DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED
東瑞製葯（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2348)

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

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2008	2007	Change
Unaudited	**RMB'000**	*RMB'000*	%
Turnover	**456,118**	437,202	4.3
Gross Profit	**121,985**	97,976	24.5
Profit before tax	**53,257**	46,108	15.5
Net profit attributable to equity holders	**48,863**	41,356	18.2
Earnings per share-basic (RMB)	**0.0616**	0.0516	19.4
Interim dividend per share (HK$)	**0.018**	0.015	20.0

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the 'Board') of Dawnrays Pharmaceutical (Holdings) Limited (the 'Company') is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the 'Group') for the six months ended 30 June 2008 (the "period"). These interim results have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.018 per share for the year ended 31 December 2008, approximately amounting to a total sum of HK$14,290,500 (approximately equivalent to RMB12,571,000).

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	*RMB'000*
TURNOVER	3	**456,118**	437,202
Cost of sales		**(334,133)**	(339,226)
Gross profit		**121,985**	97,976
Other income and gain	3	**2,759**	1,076
Selling and distribution costs		**(39,683)**	(30,525)
Administrative expenses		**(21,777)**	(18,072)
Other expenses		**(10,027)**	(4,347)
PROFIT BEFORE TAX	4	**53,257**	46,108
Tax	5	**(4,324)**	(4,712)
PROFIT FOR THE PERIOD		**48,933**	41,396
Attributable to:			
Equity holders of the parent		**48,863**	41,356
Minority interest		**70**	40
		48,933	41,396
DIVIDENDS	6	**12,571**	11,804
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
– basic, for profit for the period		**RMB0.0616**	RMB0.0516
– diluted, for profit for the period		**RMB0.0612**	RMB0.0513

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**215,227**	223,017
Land use rights		**23,338**	23,225
Construction in progress		**26,513**	10,496
Prepayments		**26,072**	26,072
Intangible assets		**14,493**	14,632
Deferred tax assets		**797**	868
Total non-current assets		**306,440**	298,310
CURRENT ASSETS			
Inventories	8	**190,647**	124,435
Trade and notes receivables	9	**343,869**	341,170
Prepayments, deposits and other receivables		**20,668**	5,752
Financial assets at fair value through profit or loss		**4,774**	4,888
Cash and cash equivalents		**63,891**	76,843
Total current assets		**623,849**	553,088
CURRENT LIABILITIES			
Trade and notes payables	10	**310,342**	247,407
Other payables and accruals		**17,411**	22,843
Income tax payable		**4,992**	2,142
Total current liabilities		**332,745**	272,392
Net current assets		**291,104**	280,696
Total assets less current liabilities		**597,544**	579,006
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**84,308**	84,241
Reserves		**512,588**	465,887
Proposed final dividend		**-**	28,224
		596,896	578,352
Minority interest		**648**	654
Total equity		**597,544**	579,006

NOTES:

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Basis of preparation

The unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2008 (the "interim financial information") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and applicable disclosure provisions of Appendix 16 of Listing Rules of The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The preparation of the interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

Impact of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as noted below:

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
IFRIC 12 – Service Concession Arrangements
IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

2. SEGMENT INFORMATION

The Group is principally engaged in one business segment, the development, manufacture and sale of medicines and most of its operations and assets are located in Mainland China. Therefore, no business segment or geographical segment is presented.

3. TURNOVER, OTHER INCOME AND GAIN

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Turnover		
Sale of goods	**456,118**	437,202
Other income		
Bank interest income	**641**	478
Dividend income from financial assets at fair value through profit or loss	**81**	21
Government grants	**350**	50
Tax refund for reinvestment	**1,265**	-
Others	**322**	241
	2,659	790
Gain		
Gain on disposal of financial assets at fair value through profit or loss	**100**	286
	2,759	1,076

4. PROFIT BEFORE TAX

The profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of the inventories sold	**334,133**	339,226
Depreciation	**11,436**	11,566
Recognition of land use rights *	**182**	154
Research and development costs:		
Amortisation of intangible assets **	**428**	281
Current period expenditure	**7,896**	5,845
	8,324	6,126
Minimum lease payments under operating leases:		
Buildings	**1,014**	789
Employee benefit expense (including directors' remuneration) :		
Wages and salaries	**34,990**	22,073
Retirement costs	**2,696**	2,067
Accommodation benefits	**1,060**	706
Equity-settled share option expense	**340**	386
	39,086	25,232
Foreign exchange differences, net***	**(1,908)**	228
Impairment of trade receivables	**400**	-
Write-down of inventories to net realisable value	**1,795**	-
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**704**	(526)
Loss on disposal of items of property, plant and equipment	**60**	108

* The recognition of land use rights for the period is included in "Administrative expenses" on the face of the condensed consolidated income statement.

