and again that extraordinary events will bring extraordinary opportunities and those with patience and vision will be richly rewarded. The timely disposal of some of our assets during the period has left the Group in a strong net cash position which will allow us to take advantage of opportunities when they present themselves. We are certain that there will be immensely good investment opportunities for the Group in the next 18 months or more.

While it is now clear that Asia is not “decoupled” from the global credit crisis, Asia has learned its lessons from its own financial crisis 10 years ago and as a result, leverage levels are much lower this time around and there is limited mismatch of foreign currency loans. We believe that Asia will be much better positioned to weather this downturn. China, in particular, is in the best position to make an early recovery. Due to its aggressive tightening policies over the past two years and the fall in commodity prices (thus relieving any inflationary pressure), China now has a lot of weaponry in its arsenal to boost economic growth. Based on policy announcements in recent weeks, it is clear that China will continue to aggressively loosen its monetary policies and provide fiscal stimulus until it achieves a soft landing of the economy. If China is able to achieve an early recovery, Hong Kong will also be the first to benefit.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As of 30 September 2008, the Group continued to enjoy a strong financial position. At the balance sheet date, the Group had cash of HK\$226.6 million with outstanding debt of HK\$100.2 million and its total debt to shareholders' fund ratio was 7% (March 2008: 13%).

## **EMPLOYEES**

As at 30 September 2008, the number of salaried staff not including associates was 17. The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

## DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 September 2008, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the “Model Code”) adopted by the Company to be notified to the Company and the Stock Exchange.

### Long Position in Shares of the Company

	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	–	15,934,364 <sup>1</sup>	123,148,701 <sup>3</sup>	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375 <sup>2</sup>	27,537,243 <sup>4</sup>	37,796,145	4.91
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

- Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares.
- Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 8,453,375 shares.
- Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares.
- Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 27,537,243 shares.

## Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of shares held by controlled corporation	%
Grandsworth Pte. Ltd.	Rossana Wang Gaw	1*	50.0
Grandsworth Pte. Ltd.	Kenneth Gaw	1*	50.0
Pioneer Hospitality Siam (GBR) Ltd.	Rossana Wang Gaw	475,000*	47.5
Pioneer Hospitality Siam (GBR) Ltd.	Kenneth Gaw	475,000*	47.5
Keencity Properties Ltd.	Rossana Wang Gaw	4,721,034*	47.5
Keencity Properties Ltd.	Kenneth Gaw	4,721,034*	47.5
Pioneer iNetwork Ltd.	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Ltd.	Kenneth Gaw	1*	50.0

\* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO.

Save as disclosed above, as at 30 September 2008, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.



## DISCLOSURE OF SHAREHOLDERS' INTERESTS

As at 30 September 2008, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or long or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

### Long Positions of Shareholders in Shares of the Company

Name of shareholder	Number of shares	%
Asset-Plus Investments Ltd.	68,076,076	8.85
Forward Investments Inc.	181,388,105	23.58
Intercontinental Enterprises Corporation	123,148,701 <sup>1</sup>	16.01
Prosperous Island Limited	65,939,293	8.57

- 1 Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares, which duplicated to those disclosed in "long position in shares of the Company".

### Interests in Other Members of the Group

Name of subsidiary	Name of shareholder	%
Forerunner Investments Limited	Farnham Group Limited	30
Pioneer iConcepts Limited	Ng Poon Wing Man Agnes	40

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at 30 September 2008, had interests or long or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

As at 30 September 2008, all the outstanding options granted under the share option scheme of the Company was lapsed. During the six months period ended 30 September 2008, none of the directors had exercised any rights to subscribe for shares of the Company or any other body corporate.

## INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2008 at the rate of HK0.80 cent per share (2007: HK0.80 cent), payable on 12 January 2009 to all persons registered as shareholders on 8 January 2009. The transfer books and register of members of the Company will be closed from 5 January 2009 to 8 January 2009, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 2 January 2009.

## REVIEW OF INTERIM REPORT

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2008.

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

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

## CORPORATE GOVERNANCE

During the six months ended 30 September 2008, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2008.

By Order of the Board  
**Kenneth Gaw**  
*Managing Director*

Hong Kong, 1 December 2008