KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰盛實業集團有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

HIGHLIGHTS

The Group's turnover increased by approximately 5.03 per cent. to approximately HK$375,987,000.

Loss for the period was approximately HK$38,708,000.

Profit after tax for the period ended 30 June 2007 was HK$8,696,000, excluding total impairment loss on available-for-sale investment of approximately HK$16,000,000, decreased by 285.5 per cent to a loss of approximately HK$16,127,000 for the period ended 30 June 2008, excluding total impairment loss on available-for-sale investment of approximately HK$22,581,000.

Bank balances and cash was approximately HK$47,530,000.

Total net assets was approximately HK$385,587,000.

Total indebtedness (including bank borrowings and obligations under finance leases contracts) of the Group were approximately HK$58,606,000, representing approximately 15.2 per cent. of the total shareholders' equity.

Basic loss per share was approximately HK$6.14 cents.

The board of directors (the "Directors") of Karce International Holdings Company Limited (the "Company", together with its subsidiaries the "Group"), present herewith to the shareholders of the Company the unaudited consolidated interim results of the Group for the six months ended 30 June 2008. The Company's audit committee has reviewed the interim results.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Revenue	2	**375,987**	357,996
Cost of sales		**(339,682)**	(297,546)
Gross profit		**36,305**	60,450
Other income	3	**1,384**	739
Distribution costs		**(4,637)**	(5,409)
Administrative and other operating expenses		**(45,323)**	(44,349)
Finance costs	4	**(2,451)**	(1,993)
Impairment loss on available-for-sale investment		**(22,581)**	(16,000)
(Loss) before taxation	5	**(37,303)**	(6,562)
Taxation	6	**(1,405)**	(742)
(Loss) for the period		**(38,708)**	(7,304)
(Loss) per share	7		
Basic *(HK cents)*		**(6.14)**	(1.34)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Note	30 June 2008 HK$'000 (unaudited)	31 December 2007 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**75,556**	71,579
Property, plant and equipment	8	**254,613**	252,095
Prepaid lease payments		**18,545**	18,046
Club debenture		**1,180**	1,180
		349,894	342,900
CURRENT ASSETS			
Inventories		**101,968**	129,030
Trade and other receivables	9	**155,336**	109,277
Available-for-sale investment		**946**	29,541
Derivative financial instruments		**2,971**	5,543
Bank balances and cash		**47,530**	53,179
		308,751	326,570
CURRENT LIABILITIES			
Trade and other payables	10	**152,510**	171,153
Derivative financial instruments		**23,158**	22,734
Tax liabilities		**16,999**	18,651
Obligation under finance leases – due within one year		**3,074**	3,714
Bank borrowings – due within one year		**51,275**	46,494
		247,016	262,746
NET CURRENT ASSETS		**61,735**	63,824
		411,629	406,724
CAPITAL AND RESERVES			
Share capital		**65,236**	54,436
Reserves		**320,351**	320,595
		385,587	375,031
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		**1,431**	1,887
Bank borrowings – due after one year		**2,826**	9,164
Deferred tax liabilities		**21,785**	20,642
		26,042	31,693
		411,629	406,724

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and on a basis consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2008.

HK (IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions
HK (IFRIC) — INT 12	Service Concession Arrangements
HK (IFRIC) — INT 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations has had no material effect on the results and the financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — INT 13	Customers Loyalty Programmes[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company (the "Directors") anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

Business segments:

For management purposes, the Group is currently organised into three principal operating divisions – electronic products (mainly electronic calculators & toys, SIM card readers and other electronic products), conductive silicon rubber keypads and printed circuit boards. These divisions are the basis on which the Group reports its primary segment information. Inter-segment sales were made at cost plus mark up.