** The amortisation of intangible assets for the period is included in "Other expenses" on the face of the condensed consolidated income statement.

*** The foreign exchange differences, net for the period is included in "Other expenses" on the face of the condensed consolidated income statement.

5. TAX

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	**4,297**	4,398
Adjustments in respect of current income tax of previous years	**(44)**	136
Deferred income tax	**71**	178
	4,324	4,712

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period. Taxation for the subsidiaries in Mainland China is calculated on the estimated assessable profits for the period at the rates of tax prevailing in the locations in which the Group's subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

6. DIVIDENDS

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividend pertaining to the prior year declared in the six months ended 30 June	**28,246**	13,654
Interim – HK$0.018(2007: HK$0.015) per ordinary share	**12,571**	11,804

On 21 August 2008, the Company declared an interim dividend for the year ending 31 December 2008, at HK$ 0.018 per share, amounting to a total sum of approximately HK$14,290,500 (approximately equivalent to RMB 12,571,000).

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the net profit attributable to ordinary equity holders of the parent of RMB48,863,000 (2007: RMB41,356,000) and the weighted average number of 793,670,154 ordinary shares (2007: 802,090,718 ordinary shares) in issue during the period.

The calculation of diluted earnings per share for the period is based on the net profit attributable to ordinary equity holders of the parent of RMB48,863,000 (2007: RMB41,356,000) and the weighted average number of 798,351,527 ordinary shares (2007: 806,692,166 ordinary shares) in issue during the period after adjusting for the effect of dilutive options.

8. INVENTORIES

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) *RMB'000*
Raw materials	**30,510**	19,207
Work in progress	**61,802**	87,584
Finished goods	**98,335**	17,644
	190,647	124,435

9. TRADE AND NOTES RECEIVABLES

An aged analysis of the trade and notes receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) *RMB'000*
Trade receivables		
Outstanding balances with ages:		
Within 90 days	**135,866**	136,506
Between 91 and 180 days	**18,763**	5,463
Between 181 and 270 days	**510**	1,002
Between 271 and 360 days	**429**	67
Over one year	**402**	49
	155,970	143,087
Notes receivables		
Outstanding balances with ages:		
Within 90 days	**146,377**	114,721
Between 91 and 180 days	**41,522**	83,362
	187,899	198,083
	343,869	341,170

The Group's trading terms with its customers are mainly on credit. Invoices are normally payable within one month of issue, except for major customers, where the terms are extended to three months.

10. TRADE AND NOTES PAYABLES

An aged analysis of the trade and notes payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) *RMB'000*
Trade payables		
Outstanding balances with ages:		
Within 90 days	**78,800**	41,813
Between 91 and 180 days	**1,944**	14,841
Between 181 and 270 days	**1,047**	213
Between 271 and 360 days	**1**	130
Over one year	**104**	246
	81,896	57,243
Notes payables		
Outstanding balances with ages:		
Within 90 days	**142,792**	107,161
Between 91 and 180 days	**78,989**	83,003
Between 181 and 270 days	**6,665**	-
	228,446	190,164
	310,342	247,407

Trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the trade and notes payables approximate to their fair values.

CHAIRMAN'S STATEMENT

The interim results of Dawnrays Pharmaceutical (Holdings) Limited reflect that the Company has achieved desired performance in a dynamic pharmaceutical market in China.

The pharmaceutical market of PRC has enjoyed a high growth rate in the first half of 2008. As far as the Central Government of China is concerned, the social health-care systems in both urban areas and rural areas are in the process of establishing by PRC authorities. Since both the government and the society are increasing inputs into the health care system, the average Chinese living condition is improving, and the GNP of PRC is growing continuously; the directors of the Company (the "Directors") have predicted that the China's pharmaceutical market will be ranked top 5 worldwide in five years, with a double digit annual growth rate.

