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CNT GROUP LIMITED **(北海集團有限公司)**

(Incorporated in Bermuda with limited liability)
(Stock Code: 701)

ANNOUNCEMENT OF 2009 INTERIM RESULTS

INTERIM RESULTS

The board of directors of CNT Group Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2009 together with comparative amounts for the corresponding period in 2008. These condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE		384,933	388,676
Cost of sales		(251,663)	(290,676)
Gross profit		133,270	98,000
Other income and gains	3	4,124	9,749
Selling and distribution costs		(61,907)	(52,362)
Administrative expenses		(54,953)	(54,782)
Other expenses, net		(740)	(166)
Finance costs	4	(3,279)	(2,882)
Share of profit and loss of associates		147	410
PROFIT/(LOSS) BEFORE TAX	5	16,662	(2,033)
Tax	6	(6,894)	(3,293)
PROFIT/(LOSS) FOR THE PERIOD		9,768	(5,326)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent		9,891	(5,211)
Minority interests		(123)	(115)
		9,768	(5,326)
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	7		
Basic		HK0.63 cents	(HK0.33 cents)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss) for the period	9,768	(5,326)
Other comprehensive income for the period, net of tax:		
Exchange differences on translating overseas operations	(397)	12,249
Total comprehensive income for the period, net of tax	9,371	6,923
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	9,500	6,809
Minority interests	(129)	114
	9,371	6,923

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	8	304,088	292,871
Investment properties		121,531	121,517
Properties under development		32,000	32,000
Prepaid land premiums		21,060	21,321
Intangible asset		3,000	3,000
Interests in associates		2,771	3,461
Available-for-sale investments		123,163	123,163
Deposits for purchases of properties		13,619	10,976
Long term receivable		557	757
Net pension scheme assets		2,199	2,199
Total non-current assets		623,988	611,265
CURRENT ASSETS			
Inventories		74,352	61,934
Trade and bills receivables	9	166,803	159,028
Prepayments, deposits and other receivables		17,454	13,904
Due from an associate		—	1,523
Equity investment at fair value through profit or loss		60	31
Pledged deposits		2,750	—
Cash and cash equivalents		125,618	121,767
Total current assets		387,037	358,187
CURRENT LIABILITIES			
Trade and bills payables	10	131,996	85,249
Other payables and accruals		73,367	92,052
Interest-bearing bank and other borrowings		89,257	82,971
Tax payable		11,821	6,336
Total current liabilities		306,441	266,608
NET CURRENT ASSETS		80,596	91,579
TOTAL ASSETS LESS CURRENT LIABILITIES		704,584	702,844

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		52,982	60,461
Deferred tax liabilities		9,884	9,884
Deferred income		4,613	4,765
Total non-current liabilities		67,479	75,110
Net assets		637,105	627,734
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		157,367	157,367
Reserves		475,673	466,173
		633,040	623,540
Minority interests		4,065	4,194
Total equity		637,105	627,734

Notes to Condensed Consolidated Financial Statements

1. Accounting policies

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for the current period’s unaudited condensed consolidated interim financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

Apart from the above, the Group also adopted the *Improvements to HKFRSs* issued by the HKICPA which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording, further details of which are described in the Company’s annual financial statements.

The adoption of the above new or revised standards, interpretations and amendments did not have significant effect on the unaudited condensed consolidated interim financial statements, except as described below which give rise to new and revised accounting policies, revised presentation and additional disclosures.

- (i) HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

- (ii) HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The Group has not applied the following new and revised HKFRSs that have been issued but not yet effective in these unaudited condensed consolidated interim financial statements.

HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ³
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 5 Amendments	Amendments to HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ¹
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> ²
Improvements to HKFRSs issued in 2009	Amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 ⁴

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfers of assets from customers received on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2008.

2. Segment information

The Group's operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. The chief operating decision maker regularly reviews the operating results of its business units separately for the purpose of resources allocation and performance assessment. The Group is organised into four reportable operating segments. Summary details of the Group's reportable operating segments are as follows:

- (a) the paint products segment engages in the manufacture and sale of paint products;
- (b) the property investment segment comprises:
 - (i) the investment in residential and commercial premises for their rental income potential;
 - (ii) the development and sale of properties;
- (c) the iron and steel trading segment comprises the trading of iron and steel products; and
- (d) the "others" segment comprises, principally, securities trading and investment.