Segment information about these businesses is presented below:

	Unaudited For the six months ended 30 June				
2008	**Electronic products**	**Conductive silicon rubber keypads**	**Printed circuit boards**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	**301,467**	**32,324**	**42,196**	**—**	**375,987**
Inter-segment sales	**2,052**	**9,555**	**14,068**	**(25,675)**	**—**
Total	**303,519**	**41,879**	**56,264**	**(25,675)**	**375,987**
RESULT					
Segment result	**4,485**	**(4,442)**	**(8,846)**	**—**	**(8,803)**
Unallocated corporate expenses					**(4,249)**
Finance costs					**(2,451)**
Gain on FV change on financial derivative instruments					**781**
Impairment loss on available-for-sale investment					**(22,581)**
Loss before taxation					**(37,303)**
Taxation					**(1,405)**
Loss for the period					**(38,708)**

2007	Unaudited For the six months ended 30 June				
	Electronic products *HK$'000*	Conductive silicon rubber keypads *HK$'000*	Printed circuit boards *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	265,587	46,583	45,826	—	357,996
Inter-segment sales	4,029	8,849	14,676	(27,554)	—
Total	269,616	55,432	60,502	(27,554)	357,996
RESULT					
Segment result	15,539	1,043	(4,630)	—	11,952
Unallocated corporate expenses					(521)
Finance costs					(1,993)
Impairment loss on available-for-sale investment					(16,000)
Loss before taxation					(6,562)
Taxation					(742)
Loss for the period					(7,304)

Geographical segments:

The Group's customers are principally located in Hong Kong, the People's Republic of China (other than Hong Kong) (the "PRC"), Europe, Japan and America.

The following table provides an analysis of the Group's sales by geographical market:

	Turnover For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong *(note a)*	**152,743**	124,305
Europe	**78,352**	61,245
PRC	**38,232**	52,801
Japan *(note b)*	**39,587**	46,660
America	**26,055**	35,178
Other Asian countries	**33,736**	31,489
Others	**7,282**	6,318
	375,987	357,996

Notes:

(a) The Directors believe that a portion of the Group's sales attributable to the Hong Kong market was subsequently resold to other markets.

(b) The Directors believe that a substantial portion of the Group's sales attributable to the Japanese market was subsequently resold to the European and American markets.

3. Other income

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income mainly includes:		
Bank interest income	**324**	722
Gain on fair value change on financial derivative instruments	**781**	—

4. Finance costs

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**1,752**	1,696
Obligations under finance leases	**699**	297
	2,451	1,993

5. (Loss) before taxation

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) before taxation has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment	**19,602**	17,313
– Prepaid lease payments	**246**	227
Loss on disposal of property, plant and equipment	**—**	11
Allowance for doubtful debts	**142**	999
Allowance for obsolete and slow moving inventories	**996**	75
Operating lease rentals	**484**	916
Staff costs	**83,821**	78,143

6. Taxation

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Hong Kong Profits Tax	**338**	476
PRC enterprise income tax	**1,067**	266
	1,405	742
Deferred taxation	**—**	—
	1,405	742

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2007: 17.5%) on the estimated assessable profit attributable to operation in Hong Kong during the period.

PRC enterprise income tax is calculated at the rates prevailing.

7. (Loss) per share

The calculation of the basic loss per share is based on the Group's unaudited net loss attributable to equity shareholders of the Company for the six months ended 30 June 2008 of approximately HK$38,708,000 (six months ended 30 June 2007: net loss of approximately HK$7,304,000) and the weighted average number of 652,356,000 ordinary shares (six months ended 30 June 2007: 544,356,000 ordinary shares) in issue during the period.

No fully diluted earnings per share has been presented because the Company did not have any outstanding share options in both periods under review.

8. Additions to property, plant and equipment

During the period, the Group spent approximately HK$8,840,000 (six months ended 30 June 2007: approximately HK$17,418,000) on acquisition of property, plant and equipment.

9. Trade and other receivables/bills receivable

The Group allows an average credit period of 60 to 90 days to its trade customers.

