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CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST JULY, 2009

The board of directors (the “Board”) of Capital Estate Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st July, 2009, together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST JULY, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Revenue		48,174	898
Direct costs		(28,533)	(1,766)
Gross profit (loss)		19,641	(868)
Other losses		(38,934)	(188,836)
Other income		5,081	6,613
Distribution and marketing expenses		(716)	—
Administrative expenses		(62,179)	(25,882)
(Decrease) increase in fair value of investment properties		(4,490)	5,974
Gain on disposal of a subsidiary		—	148
Share of (losses) profits of associates		(1,886)	2,302
Finance costs	5	(9,708)	(986)
Impairment loss recognised on available-for-sale investments		(10,040)	—
Impairment loss recognised on properties for development		(54,033)	—
Impairment loss recognised on goodwill		(71,079)	—
Loss before taxation		(228,343)	(201,535)
Taxation	6	—	22
Loss for the year	7	(228,343)	(201,513)
Attributable to:			
Equity holders of the Company		(227,224)	(201,507)
Minority interests		(1,119)	(6)
		(228,343)	(201,513)
Loss per share	8		
Basic		(1.669) HK cents	(1.614) HK cents

CONSOLIDATED BALANCE SHEET

AT 31ST JULY, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investment properties		32,160	36,650
Property, plant and equipment		461,292	3,017
Prepaid lease payments		13,112	—
Premium on prepaid lease payments		190,268	—
Interests in associates		223,713	233,724
Available-for-sale investments		59,850	69,890
Convertible bond		41,845	—
Derivative component in convertible bond		6,883	—
Deposit paid for acquisition of subsidiaries		—	250,000
		<u>1,029,123</u>	<u>593,281</u>
Current assets			
Amount due from an associate		99	45
Properties for development		247,000	301,033
Inventories		2,599	—
Derivative financial instruments		—	208
Trade and other receivables	9	8,413	928
Prepaid lease payments		403	—
Investments held for trading		32,345	103,412
Pledged bank deposits		641	641
Restricted bank deposits		947	6,227
Bank balances and cash		40,905	39,743
		<u>333,352</u>	<u>452,237</u>
Current liabilities			
Trade and other payables	10	20,050	4,611
Derivative financial instruments		1,056	1,005
Taxation payable		25,548	34,286
Bank borrowings — due within one year		6,110	—
		<u>52,764</u>	<u>39,902</u>
Net current assets		<u>280,588</u>	<u>412,335</u>
Total assets less current liabilities		<u>1,309,711</u>	<u>1,005,616</u>
Non-current liabilities			
Bank borrowings — due after one year		144,377	—
Consideration payable for acquisition of subsidiaries		113,593	—
Deferred tax liabilities		71,079	—
		<u>329,049</u>	<u>—</u>
Net assets		<u>980,662</u>	<u>1,005,616</u>

<i>NOTES</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Capital and reserves		
Share capital	212,899	132,869
Reserves	765,017	868,982
Equity attributable to equity holders of the Company	977,916	1,001,851
Minority interests	2,746	3,765
Total equity	980,662	1,005,616

NOTES:

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is 17/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.

The Company acts as a property and investment holding company.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position 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 and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 (Amendment)	Classification of Right Issues ⁸
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁵
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁵
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC) — Int 18	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2009

⁵ Effective for annual periods beginning on or after 1st January, 2010

⁶ Effective for annual periods beginning on or after 1st October, 2008

⁷ Effective for transfers on or after 1st July, 2009

⁸ Effective for annual periods beginning on or after 1st February, 2010

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st August, 2010. 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. HKAS 23 (Revised) will remove the option of immediately expensing those borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

During the year ended 31st July, 2009, the Group commenced the hotel operations through acquisition of subsidiaries.