Intersegment sales and transfers are transacted at mutually agreed terms.

The following table presents revenue and profit/(loss) information for the Group's reportable operating segments for the six months ended 30 June 2009 and 2008.

	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Iron and steel trading (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Period ended 30 June 2009						
Segment revenue:						
Sales to external customers	344,458	3,335	37,140	—	—	384,933
Intersegment sales	—	4,173	—	—	(4,173)	—
Other income and gains	1,418	3	2,399	73	—	3,893
Total	<u>345,876</u>	<u>7,511</u>	<u>39,539</u>	<u>73</u>	<u>(4,173)</u>	<u>388,826</u>
Segment results	<u>28,330</u>	<u>2,931</u>	<u>1,479</u>	<u>(541)</u>	<u>2,937</u>	<u>35,136</u>
Interest income						231
Unallocated expenses						(15,573)
Finance costs						(3,279)
Share of profit and loss of associates						147
Profit before tax						16,662
Tax						(6,894)
Profit for the period						<u>9,768</u>
Period ended 30 June 2008						
Segment revenue:						
Sales to external customers	320,366	3,379	64,931	—	—	388,676
Intersegment sales	—	2,951	—	—	(2,951)	—
Other income and gains	1,155	3,783	3,920	44	—	8,902
Total	<u>321,521</u>	<u>10,113</u>	<u>68,851</u>	<u>44</u>	<u>(2,951)</u>	<u>397,578</u>
Segment results	<u>5,158</u>	<u>4,420</u>	<u>4,499</u>	<u>(550)</u>	<u>3,275</u>	<u>16,802</u>
Interest income						847
Unallocated expenses						(17,210)
Finance costs						(2,882)
Share of profit of an associate						410
Loss before tax						(2,033)
Tax						(3,293)
Loss for the period						<u>(5,326)</u>

The following tables present segment assets of the Group's reportable operating segments as at 30 June 2009 and 31 December 2008.

	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Iron and steel trading (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
As at 30 June 2009						
Segment assets	411,385	324,427	16,583	1,629	(1,365)	752,659
Interests in associates	—	2,409	—	362	—	2,771
Unallocated assets						255,595
Total assets						<u>1,011,025</u>

	Paint products (Audited) HK\$'000	Property investment (Audited) HK\$'000	Iron and steel trading (Audited) HK\$'000	Others (Audited) HK\$'000	Eliminations (Audited) HK\$'000	Consolidated (Audited) HK\$'000
As at 31 December 2008						
Segment assets	377,415	326,962	11,007	2,595	(1,420)	716,559
Interests in associates	—	3,192	—	269	—	3,461
Unallocated assets						249,432
Total assets						<u>969,452</u>

The Group has not placed reliance on any single external customers, amounting to 10% or more of its revenue.

3. Other income and gains

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	217	847
Commission income	2,166	3,689
Government grants received from Mainland China authorities	1,010	—
Others	731	5,213
	<u>4,124</u>	<u>9,749</u>

4. Finance costs

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and other loans wholly repayable within five years	2,465	2,004
Interest on other loans	762	820
Interest on finance leases	52	58
	<u>3,279</u>	<u>2,882</u>

5. Profit/(loss) before tax

Profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	251,663	290,676
Depreciation	10,428	8,578
Impairment/(write-back of impairment) of trade receivables	458	(113)
Write-down of inventories to net realisable value	3,708	1,651

6. Tax

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to an associate amounting to HK\$92,000 (2008: HK\$87,000) is included in "Share of profit and loss of associates" on the face of the condensed consolidated income statement.

7. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of basic earnings/(loss) per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$9,891,000 (2008: loss of HK\$5,211,000) and the weighted average number of ordinary shares of 1,573,671,409 (2008: 1,573,671,409) in issue during the period.

No diluted earnings/(loss) per share amounts are presented for the six months ended 30 June 2009 and 2008 as there were no diluting events existed during the periods.

8. Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired items of property, plant and equipment at costs of HK\$22,467,000 (2008: HK\$14,290,000).