The gross profit margin of the Group in the first half of fiscal year 2008 is 26.7%, a 4.3% increase compared with last year's corresponding period figure. The solid-dosage-forms (i.e., system specific medicines) still have been the main driver of the business growth of the Group. The revenue of solid-dosage-forms has increased by approximately 20% compared with the last year's corresponding period figure. Furthermore, the Group has arranged the resource deployment for the second half of 2008. In order to further strengthen the market share of cardiovascular system specific medicines, the marketing plan for a new product- Losartan Potassium & Hydrochlorothiazide (An Nei Xi)- has been formulated.

The global markets for commercial loan, mortgage and credit are facing pressure. The prices for oil and derivatives of oil are geared up significantly. Therefore, those factors generated stress for pharmaceutical manufacturers and chemical firms. However, because of the scientific management of purchasing, manufacturing, and marketing, our bulk medicine business still has maintained a 17.4% gross profit margin, a 5.4% increase compared with last year's corresponding period of figure.

The revenue of cephalosporin antibiotics final products (i.e., powder for injections) business has increased marginally, compared with last year's corresponding period figure.

The overseas business has been slowing down in the first half of 2008. The main reason is that India, as one of the major markets of antibiotics, adopted an anti-dumping national policy against Chinese pharmaceutical firms. The fact of the decreased overseas sales triggered the Board to formulate business development projects in order to enter the institutionally stabled pharmaceutical markets based in advanced economies.

PROSPECTS

Even though China is under the negative impacts of inflation and Sichuan earthquakes, the Directors still believe that the Mainland China's pharmaceutical market will keep growing in a stabilized way.

The Group donated drugs to Sichuan earthquake areas. Besides, the continuous and substantial investments of manufacturing plants, equipments and pollution control systems not only increase the Group's operation capability, but also help the Group taking corporate social responsibility and therefore building a solid and positive corporate image in local communities.

In the first half of 2007, the Group participated in the 'Chinese Hypertension Intervention Efficacy Study" which is a key project of China's Eleventh Five-Year plan and is the first state-supported medical research project in the programme. Since the Group has been appointed as the sole collaborative pharmaceutical enterprise and study drugs supplier of the project, the Directors believe that the brand name recognition of the Group will gradually be increasing in the cardiovascular segment of Chinese pharmaceutical market and the brand equity effects of the Group's major products will be emerging.

Even though the perspective of global economy is far from clear, the Asian markets in general and the China market in particular would be the 'Enclave' of the American economic recession. As the leading firm of China's pharmaceutical sector, the Directors are planning projects and facility developments, designing new business development models and analyzing competitors in order to comprehensively capture the opportunity generated by a high growth market. We are going to optimally deploy resources and to pursue the competitive advantage.

Our colleagues are devoted to a high-standard and transparent corporate governance, a solid financial management system and a conservative dividend payout policy. Through the internally driven innovation and externally linked partner selection, we are going to develop our new business and create value for our shareholders.

BUSINESS REVIEW

1. PRODUCTION & SALES OPERATION

For the six months ended 30 June 2008, the Group had adjusted product composition according to the market conditions. The production volume of the bulk medicines was increased by 34.4% while the sales volume decreased by 5.2% from the corresponding period of last year. The production volume of powder for injections was increased by 28.2% while the sales volume had a slight increase over the corresponding period of last year. The production volume and sales volume of solid-dosage-forms were increased by 19.7% and 11% respectively from the corresponding period of last year. The export trading was decreased by 24.5% to RMB37,927,000 from the corresponding period of last year.

2. DEVELOPMENT OF NEW PRODUCTS

In the first half of 2008, the Group had 4 products approved for production by the State Food and Drug Administration of the PRC, together with 4 production permits. There was 1 certificate of new pharmaceutical product granted for Cetirizine Hydrochloride and Pseudoephedrine Hydrochloride Sustained-Release Tablets, an anti-allergic system specific medicine. In addition, the Group received 7 supplemental production permits, 4 clinical trials permits, submitted registration applications for 13 projects, completed 2 oral cephalosporin products' clinical trials and engaged in 2 cardiovascular system specific medicines' clinical trials.

3. 2008 HONOURABLE RECOGNITION

i) The production technology of the Group's 2 products namely, Amlodipine Besylate Tablets and Montelukast Sodium Orally Disintegrating Tablets, have been granted patents in China in June 2008.

ii) Suzhou Dawnrays Pharmaceutical Co. Ltd. passed the examination and assessment on Quality Management Systems ISO9001, Environmental Management System ISO14001 and Occupational Health and Safety Management System OHSAS18001 as conducted by National Quality Assurance Ltd, (NQA), an accredited certification body in the United Kingdom and has been awarded with Certificate of Assessment in June 2008.