For management purposes, the Group is currently organised into four operating divisions - property rental, financial investment, property development and sale and hotel operations. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property rental	—	leasing of properties
Financial investment	—	trading of listed securities and derivative financial instruments
Property development and sale	—	sale of properties held for sale and property under development
Hotel operations	—	hotel business and its related services

Segment information about these businesses is presented below:

	Property rental <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property development and sale <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
INCOME STATEMENT					
For the year ended 31st July, 2009					
GROSS PROCEEDS	<u>568</u>	<u>89,699</u>	<u>—</u>	<u>47,606</u>	<u>137,873</u>
SEGMENT REVENUE	<u>568</u>	<u>—</u>	<u>—</u>	<u>47,606</u>	<u>48,174</u>
SEGMENT RESULT	<u>(5,270)</u>	<u>(39,993)</u>	<u>(54,132)</u>	<u>(88,964)</u>	<u>(188,359)</u>
Unallocated corporate income					1,366
Unallocated corporate expenses					(29,756)
Share of loss of associates					(1,886)
Finance costs					<u>(9,708)</u>
Loss before taxation and for the year					<u>(228,343)</u>

	Property rental <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property development and sale <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
INCOME STATEMENT					
For the year ended 31st July, 2008					
GROSS PROCEEDS	<u>568</u>	<u>1,380,530</u>	<u>330</u>	<u>—</u>	<u>1,381,428</u>
SEGMENT REVENUE	<u>568</u>	<u>—</u>	<u>330</u>	<u>—</u>	<u>898</u>
SEGMENT RESULT	<u>4,936</u>	<u>(190,934)</u>	<u>(447)</u>	<u>—</u>	<u>(186,445)</u>
Unallocated corporate income					2,546
Unallocated corporate expenses					(19,100)
Share of profits of associates	—	—	(198)	2,500	2,302
Gain on disposal of a subsidiary					148
Finance costs					<u>(986)</u>
Loss before taxation					(201,535)
Taxation					<u>22</u>
Loss for the year					<u>(201,513)</u>

Geographical segments

The Group's current operations are mainly located in Mainland China, Hong Kong and Macau. The Group's property development and sale division are carried out in Hong Kong and Macau. Financial investment division and property rental business are all located and carried out in Hong Kong. Hotel operations are all located and carried out in Mainland China.

Segment information about these geographic markets is presented below:

	Property rental and sale and hotel operations income by geographical market	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	568	898
Mainland China	47,606	—
	48,174	898

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	115,346	146,724	5	1,562
Macau	247,079	301,131	—	—
Mainland China	675,140	—	9,734	—
	1,037,565	447,855	9,739	1,562

5. FINANCE COSTS

	2009	2008
	HK\$'000	HK\$'000
Interest on:		
Borrowings wholly repayable within five years:		
Bank borrowings	3,978	185
Consideration payable for acquisition of subsidiaries	3,196	—
Other borrowing	2,526	801
Finance leases	8	—
	<hr/>	<hr/>
	9,708	986
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

	2009	2008
	HK\$'000	HK\$'000
The credit comprises:		
Hong Kong Profits tax		
Current tax	—	—
Overprovision in prior years	—	(22)
	<hr/>	<hr/>
	—	(22)
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% for both years.

PRC Enterprise Income Tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

No provision for Hong Kong Profits Tax and Enterprise Income Tax in PRC subsidiaries has been made for the current year as the Group has no assessable profit for the year.

No provision for Hong Kong Profits Tax has been made for the year ended 31st July, 2008 as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

7. LOSS FOR THE YEAR

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' remuneration	5,464	3,712
Other staff costs, excluding directors		
— Salaries and other benefits	18,218	1,762
— Retirement benefit scheme contributions	1,223	56
— Share-based payment expenses	198	4,980
	<hr/>	<hr/>
Total employee benefit expenses	25,103	10,510
	<hr/>	<hr/>
Auditor's remuneration:		
Current year	1,480	1,368
Underprovision in prior years	80	270
Depreciation	19,605	849
Release of prepaid lease payments and premium on prepaid lease payments	3,617	681
Share of tax of associates (included in share of profits of associates)	—	356
Net exchange loss	56	110
Gross rental income from investment properties	568	568
Less:		
direct operating expenses from investment properties that generated rental income during the year	(255)	(308)
direct operating expenses from investment properties that did not generate rental income during the year	(1,058)	(1,252)
	<hr/>	<hr/>
	(745)	(992)
	<hr/>	<hr/>
Bank and other interest income	(3,159)	(3,892)
Accretion of interest on convertible bonds	(1,861)	—
Loss (gain) on disposal of property, plant and equipment and prepaid lease payments	372	(1,581)
	<hr/> <hr/>	<hr/> <hr/>

8. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company for the purpose of basic loss per share	<u>(227,224)</u>	<u>(201,507)</u>
	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>13,615,688,677</u>	<u>12,482,642,329</u>

No diluted loss per share had been presented for both years because the exercise of the share options would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

At 31st July, 2009, the balance of trade and other receivables of the Group included trade receivables of HK\$1,332,000 (2008: HK\$87,000). The Group allows an average credit period of 30 days to its trade customers, an aged analysis of trade receivables is as follows:

	THE GROUP	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 to 30 days	965	15
31 to 60 days	149	14
61 to 90 days	64	11
91 days or above	154	47
	<u>1,332</u>	<u>87</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating their historical credit record and then defines the credit limit of that customer. There were no balances as at 31st July, 2009 and 2008 which were past due but not provide for impairment. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

At 31st July, 2009, the balance of trade and other payables of the Group included trade payables of HK\$4,703,000 (2008: HK\$302,000). The average credit period on purchases of goods is 30 to 120 days, an aged analysis of trade payables is as follows:

	THE GROUP	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 to 30 days	2,633	206
31 to 60 days	1,432	96
61 to 90 days	565	—
91 days or above	73	—
	<u>4,703</u>	<u>302</u>

REVIEW OF THE RESULTS

The Group reported gross proceeds of approximately HK\$137.9 million for the year ended 31st July, 2009 (2008: HK\$1,381.4 million), which comprised gross proceeds from sales of securities of HK\$89.7 million (2008: HK\$1,380.5 million) and income from hotel operations and other business segments totalling HK\$48.2 million (2008: HK\$0.9 million).

Net loss after tax attributable to equity holder of the Company for the year ended 31st July, 2009 was HK\$227.2 million, as compared to HK\$201.5 million for last year. The loss mainly comprised the impairment loss on properties for development and goodwill arising from acquisition of a subsidiary amounting to HK\$54.0 million and HK\$71.1 million respectively. Such impairment losses were recognised by the Group on a prudent basis as a result of the recent downturn in the global economy and the uncertainties surrounding the financial and property markets.

DIVIDEND

The Directors do not recommend the payment of any dividends for the year ended 31st July, 2009.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a liquid position. At 31st July, 2009, the Group had cash of HK\$40.9 million (2008: HK\$39.7 million) mainly in Hong Kong dollars and marketable securities totalling HK\$32.3 million (2008: HK\$103.4 million).

Total bank borrowings (other than corporate credit card payable classified as “other payable”) were HK\$150.5 million at 31st July, 2009 (2008: Nil), of which HK\$6.1 million were repayable within one year and HK\$144.4 million within two to five years. The bank borrowings were denominated in Renminbi and carried interest on a floating rate basis.

The Group’s gearing ratio, expressed as a percentage of the Group’s total liabilities over the shareholders’ fund, was 39.0% at 31st July, 2009 (2008: 4.0%).

EXCHANGE RATE EXPOSURE

The assets and liabilities and transactions of several major subsidiaries of the Group are principally denominated in Renminbi or Hong Kong dollars pegged currencies, which expose the Group to foreign currency risk and such risk has not been hedged. It is the Group’s policy to monitor such exposure and to use appropriate hedging measures when required.

BUSINESS REVIEW

For the year ended 31st July 2009, the principal activities of the Group are property investment and development, hotel operation, financial investment and related activities.

Property investment and development

The Group continues to own the vacant land of approximately 10,154 square meters located in Coloane, Macau for the construction of 48 luxury residential houses and related facilities with a total gross floor area of approximately 19,934 square meters. The Group is awaiting the government’s approval for the commencement of the development.

The Group holds an effective 5% interest in the land site at Avenida Commercial de Macau through an investee company, Sociedade de Investimento Imobiliário Pun Keng Van, SARL. The site is for the development of a 57-storey luxurious residential building on the waterfront at Nam Van Lake. Due to the unfavourable property market condition in Macau, the project has been slowed down and its progress will be monitored closely.

Hotel operation

Hotel Fortuna, Macau is owned and operated by Tin Fok Holding Company Limited, the 32.5% associated company owned by the Group. Despite the tightened travel restrictions on mainland Chinese tourists and global financial woes, Hotel Fortuna, Macau continued to maintain a high occupancy rate of approximately 91% and recorded a stable turnover of approximately HK\$184.0 million in 2008 when compared to the turnover of HK\$185.1 million in 2007.

