利記控股有限公司
LEE KEE HOLDINGS LIMITED
SINCE 1947

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 637)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2010

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the six months ended 30th June 2010 (the "Interim Period") together with the comparative figures of the corresponding period ended 30th June 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2010

		Six months ended 30th June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenues	*3*	**1,858,194**	979,052
Cost of sales		**(1,803,744)**	(884,423)
Gross profit		**54,450**	94,629
Other income		**1,271**	2,754
Distribution and selling expenses		**(8,045)**	(6,500)
Administrative expenses		**(33,230)**	(39,297)
Other gains, net		**2,581**	476
Operating profit	*4*	**17,027**	52,062
Finance costs		**(2,812)**	(1,236)
Profit before income tax		**14,215**	50,826
Income tax expense	*5*	**(1,538)**	(3,028)
Profit for the period		**12,677**	47,798
Profit/(loss) attributable to:			
Equity holders of the Company		**10,119**	49,865
Non-controlling interests		**2,558**	(2,067)
		12,677	47,798
Earnings per share for profit attributable to the equity holders of the Company — basic and diluted (Hong Kong cents)	*6*	**1.22**	6.02
Interim dividend	*7*	**8,287**	8,287

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**12,677**	47,798
Other comprehensive income for the period:		
Exchange translation differences	**336**	369
Movement of available-for-sale financial asset revaluation reserve	**(245)**	881
Other comprehensive income for the period, net of tax	**91**	1,250
Total comprehensive income for the period	**12,768**	49,048
Total comprehensive income attributable to:		
Equity holders of the Company	**10,113**	51,017
Non-controlling interests	**2,655**	(1,969)
	12,768	49,048

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2010

	Note	**As at 30th June 2010 *HK$'000* (Unaudited)**	As at 31st December 2009 *HK$'000* (Audited and Restated)
Non-current assets			
Leasehold land		**26,427**	43,754
Property, plant and equipment		**77,443**	79,885
Deferred income tax assets		**998**	174
Available-for-sale financial asset	*8*	**4,135**	4,380
Prepayment for leasehold land		**—**	3,071
		109,003	131,264
Current assets			
Inventories		**658,094**	626,041
Trade and other receivables	*9*	**244,384**	202,429
Prepayment for leasehold land		**3,083**	—
Income tax recoverable		**220**	280
Bank balances and cash		**615,783**	715,387
		1,521,564	1,544,137
Assets classified as held for sale		**16,916**	—
Total current assets		**1,538,480**	1,544,137
Total assets		**1,647,483**	1,675,401
Capital and reserves attributable to the equity holders of the Company			
Share capital		**82,875**	82,875
Share premium		**495,293**	495,293
Other reserves		**560,607**	558,781
Proposed dividend		**8,287**	87,019
		1,147,062	1,223,968
Non-controlling interests		**27,364**	24,709
Total equity		**1,174,426**	1,248,677

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30TH JUNE 2010

	Note	**As at 30th June 2010** **HK$'000** **(Unaudited)**	As at 31st December 2009 *HK$'000* (Audited and Restated)
Non-current liability			
Deferred income tax liabilities		**2,437**	2,952
Current liabilities			
Trade and other payables	*10*	**149,520**	124,945
Amount due to a joint venturer of a jointly controlled entity		**531**	561
Bank borrowings		**300,641**	279,515
Income tax payable		**14,228**	13,051
Amount due to non-controlling interests		**5,700**	5,700
		470,620	423,772
Total liabilities		**473,057**	426,724
Total equity and liabilities		**1,647,483**	1,675,401
Net current assets		**1,067,860**	1,120,365
Total assets less current liabilities		**1,176,863**	1,251,629

Notes

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30th June 2010 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2009.