4. CONSTRUCTION PROJECTS FOR THE EXPANSION OF PRODUCTION FACILITIES

i) Construction works for Suzhou Dawnrays Pharmaceutical Co., Ltd's Re-location and expansion of bulk medicine workshops project started in March 2008.

ii) Suzhou Dawnrays Chemical Co. Ltd. reformed both solvent recycling and waste water treatment systems.

iii) The civil engineering of Dawnrays (Nantong) Pharmaceutical Science and Technology Co. Ltd. basically completed.

iv) Suzhou Dawnrays Pharmaceutical Co. Ltd. started contriving a plan to construct an oral system specific medicines workshop on the newly acquired land.

FINANCIAL REVIEW

SALES & GROSS PROFIT

During the six months ended 30 June 2008, the Group has recorded the total turnover of approximately RMB456,118,000, representing an increase of 4.3% as compared with the corresponding period of last year. The growth was mainly due to an increase in the sales volume of solid-dosage-forms (most are system specific medicines) by 11% and a slight increase in the sales volume of powder for injections as compared with the corresponding period of last year .

Gross profit was approximately RMB 121,985,000, equivalent to an increase of 24.5% compared with the corresponding period of last year. Gross profit margin was 26.7%, representing a rise of 4.3% as compared with 22.4% in the corresponding period of last year. The main reasons for the increase in gross profit margin were due to increase in percentage of the sales of solid-dosage forms (most are system specific medicines) over total turnover increased from 11.37% to 13.10% and the increase in the gross profit margin of bulk medicines by 5.4% as compared with the corresponding period of last year.

TABLE OF TURNOVER ANALYSIS

Product	**Turnover (RMB '000)**		**Sales Breakdown (%)**		**Gross Profit Margin (%)**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Bulk Medicines	**257,470**	**261,770**	**56.45**	**59.87**	**17.4**	**12.0**
Powder for Injections	**138,906**	**125,759**	**30.45**	**28.76**	**23.2**	**22.5**
Solid-Dosage-Forms	**59,742**	**49,673**	**13.10**	**11.37**	**75.1**	**76.9**
Overall	**456,118**	**437,202**	**100.00**	**100.0**	**26.7**	**22.4**

EXPENSES

During the period, the total expenses incurred were approximately RMB 71,487,000, equivalent to a rise of 35.0% compared with the corresponding period of last year. The total expenses as a percentage of turnover was 15.7% (2007: 12.1%).

Of which, selling and distribution expenses was approximately RMB 39,683,000, equivalent to a rise of 30% compared with the corresponding period of last year. The selling and distribution expenses as a percentage of turnover was 8.7% (2007: 7.0%). The reasons for the significant increases were due to the increase in promotion expenses for exploiting market and welfare expenses of salespeople.

Administration expenses and other expenses totalling approximately RMB 31,804,000, representing 7.0% of turnover (2007:5.1%), accounted for an increase of 41.9% from the corresponding period of last year. The increase was mainly due to the increases of research and development expenses and employees' salaries.

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

For the period ended 30 June 2008, net profit attributable to equity holders amounted to RMB48,863,000, posted a rise of 18.2% compared with the corresponding period of last year. The reason for the increase in profit was mainly due to the rise of gross profit margin.

ANALYSIS ON RETURN ON ASSETS

As at 30 June 2008, net assets of the Group were approximately RMB597,544,000. Net return on net assets, which is defined as the net profit attributable to equity holders divided by net assets, was 8.2% (2007: 7.6%). The current ratio and quick ratio were 1.87 and 1.30 respectively. Turnover days for trade and notes receivables were approximately 135 days. Turnover days for inventory were approximately 85 days.

LIQUIDITY & FINANCIAL RESOURCES

As at 30 June 2008, the Group held cash and cash equivalents of approximately RMB 63,891,000 (as at 31 December 2007: RMB 76,843,000). During the period, net cash inflow from operating activities was approximately RMB36,068,000 (2007: RMB39,929,000). Net cash outflow from investing activities was approximately RMB20,164,000 (2007: RMB5,381,000). Net cash outflow from financing activities was approximately RMB28,034,000 (2007: RMB10,853,000).