Items of property, plant and equipment with a net book value of HK\$271,000 (2008: HK\$182,000) were disposed of by the Group during the six months ended 30 June 2009, resulting in a net loss on disposal of HK\$11,000 (2008: net gain of HK\$193,000).

9. Trade and bills receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group maintains a defined credit policy and credit periods are usually granted ranging from one to three months to normal customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables (that are not considered to be impaired) as at the balance sheet date, based on payment due date and net of impairment, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Neither past due nor impaired	120,508	131,814
Within three months	41,573	22,535
Over three months and within six months	2,267	2,943
Over six months	2,455	1,736
	<u>166,803</u>	<u>159,028</u>

10. Trade and bills payables

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within three months	129,205	78,504
Over three months and within six months	2,446	6,385
Over six months	345	360
	<u>131,996</u>	<u>85,249</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

11. Comparative amounts

As a result of the adoption of HKAS 1 (Revised) *Presentation of Financial Statements* and HKFRS 8 *Operating Segments* during the current period, certain comparative amounts have been reclassified to conform with the current period's presentation. Further details are explained in note 1.

INTERIM DIVIDEND

The directors of the Company have resolved not to declare any interim dividend for the year ending 31 December 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group recorded revenue of approximately HK\$384.93 million representing a decrease of 1.0% when compared with that of last period. The decrease was mainly due to the decrease in revenue from trading of iron and steel products. Despite the slight drop in revenue and the challenging economic environment in the first half of the year 2009, the Group's core paint operation continued to have improvement both in terms of revenue and gross profit. As a result of the implementation of cost control measures in production together with raw material costs reduction during the period, the increase in gross profit turned the Group's result into profit for the period.

The Group recorded a profit attributable to the equity holders of the parent company of approximately HK\$9.89 million for the six months ended 30 June 2009 as compared with a loss of approximately HK\$5.21 million for the last corresponding period.

The Group's gross profit for the period increased by 36.0% when compared with that of last period to approximately HK\$133.27 million. The manufacturing and sale of paint products continued to be the core business of the Group. Its weight in the total revenue was approximately 89.5% for the period under review.

Paint products

Revenue for the period amounted to approximately HK\$344.46 million, representing an increase of approximately 7.5% when compared with that of last period. The paint business continued to have steady growth in Mainland China. Operating profit for the period amounted to approximately HK\$28.33 million, representing an increase of approximately 449.2% when compared with that of last period.

During the period under review, the Group had acquired a production plant, including the respective land use right, situated in Hubei, the PRC, at a total consideration of approximately HK\$5.24 million to enhance the supply of paint products in Southern China.

Property investment

Revenue for the period amounted to approximately HK\$3.34 million when compared with that of approximately HK\$3.38 million last period. Operating profit amounted to approximately HK\$2.93 million, compared with that of approximately HK\$4.42 million last period.

Iron and steel trading

Revenue for the period amounted to approximately HK\$37.14 million, representing a decrease of approximately 42.8% when compared with that of last period. Operating profit for the period amounted to approximately HK\$1.48 million, representing a decrease of approximately 67.1% when compared with that of last period. The decrease in revenue during the period resulted in decrease in operating profit during the period under review.

Available-for-sale investments

The Group has an effective interest of 11.7% in the cemetery project situated in Sihui, Guangdong Province, the PRC. The principal activities of which are the development, construction, management and operation of a cemetery. The main types of products of the cemetery are outdoor grave lots, ordinary columbarium niches and luxury columbarium niches. There are six sales offices established in Hong Kong, Guangzhou, Foshan, Zhaoqing and Sihui for marketing purpose. Promotion campaigns have been launched, including regular visits of the cemetery and blessing ceremonies in the cemetery to boost the publicity.

FINANCIAL REVIEW

Liquidity and financial information

The Group's business operation is generally financed by its internal funding and bank borrowings. Total cash balances amounted to approximately HK\$128.37 million as at 30 June 2009 compared with approximately HK\$121.77 million as at 31 December 2008. Bank and other borrowings amounted to approximately HK\$142.24 million as at 30 June 2009 compared with approximately HK\$143.43 million as at 31 December 2008. The Group's bank and other borrowings mainly bear interest at floating rates. Of the Group's total bank and other borrowings as at 30 June 2009, approximately HK\$89.26 million (62.8%) is payable within one year, approximately HK\$5.52 million (3.9%) is payable in the second year, approximately HK\$15.82 million (11.1%) is payable in the third to fifth years and the remaining balance of HK\$31.64 million (22.2%) is payable beyond the fifth year.