2 ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in preparing the annual financial statements for the year ended 31st December 2009 except for the adoption of the following relevant revised standards, amendments and interpretation to existing standards that are mandatory for the Group's accounting period beginning on 1st January 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) 17	Distributions of Non-cash Assets to Owners

The following relevant new standard and amendments to existing standards have been issued but are not effective for the year ending 31st December 2010 and have not been early adopted:

HKFRS 9	Financial Instruments
HKFRSs (Amendments)	Improvements to HKFRSs 2010

The amendment to HKAS 17 "Leases", mandatory for accounting periods beginning on or after 1st January 2010, removes the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating leases using the general principles of HKAS 17. This amendment has been applied retrospectively for annual periods beginning on 1st January 2010. The Group has reassessed the classification of unexpired leasehold land as at 1st January 2010 on the basis of information existing at the inception of those leases, and recognised certain leasehold land in Hong Kong as finance leases. As a result of the reassessment, the Group has reclassified certain leasehold land from operating leases to finance leases. There has not been an effect on the retained earnings as a result of this amendment.

The retrospective effect of the adoption of this amendment is as below:

	As reported	**Reclassification**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position as at 31st December 2009			
Leasehold land	48,412	(4,658)	43,754
Property, plant and equipment	75,227	4,658	79,885

Apart from the amendment to HKAS 17 "Leases", the adoption of the relevant revised standards, amendments and interpretation to existing standards has had no material effect on the interim financial information of the Group.

3 REVENUES AND SEGMENT REPORTING

The Group is principally engaged in the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products. Revenues recognised during the period are as follows:

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenues		
Sales of goods	**1,858,194**	979,052

(a) Segment information

	Six months ended 30th June 2010		Six months ended 30th June 2009	
	Revenues	**Segment results**	Revenues	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Hong Kong	**1,584,295**	**9,293**	837,678	49,104
China mainland	**273,899**	**3,882**	141,374	(272)
	1,858,194	**13,175**	979,052	48,832

The chief operating decision-maker has been identified as the Group's most senior executive management, who reviews the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions collectively.

The chief operating decision-maker reviews the performance of the Group mainly from a geographical areas perspective. The Group is organised into two operating segments, namely (i) Hong Kong and (ii) China mainland. Both operating segments represent trading of several types of metal products.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating results (before income tax expense) of each segment, which excludes the effects of other income, other gains, net and finance costs in the result for each operating segment.

Segment assets and segment liabilities comprise current assets (except for prepayment for leasehold land and assets classified as held for sale) and current liabilities respectively. Unallocated assets and unallocated liability comprise non-current assets and non-current liability respectively.

3 REVENUES AND SEGMENT REPORTING (CONTINUED)

(a) Segment information (Continued)

An analysis of the Group's segment assets and segment liabilities by operating segment are set out below:

	As at 30th June 2010		
	Hong Kong	**China mainland**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Assets			
Segment assets	**1,394,749**	**123,732**	**1,518,481**
Unallocated assets			**129,002**
Total assets			**1,647,483**
Liabilities			
Segment liabilities	**419,181**	**51,439**	**470,620**
Unallocated liability			**2,437**
Total liabilities			**473,057**

	As at 31st December 2009		
	Hong Kong	China mainland	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Assets			
Segment assets	1,436,179	107,958	1,544,137
Unallocated assets			131,264
Total assets			1,675,401
Liabilities			
Segment liabilities	369,070	54,702	423,772
Unallocated liability			2,952
Total liabilities			426,724

(b) Reconciliation of segment results

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Total segment results	**13,175**	48,832
Other income	**1,271**	2,754
Other gains, net	**2,581**	476
Finance costs	**(2,812)**	(1,236)
Profit before income tax	**14,215**	50,826

4 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of leasehold land	**517**	608
Bank interest income	**(854)**	(2,466)
Cost of inventories sold	**1,782,388**	897,763
Depreciation of property, plant and equipment	**6,622**	5,394
(Gain)/loss on disposal of property, plant and equipment	**(900)**	78
Provision/(reversal of provision) for inventories	**18,994**	(15,968)
Provision for impairment of trade receivables	**13**	3,900

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period. Income tax on profits arising from operations in China mainland has been calculated on the estimated assessable profit for the period at the rates of income tax prevailing in the China mainland in which the Group's entities operate.

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
— Hong Kong profits tax	**1,462**	2,581
— China mainland corporate income tax	**1,415**	173
Deferred income tax	**(1,339)**	274
Income tax expense	**1,538**	3,028

6 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company (HK$'000)	**10,119**	49,865
Number of ordinary shares in issue ('000)	**828,750**	828,750
Basic earnings per share (Hong Kong cents per share)	**1.22**	6.02

6 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share which is the share options granted to the directors of the Company and the employees of the Group under the Pre-IPO Share Option Scheme. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Diluted earnings per share for the six months ended 30th June 2010 and 2009 are the same as the basic earnings per share as the outstanding options for the six months ended 30th June 2010 and 2009 are anti-dilutive.