An aged analysis of trade receivables and bills receivable is as follows:

	As at	
	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not yet due	**97,545**	69,780
Overdue within 30 days	**8,886**	13,289
Overdue for 31-60 days	**5,507**	5,158
Overdue for 61-90 days	**2,676**	7,692
Overdue for more than 90 days	**3,688**	2,613
	118,302	98,532
Other receivables	**36,542**	10,273
Prepaid lease payments	**492**	472
	155,336	109,277

10. Trade and other payables/bills payable

An aged analysis of trade payables and bills payable is as follows:

	As at	
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not yet due	**69,784**	107,963
Overdue within 30 days	**16,035**	9,783
Overdue for 31-60 days	**7,521**	6,166
Overdue for 61-90 days	**7,780**	2,385
Overdue for more than 90 days	**14,320**	4,713
	115,440	131,010
Other payables	**37,070**	40,143
	152,510	171,153

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

For the six months ended 30 June 2008, the Group recorded revenue of approximately HK$375,987,000, representing an increase of approximately 5.03 per cent. as compared with approximately HK$357,996,000 of the corresponding period in 2007.

The global economy is still booming, and the market for consumable electronic products is also expanding steadily. However, the rivalry competition is getting more and more intense. On the other hand, the continuous appreciation of Renminbi ("RMB") led to a heavy strike on export enterprises. The business environment for the Group was overall more challenging with the continuous high raw material costs.

Profit after tax for the period ended 30 June 2007 was HK$8,696,000, excluding total impairment loss on available-for-sale investment of approximately HK$16,000,000, decreased by 285.5 per cent to a loss of approximately HK$16,127,000 for the period ended 30 June 2008, excluding total impairment loss on available-for-sale investment of approximately HK$22,581,000.

During the period under review, the Directors consider that it was a prudent decision to make a total impairment loss on available-for-sale investment of approximately HK$22,581,000 in the income statement (six months ended 30 June 2007: impairment loss on available-for-sale investment of approximately HK$16,000,000). The carrying value of available-for-sale investment was approximately HK$945,000 as at 30 June 2008.

Accordingly, the Group recorded a consolidated net loss of approximately HK$38,708,000 for the six months ended 30 June 2008 (six months ended 30 June 2007: net loss of approximately HK$7,304,000).

Basic loss per share was approximately HK$6.14 cents for the six months ended 30 June 2008 (six months ended 30 June 2007: loss per share of approximately HK$1.34 cents).

Electronic products
(mainly electronic calculators and organizers)

During the period under review, the Group continued its focus on the manufacturing and marketing of electronic products (mainly electronic calculators & toys, SIM card readers and other electronic products).

For the six months ended 30 June 2008, the turnover of electronic products, through expansion of businesses on Original Design Manufacturing Products ("ODM products") and Original Equipment Manufacturing Products ("OEM products"), remained strong and recorded a growth of approximately 13.5 per cent to approximately HK$301,467,000 compared with approximately HK$265,587,000 in previous corresponding period. It accounted for approximately 80.2 per cent of the Group's total turnover for the period.

Large portion of the growth in the turnover of electronic products was contributed by the rise in trading volume of electronic learning machines and electronic educational game products for certain Japanese customers. Sales of electronic price tags, smart card readers and electronic security products also recorded growth.

Due to higher operating costs in the PRC including wages, electricity, transportation and material costs, the Group's overall gross profit margin dropped by approximately 7.1 per cent to approximately 11.9 per cent. (six months ended 30 June 2007: approximately 19.0 per cent.).

The management of the Group has implemented a series of tight cost control and operational efficiency in order to keep the product pricing at a profitable and acceptable level.

Operating profit derived from the electronic products segment dropped by approximately 71.1 per cent. to approximately HK$4,485,000 (six months ended 30 June 2007: approximately HK$15,539,000).

Electronic products segment remained as the major business of the Group and will possibly continue to provide stable and substantial revenue and income to the Group until potential disposal, realising the best value of this segment.

Conductive silicon rubber keypads

During the period under review, the turnover contributed from the conductive silicon rubber keypads business maintained at approximately HK$32,324,000 (six months ended 30 June 2007: approximately HK$46,583,000), representing approximately 8.6 per cent. of the turnover of the Group.