As at 30 June 2008, the debt ratio (defined as interest bearing loans and borrowings over total assets) of the Group was 0% (as at 31 December 2007: 0%).

As at 30 June 2008, the Group had aggregated bank facilities of approximately RMB 513,500,000 (as at 31 December 2007: RMB543,400,000).

As at 30 June 2008, the Group's capital commitment was approximately RMB 123,060,000 (as at 31 December 2007: RMB103,859,000), which mainly derived from construction of the new bulk medicine workshops for cephalosporin products and re-engineering of old workshop according to GMP requirement in Suzhou Dawnrays Pharmaceutical Co. Ltd., the construction project of Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd., the construction of multi-function workshop and environmental protection projects for Suzhou Dawnrays Chemical Co. Ltd. etc. The Group has sufficient financial and internal resources to bear the capital expenditures.

The Group undertook restructuring in 2007 by intra-group share transfer among some of the subsidiaries in China. As at 30 June 2008, the relevant changing procedures were still in progress. Save as disclosed above, the Group had no significant external investments or material acquisitions or disposal of subsidiaries and associated companies.

FOREIGN EXCHANGE & TREASURY POLICIES

Substantially all of the business activities, assets, liabilities of the Group are denominated in Renminbi, therefore the risk derived from the foreign exchange to the Group is not high. The treasury policy of the Group is to manage any risk of foreign exchange (if any) only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange market, and may hedge against fluctuations with foreign exchange forward contracts if necessary.

STAFF & REMUNERATION POLICY

As at 30 June 2008, the Group employed approximately 1,587 employees. During the period, the total remuneration was approximately RMB39,086,000 (2007: RMB25,232,000). The Group regards human resources as the most valuable assets and truly understands the importance of attracting and keeping high-performance employees. The remuneration policy is generally based on the references of market salary index and individual qualifications. The Group provides its employees with other fringe benefits, including defined contribution retirement scheme, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

CHARGES ON ASSETS

As at 30 June 2008, the Group had no asset being pledged to banks to obtain credit facilities (as at 31 December 2007: Nil).

CONTINGENT LIABILITIES

As at 30 June 2008, the Group had no material contingent liabilities (as at 31 December 2007: Nil).

PLANS FOR SIGNIFICANT INVESTMENTS & EXPECTED SOURCE OF FUNDING

Save for those disclosed above in connection with capital commitments under the section "Liquidity and Financial Resources", the Group does not have any plan for material investments or acquisition of capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2008, the Company repurchased 416,000 shares of the Company's securities on The Stock Exchange of Hong Kong Ltd. at an aggregate consideration of HK$313,840 before expenses. The monthly breakdown of shares repurchased during the period was as follows:

Month of Repurchase (Month/Year)	Number of Shares Repurchased	The highest price paid per share (HK$)	The lowest price paid per share (HK$)	Aggregate consideration paid (HK$)
1/2008	416,000	0.76	0.74	313,840
Total	416,000			313,840

The repurchased shares were subsequently cancelled. The nominal value of the cancelled shares was transferred to the capital redemption reserve and the premium payable on repurchase was charged against the share premium account. The repurchases were effected by the Directors for the enhancement of shareholder value in the long term.

Save as disclosed above, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the "Listing Rules") as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the interim report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The unaudited interim condensed consolidated financial statements of the Company for the period ended 30 June 2008 have been reviewed by the audit committee before recommending it to the Board for approval.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 September 2008 to Tuesday, 9 September 2008 (both days inclusive), during which period no transfer of shares will be registered.

Dividend warrants will be despatched to shareholders on or about Wednesday, 17 September 2008. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars in Hong Kong, Tricor Abacus Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 5 September 2008.

Last not the least, I take this opportunity to acknowledge the trust and support from all the shareholders and all of our colleagues. We will, as we always did, work hard and create value for you.

By Order of the Board
Li Kei Ling
Chairman

Hong Kong, 21 August 2008

As at the date of this announcement, the Board comprises eight Directors, of which four are Executive Directors, namely Ms. Li Kei Ling, Mr. Hung Yung Lai, Mr. Li Tung Ming and Mr. Gao Yi; one is Non-executive Director, Mr. Leung Hong Man; three are Independent Non-executive Directors, namely Mr. Pan Xue Tian, Mr. Choi Tat Ying Jacky and Mr. Sik Siu Kwan.