7 INTERIM DIVIDEND

On 24th August 2010, the board of directors resolved to declare an interim dividend of HK1 cent per share for the six months ended 30th June 2010 (2009: HK1 cent per share) to shareholders of the Company whose name appears on the register of members of the Company on 10th September 2010. The interim dividend will be despatched on or around 16th September 2010. This interim dividend, amounting to HK$8,287,000 (2009: HK$8,287,000) has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in the shareholders' equity in the year to 31st December 2010.

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

Available-for-sale financial asset at 30th June 2010 is an investment in an unlisted limited partnership formed under the laws of the Cayman Islands and its carrying value is denominated in United Kingdom Pounds.

There was no disposal on the available-for-sale financial asset in 2009 and for the six months ended 30th June 2010.

9 TRADE AND OTHER RECEIVABLES

	As at 30th June 2010 *HK$'000* **(Unaudited)**	As at 31st December 2009 *HK$'000* (Audited)
Trade receivables, net of provision	**210,870**	173,724
Prepayments to suppliers	**16,563**	16,121
Deposits	**1,366**	1,165
Other receivables	**15,585**	11,419
	244,384	202,429

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of trade receivables, based on invoice date, is as follows:

	As at 30th June 2010 *HK$'000* **(Unaudited)**	As at 31st December 2009 *HK$'000* (Audited)
0 to 30 days	**161,820**	136,308
31 to 60 days	**30,301**	31,331
61 to 90 days	**11,190**	4,410
Over 90 days	**7,559**	1,675
	210,870	173,724

10 TRADE AND OTHER PAYABLES

	As at 30th June 2010 *HK$'000* **(Unaudited)**	As at 31st December 2009 *HK$'000* (Audited)
Trade payables		
— third parties	**105,414**	82,527
— a related company	**170**	3,535
	105,584	86,062
Prepayments from customers	**33,674**	20,295
Accrued expenses	**10,262**	18,588
	149,520	124,945

Ageing analysis of trade payables is as follows:

	As at 30th June 2010 *HK$'000* **(Unaudited)**	As at 31st December 2009 *HK$'000* (Audited)
0 to 30 days	**105,352**	84,342
31 to 60 days	**208**	1,579
61 to 90 days	**24**	5
Over 90 days	**—**	136
	105,584	86,062

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS PERFORMANCE

Despite steady improvement since the first half of 2009, the pace of economic recovery remained sluggish in some European countries and the US, with high unemployment and low inflation being of concern. Strongest recovery has been seen in developing countries, especially those in Asia. In the first half of 2010, the Chinese economy, saw a stunning 11.1% increase in gross domestic product due to the stimulus spending package by the State. Based on a report released by the International Monetary Fund in July, world economy is expected to grow at the rate of 4.3% in 2011 compared to 4.6% this year, with China forecast at 9.6% and Asia as a whole at 6.8%. By comparison the forecast growth for advanced economies as a whole is 2.4% for 2011.

Riding on China's overall recovery trend, and our continually improving market penetration in domestic markets, LEE KEE has successfully increased tonnage sold to 86,520 metric tonnes from 65,540 metric tonnes for the corresponding period in 2009, representing a 32.0% year-on-year increase, while revenue increased to approximately HK$1,858 million approximately from HK$979 million over the same period.

During the first half of 2010, most base metal prices were on a downward trend, in particular SHG (Special High Grade) zinc and zinc alloy, which contributed around 70% of the Group's revenue. The zinc closing price quoted on the London Metal Exchange plunged from USD2,542 per metric tonne on 4 January, 2010 to USD1,759 per metric tonne on 30 June, 2010, a 31% drop over six months. The Group has improved its inventory management to better defend the gross profit margin against a volatile downward metal price environment, but such a hefty fall must inevitably have some adverse impact, especially compared with the same period last year, which was on an upward metal price trend. The gross profit reduced from approximately HK$94.6 million to approximately HK$54.5 million, and net profit attributable to the equity holders of the Company reduced from approximately HK$49.9 million to approximately HK$10.1 million over the interim period. Aluminium and copper prices have recorded a drop of 12% and 13% respectively. Nickel price on the other hand increased by 4%. In general, base metals were affected by concerns about Europe's debt and banking problems, cutbacks in government stimulus spending, slower growth in manufacturing and declining consumer confidence in the US and Europe.