On 31st December, 2008, the Company successfully acquired Hotel Fortuna, Foshan with 408 rooms at Le Cong Zhen, Shun De District, Foshan, the PRC. The hotel recorded an occupancy rate of 43.4%, with an improved turnover of approximately HK\$87.9 million in 2008 compared to HK\$71.6 million in 2007.

EMPLOYEES

The Group offers its employees competitive remuneration packages to commensurate with their experience, performance and job nature, which include basic salary, bonuses, share options, retirement and other benefits.

At 31st July, 2009, the Group had approximately 684 employees of which approximately 670 employees were stationed in Mainland China. Total staff remuneration incurred for the year ended 31st July, 2009 amounted to approximately HK\$ 25.1 million (2008: HK\$ 10.5 million).

PROSPECTS

The successful acquisition of Hotel Fortuna, Foshan in December 2008 has enriched the portfolio of property interests of the Group, and its operation is expected to generate a stable income in the future. The hotel was built over a parcel of land of approximately 22,671 square meters, which offers further development potential of approximately 44,861 square meters of permissible gross floor area for residential and commercial uses. The Group has commenced preliminary studies and researches and will launch feasible development plan at the right time to realise such development potential.

In July 2009, the Company raised approximately HK\$198.4 million after expenses by the issue of 8,000 million new shares subscribed by Fullkeen Holdings Limited, which has become a substantial shareholder of the Company following the subscription. This issue of shares has substantially reduced the Group's liabilities, strengthened its financial position and afforded the Group with more flexibility in seeking further investment opportunities.

The global financial market is not yet fully recovered but appears to have stabilised. In view of the healthy financial position and business operation, the Directors are confident with the medium to long term prospects of the Group. The Group will continue to cautiously monitor its investments, review its business strategies and position itself for the next growth cycle.

PLEDGE OF ASSETS

At 31st July, 2009, hotel properties of HK\$338,638,000 (2008: Nil) of the Group were pledged to secure bank borrowings of RMB133,000,000 (equivalent to approximately of HK\$150,487,000) granted to the Group. Bank deposit of HK\$641,000 (2008: HK\$641,000) of the Group was pledged to banks to secure credit facilities to the extent of HK\$600,000 (2008: HK\$600,000) granted to the Group, of which HK\$23,000 (2008: HK\$37,000) was utilised by the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

In order to attain a high standard of corporate governance, the Company is committed to continuously adopting and improving effective measures and practices to achieve a high level of transparency and accountability in the interests of its shareholders.

During the year ended 31st July, 2009, the Company complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

1. Under Code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Prior to 28th July 2009, Mr. Chu Nin Yiu, Stephen was the Chairman of the Board providing overall leadership for the Board and the Company did not have a chief executive officer. The day-to-day management of the Company's business was shared among the executive directors.

On 28th July 2009, Mr. Sio Tak Hong was appointed as an Executive Director and the Chairman of the Board and Mr. Chu Nin Yiu, Stephen was re-designated to Chief Executive Officer. The two roles have thus been separated in accordance to the Code.

2. Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation at annual general meetings in accordance with Article 103(A) of the Company's Articles of Association. The Company will try to ensure that all directors retire at regular intervals.

MODEL CODES FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st July, 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the Code. The Audit Committee comprises Mr. Li Sze Kuen, Billy (Chairman), Mr. Wong Kwong Fat and Mr. Leung Kam Fai, all of whom are independent non-executive directors.

The principal functions of the Audit Committee include the review and supervision of the Group's reporting process and internal controls.

During the year, the Audit Committee held three meetings which were attended by all the members and performed the following duties:

1. reviewed and commented on the Company's draft annual and interim financial reports;
2. reviewed and commented on the Group's internal controls; and
3. met with the external auditors and participate in the re-appointment and assessment of the performance of the external auditors.

The Audit Committee has reviewed the audited results of the Group for the year ended 31st July, 2009.

By order of the Board

Sio Tak Hong

Chairman

Hong Kong, 5th November, 2009

As of the date of this announcement, the Board comprises Mr. Sio Tak Hong, Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael as executive directors and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai as independent non-executive directors.