Due to the competition in the high value-added plastic plus rubber ("P+R") telephone keypads products and roller markets, which have changed much faster than expected, the sales revenue in the first half financial year of 2008 has been adversely affected when compared with the corresponding period for the six months ended 30 June 2007.

During the period under review, this segment faced unstable material costs, mainly conductive silicon rubber and plastic components. Some customers held back their decision in placing order and shortened the lead time to deliver finished goods. Consequently, there was pressure on the average selling price.

As a result, both the gross profit margin and the net profit for the period dropped, despite that vigorous efforts in controlling costs have been made and operational efficiency has been improved. This segment recorded an operating loss of approximately HK$4,442,000 (six months ended 30 June 2007: profit of approximately HK$1,043,000).

The Directors are confident in the future prospects of the conductive silicon rubber keypads segment and believe that it will provide a positive contribution to the Group.

Printed circuit boards ("PCB")

For the six months ended 30 June 2008, turnover derived from PCB segment reported approximately HK$42,196,000 with a decrease as compared with prior year of approximately HK$45,826,000, representing approximately 11.2 per cent. of the turnover of the Group. As a result of retirement of equipment and machinery in the production lines, there was a higher yield loss on the finished products. The higher yield loss resulted in unstable quality of PCB products. The decrease in turnover was mainly due to the decreasing orders from both existing and new customers.

The continuous increase of prices in raw materials and components is also a factor hindering the operating results in the PCB segment. To deal with the electricity shortage in Southern China, the Group has acquired two power generators as back-up for occasions when power rationing in Dongguan deteriorates further from the current one to two days of outages per week.

During the period under review, the segment results from PCB business recorded an operating loss of approximately HK$8,846,000 for the six months ended 30 June 2008 (six months ended 30 June 2007: approximately HK$4,630,000).

With the support of the new factory complex completed in 2007, the Group has demonstrated its ability to replace the existing retired equipment and machinery, improve the quality of PCB products and continues to obtain new branded customers in Japan and Europe. The Directors believe that the increased production capacities provide an excellent platform for long term growth by facilitating the Group to engage additional order and benefit from economies of scale in the future. However, in view of the pressure and risks for additional capital investment to be brought to the Group, the Directors may consider other alternatives to make the best out of its existing investment in PCB.

Available-for-sale investment

As at 30 June 2008, the Group indirectly held approximately 9.8 per cent. interests in Ascalade Communications Inc. ("Ascalade"), a corporation incorporated pursuant to the laws of the Province of British Columbia and whose securities are listed on the Toronto Stock Exchange, with the stock symbol as "ACG".

In March and April 2008, the Group published announcements regarding Ascalade seeking a protection from creditors under the relevant Canadian laws. For further details, please refer to the Group's said announcements and the 2007 annual report.

Additional information relating to Ascalade may be found at www.sedar.com.

As a result of such decreases, the Directors consider that it was a prudent decision to make a total impairment loss on available-for-sale investment of approximately HK$22,581,000 for the six months ended 30 June 2008 (six months ended 30 June 2007 : HK$16,000,000), leaving a carrying value of approximately HK$945,000 as at 30 June 2008.

The Group's available-for-sale investment is measured at fair value at each balance sheet date, which expose the Group to equity security price risk. As such, the directors regularly reviews the value of the available-for-sale investment and will consider adequate impairment to be made when necessary.

INTERIM DIVIDEND

The Directors do not recommend of any interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: nil).

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK$385,587,000 as at 30 June 2008 from approximately HK$375,031,000 as at 31 December 2007. As at 30 June 2008, the short term and long term interest bearing debts to shareholders' equity was approximately 15.2 per cent. (as at 31 December 2007: approximately 16.3 per cent.).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled us to maintain a strong financial position. As at 30 June 2008, the Group has fixed deposits and cash balances aggregated to approximately HK$47,530,000 (as at 31 December 2007: approximately HK$53,179,000).