In terms of efficiency, the Group has constrained the year-on-year increase in distribution and selling expenses to around 23.8%, despite a 32.0% year-on-year increase in tonnage sold, whilst administrative expenses have reduced by 15.4%, year-on-year.

Narrowing metal price differences between the London Metal Exchange and the Shanghai Metal Market, plus impressive growth in the PRC's consumption during the global recession, such as in the country's automotive industry, has confirmed that LEE KEE is excellently positioned to extend sales coverage and benefit from the PRC's huge potential in terms of future opportunities. The impressive growth in tonnage sold during the period under review is confirmation of the Group's ability to take on such a challenge.

BUSINESS REVIEW

As a long established leader in metal supply-chain management, we specialise in the processing, sourcing and distribution of quality metals and act as a platform in serving both the import and domestic markets of die-casting zinc alloy and SHG zinc, die-casting aluminium alloy and ingot, nickel and related products, electroplating chemicals (including precious metal chemicals) and stainless steel. Leveraged on our IVAS (integrated value added service) model, we have established a unique one-stop facility to provide tailor-made service for our customers.

Despite concerns about economic growth and the drop in metal prices, our revenue and tonnage sold increased by 89.8% and 32.0% respectively over the corresponding period last year, primarily attributable to contributions from the domestic market and as a result of increased customer services. LEE KEE's zinc alloy sales volume in the Interim Period represented approximately 76% of the PRC's total zinc alloy import volume for the period under review. To meet the demand for a wider range of product specifications, we focused our procurement efforts on new suppliers in the PRC and overseas. In doing so, we also exercised tighter credit control over receivables to carefully select customers with which we are establishing long-term relationships.

Boasting a strong and diverse network of suppliers and quality customers, LEE KEE serves around 1,200 customers in the Greater China Region, as well as in Vietnam, Indonesia, Thailand, Singapore and Malaysia, the majority being foreign-invested entities in the Pearl River Delta region. Growth in the domestic market has been focused on the manufacture of commercial products such as bathroom fittings, household hardware, toys, home appliances, fashion accessories and automobile parts.

The Group has enhanced its creditability and reliability in product assurance by operating a metal testing laboratory through our wholly-owned subsidiary, Promet Metals Testing Laboratory Limited ("Promet"), which has been officially accredited by The Hong Kong Laboratory Accreditation Scheme ("HOKLAS"). Promet yields a number of benefits to the Group by enhancing the efficiency of technical support, assuring quality of incoming materials from suppliers, and monitoring the efficiency of the Group's production plants and OEM subcontractors. In-house testing services provided by Promet reduce testing costs and turnaround time, which culminates in helping customers minimise their production downtime and operating costs. The value-added service initiated by Promet's testing service package through its chemical testing and certification for customers, is a powerful feature in differentiating LEE KEE from its competitors.

With our strategic sales and distribution centres positioned in Wuxi, Shenzhen and Guangzhou, we are poised to capture the consumption growth of China, with already an increase of 119% or HK$76.1 million over the same period last year in revenue contributions from these centres.

In the first half of 2010, Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's 50%-owned zinc alloy production joint venture, produced approximately 7,240 tonnes of zinc alloy (first half of 2009: 6,230 tonnes) and contributed revenue of approximately HK$43.8 million (first half of 2009: HK$32.3 million) to the Group.

The Group's 60%-owned subsidiary, Foshan Nanhai Almax Non-Ferrous Metals Company Limited ("Almax"), which owns and operates an aluminium alloy processing plant in Nanhai, produced about 5,180 tonnes (first half of 2009: 3,470 tonnes) of aluminium alloy from scrap aluminium sourced from both the PRC and overseas suppliers. This contributed approximately HK$90.4 million (first half of 2009: HK$45.4 million) in revenue to the Group.