The Group's cash, bank balances and bank and other borrowings were mainly denominated in Hong Kong Dollars and Renminbi. The Group's result can be affected by movements in the exchange rate between Hong Kong Dollars and Renminbi. However, in view of the strong and supportive treasury policy in Mainland China, the Renminbi exchange rate is expected to remain relatively stable and hence the Group's currency exposure is not significant. The Group considers that no hedging measures are necessary.

Gearing ratio of the Group which is expressed as a percentage of total bank and other borrowings to adjusted capital (as defined below) was 24.6% as at 30 June 2009 compared with 25.2% as at 31 December 2008. Liquidity ratio of the Group which is expressed as a percentage of current assets to current liabilities was 1.26 times as at 30 June 2009 compared with 1.34 times as at 31 December 2008.

Equity and net asset value

Shareholders' funds of the Group as at 30 June 2009 was approximately HK\$633.04 million compared with approximately HK\$623.54 million as at 31 December 2008. Adjusted capital of the Group, being shareholders' funds less the unrealised leasehold land and building revaluation reserve and investment property revaluation reserve, as at 30 June 2009 was approximately HK\$577.75 million compared with approximately HK\$568.25 million as at 31 December 2008. Net asset value per share as at 30 June 2009 was HK\$0.40 compared with HK\$0.40 as at 31 December 2008.

Contingent liabilities

Guarantees issued by the Company to bankers to secure general banking facilities granted to various subsidiaries outstanding as at 30 June 2009 amounted to approximately HK\$81.88 million compared with approximately HK\$66.89 million as at 31 December 2008.

Pledge of assets

At 30 June 2009, certain land and buildings, investment properties, trade receivables and cash deposits with aggregate net book value of approximately HK\$433.33 million (31 December 2008: HK\$444.23 million) were pledged to banks as collaterals for bank and other borrowings. At 30 June 2009, total outstanding secured bank and other borrowings amounted to approximately HK\$130.90 million as compared with approximately HK\$132.64 million as at 31 December 2008.

STAFF

As at 30 June 2009, the Group's staff headcount was 1,314 (30 June 2008: 1,222). Staff costs (excluding directors' emoluments) amounted to approximately HK\$58.12 million for the period under review as compared with approximately HK\$55.84 million for the last period. The Group has a comprehensive and competitive staff remuneration and benefits system which is formulated on the performance of individual employee.

OUTLOOK

Looking forward to the second half of 2009, there remains a lot of uncertainties in the future economic environment. Although the Chinese government has taken proactive stimulative measures to stimulate the local spending momentum in Mainland China, the Group will remain cautious on the latest market development and react quickly to the market dynamics. The Group expects that local spending momentum will continue and help Mainland China's economy to maintain a positive GDP growth for 2009. As a result of the Chinese government's measures to stimulate the domestic economy, we believe that our paint operation in Mainland China will benefit from steadily growing demand for paint products. In order to further reduce the cost of production, the Group is planning to establish a tinplate cans factory in Mainland China to manufacture and supply packaging materials to our paint operation as part of vertical integration. The Group will continue to focus on its paint operation and is committed to becoming a leading manufacturer of high quality green and safe paint products.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2009, except that the non-executive directors are not appointed for a specific term. According to the Company's bye-laws, the non-executive directors are subject to re-election at least once every three years.

On behalf of the board
Lam Ting Ball, Paul
Chairman

Hong Kong, 8 September 2009

The board of directors of the Company as at the date hereof comprises Messrs. Tsui Tsin Tong, Lam Ting Ball, Paul, Tsui Ho Chuen, Philip, Tsui Yam Tong, Terry and Chong Chi Kwan as executive directors; Messrs. Hung Ting Ho, Richard, Zhang Yulin and Ko Sheung Chi as non-executive directors; and Sir David Akers-Jones, Messrs. Danny T Wong, Chan Wa Shek and Dr. Steven Chow as independent non-executive directors.