As at 30 June 2008, the Group had banking facilities amounted to an aggregate sum of approximately HK$132,763,000 (as at 31 December 2007: approximately HK$194,708,000) with various banks. Out of the trade and overdraft banking facilities of approximately HK$110,967,000 (as at 31 December 2007: approximately HK$170,966,000) in Hong Kong granted to the Group, approximately HK$19,073,000 (as at 31 December 2007: approximately HK$10,799,000) had been utilised as at 30 June 2008.

As at 30 June 2008, the current ratio was approximately 1.25 (as at 31 December 2007: approximately 1.24) based on current assets of approximately HK$308,751,000 and current liabilities of approximately HK$247,016,000 and the quick ratio was approximately 0.83 (as at 31 December 2007: approximately 0.75).

As at 30 June 2008, total indebtedness including bank borrowings of approximately HK$54,101,000 and obligations under finance lease contracts of approximately HK$4,505,000, totalling of approximately HK$58,606,000 (as at 31 December 2007: approximately HK$61,259,000), representing approximately 15.2 per cent. of the total shareholders' equity (as at 31 December 2007: approximately 16.3 per cent.).

The Directors considered that the Group shall have sufficient financial resources to meet its future expansion plan and working capital requirement based on the net cash position and the availability of the existing banking facilities.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenues and expenditures are in Hong Kong dollars, the United States dollars and RMB. As a measure of additional prudence, the Group uses different derivative instruments to manage its exposure to foreign currency risks on the receivables and payables.

The fair value of the Group's outstanding derivative instruments as at 30 June 2008 represents the net amount the Group would receive/pay if these contracts were closed out at 30 June 2008. The gain was largely caused by a period-end premium in the forward currency markets for the Hong Kong dollars and RMB. The fair value of these outstanding derivatives has been recognised as assets or liabilities.

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

Apart from the above, most of the Group's assets and liabilities, revenues and expenditure are in Hong Kong dollars, United States dollars and RMB. Therefore, the Directors consider the exposure risk to foreign currency fluctuations is minimal.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the Group employed approximately 6,070 full time employees, out of which approximately 70 were based in Hong Kong and approximately 6,000 were based in the PRC. The Group remunerated its employees on the basis of industry's practice and the performance of individual employee. Employees may also participate in the share option scheme of the Company.

Save as disclosed hereof, no information in relation to the Group's performance has changed materially from the information disclosed in the Company's 2007 annual report.

FUTURE PLANS AND PROSPECTS

The global economy continued to grow in the first half of 2008 despite increasing volatility, particular in credit markets, and high energy prices. Hong Kong and the Asia region continued to benefit from the continuing robust economic performance of the PRC. Although there are emerging concerns relating to the credit environment in the US and Europe and the possible slowing of growth in the US, the economies of the PRC and Asian region remain healthy and should continue to support a growth trend from which the Group's diversified portfolio of businesses will continue to benefit.

Looking ahead, the Group's growth prospects will continue to be driven by organic growth, outsourcing deals and selective acquisitions.

In order to protect and to improve the shareholders' interests, the Directors will consider re-structuring its short and long term business strategy. The Directors are looking for the opportunities to bring in new business hoping to improve the overall results of the Group.

With the Group's current financial position, the Directors are confident of further improving performance in the second half of 2008 as the Group's growth platform has been refined and strengthened.

CORPORATE GOVERNANCE

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the 2007 Annual Report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008, save for the deviation as stated hereof. Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") of the Company should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Tong Shek Lun. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

In relation to the Directors securities transactions, the Company has adopted a code of conduct on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company has confirmed that the Directors have complied with such code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2008.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited consolidated interim results for the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange website in due course.

By Order of the Board
Tong Shek Lun
Chairman and Managing Director

As at the date of this announcement, the Board consists of five executive Directors, Mr. Tong Shek Lun, Ms. Ko Lai King, Kinny, Ms. Chung Wai Yu, Regina, Mr. Chim Kim Lun, Ricky and Mr. Cheng Kwok Hing, Andy, two non-executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey and three independent non-executive Directors, Mr. Sun Yaoquan, Mr. Goh Gen Cheung and Mr. Wan Hon Keung.

Hong Kong, 17 September 2008

** for identification only*