Benefiting from co-location with the Tai Po Technology and Logistic Centre and with operations extended to the PRC, Lee Yip Metal Products Company Limited ("Lee Yip"), a 70%-owned stainless steel processing and distribution operation, further reduced operational costs and was able to implement more market responsive logistic arrangements during the reporting period. Lee Yip sold 2,620 tonnes (first half of 2009: 2,230 tonnes) of stainless steel and contributed revenue of approximately HK$62.3 million (first half of 2009: HK$40.4 million) to the Group.

PROSPECTS

Buoyed by the positive growth of the global and China markets, we are well positioned to capitalise on the forecast explosive consumption growth in the domestic market and new developments in product quality and environmental protection. Leveraging on our invaluable experience in the metal industry, vibrant financial setup, professional teamwork and sound operational structure, the Group will continue to fortify its sustainable development.

Supported by Promet's creditability and reliability on product assurance, the Group will continually evaluate its joint venture or partnership strategy in order to speed up the capturing of new production capabilities, and this development will be worked in conjunction with the footprint being established by our sales and distribution centres in Wuxi, Shenzhen and Guangzhou.

The Group will also continue to integrate the competitive edge of Promet in our service offering to capture robust business opportunities created by the development of domestic China markets.

Looking ahead, we plan to excel in the marketplace through innovative action, unrivalled customer service, a prudent approach to encourage both up and downstream developments and provide more comprehensive services to a growing customer base.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from our shareholders. As at 30th June 2010, the Group had unrestricted cash and bank balances of approximately HK$616 million (31st December 2009: HK$715 million) and bank borrowings of approximately HK$301 million (31st December 2009: HK$280 million). The borrowings, which are short term in nature, were substantially made in Renminbi and United States dollars with interest chargeable at market rates, with the gearing ratio (total borrowings to total equity) as at 30th June 2010 being 25.6% (31st December 2009: 22.4%). The Group has a current ratio of 327% (31st December 2009: 364%).

The Company had issued guarantees to the extent of approximately HK$1,896 million to banks to secure general banking facilities of approximately HK$1,733 million to certain subsidiaries and a jointly controlled entity, of which approximately HK$301 million had been utilised as of 30th June 2010.

The Group constantly evaluates and monitors its risk exposure to the metals prices by reference to the market conditions. In order to control the exposure efficiently and to capitalize on price trends, the Group's management will continue to employ appropriate operating strategies and set inventory levels accordingly.

The Group's foreign exchange exposure mainly resulted from the translation between Hong Kong dollars and United States dollars. The Group did not hedge against the foreign exchange risk.

DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent per share (first half of 2009: HK1 cent per share) to shareholders of the Company whose names appeared on the register of members of the Company on 10th September 2010. The dividend will be despatched on or around 16th September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8th September 2010 to Friday, 10th September 2010, both days inclusive, during which period no transfers 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 Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7th September 2010.

EMPLOYEES

As at 30th June 2010, the Group had approximately 280 employees (first half of 2009: 240 employees) and the Group's 50%-owned joint venture, Genesis Ningbo, had approximately 50 employees (first half of 2009: 50 employees). Their remuneration, promotion and salary review assessments are based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share options granted or to be granted under the share option schemes and training schemes. During the Interim Period, staff cost (including directors' emoluments) was approximately HK$18.07 million (first half of 2009: HK$19.61 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiaries has purchased or sold any of the Company's shares during the Interim Period.

CORPORATE GOVERNANCE

To the best knowledge of the Directors, they consider that the Company has applied the principles of the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange and to a certain extent, the recommended best practices thereof, and they are not aware of any non-compliance with the code provisions of the CG Code during the Interim Period.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for the six months ended 30th June 2010 has been reviewed by the Company's Audit Committee and PricewaterhouseCoopers, the Company's Auditor.

As at the date of this announcement, the Directors of the Company are Mr. CHAN Pak Chung, Ms. CHAN Yuen Shan, Clara, Ms. MA Siu Tao, Mr. William Tasman WISE, Mr. CHUNG Wai Kwok, Jimmy, Mr. LEUNG Kwok Keung* and Mr. HU Wai Kwok*.*

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 24th August 2010

* *Independent non-executive Directors*