利記控股有限公司
Lee Kee Holdings Limited

SINCE 1947

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the year ended 31st December 2007 together with the comparative figures of the corresponding year ended 31st December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**For the year ended 31st December** **2007** *HK$'000*	2006 *HK$'000* *(Restated)*
Revenues	*4*	**6,437,335**	5,700,451
Cost of sales		**(6,315,442)**	(5,133,504)
Gross profit		**121,893**	566,947
Other income	*4*	**30,552**	17,551
Distribution and selling expenses		**(20,485)**	(17,443)
Administrative expenses		**(83,701)**	(72,803)
Other (losses)/gains, net		**(58,103)**	10,562
Operating (loss)/profit		**(9,844)**	504,814
Finance costs	*5*	**(18,721)**	(13,435)
(Loss)/profit before income tax	*6*	**(28,565)**	491,379
Income tax expense	*7*	**(6,585)**	(85,986)
(Loss)/profit for the year		**(35,150)**	405,393
Attributable to:			
Equity holders of the Company		**(37,281)**	400,344
Minority interests		**2,131**	5,049
		(35,150)	405,393
(Loss)/earnings per share for (loss)/ profit attributable to the equity holders of the Company during the year	*8*		
– basic (Hong Kong cents)		**(4.49)**	61.14
– diluted (Hong Kong cents)		**N/A**	60.63
Dividends	*9*	**8,300**	99,019

CONSOLIDATED BALANCE SHEET

	Note	As at 31st December **2007** *HK$'000*	2006 *HK$'000* *(Restated)*
Non-current assets			
Leasehold land		**35,205**	5,532
Property, plant and equipment		**39,056**	14,850
Deferred income tax assets		**127**	119
Available-for-sale financial asset		**4,852**	–
		79,240	20,501
Current assets			
Inventories		**596,870**	808,619
Trade and other receivables	*10*	**260,499**	275,841
Income tax recoverable		**9,675**	28
Financial asset at fair value through profit or loss		**7,853**	–
Bank balances and cash		**648,740**	728,090
		1,523,637	1,812,578
Total assets		**1,602,877**	1,833,079
Capital and reserves attributable to the equity holders of the Company			
Share capital		**82,875**	83,000
Share premium		**495,293**	496,574
Other reserves		**600,136**	647,063
Proposed dividend		**–**	99,019
		1,178,304	1,325,656
Minority interests		**6,970**	4,839
Total equity		**1,185,274**	1,330,495
Non-current liabilities			
Deferred income tax liabilities		**2,019**	2,069

	Note	As at 31st December 2007 HK$'000	2006 HK$'000 (Restated)
Current liabilities			
Trade and other payables	*11*	**153,066**	133,599
Amount due to a joint venturer of a jointly controlled entity		**392**	274
Amount due to a related company		**–**	146
Bank borrowings		**253,255**	303,259
Income tax payable		**3,171**	44,237
Amount due to a director of the Company		**–**	13,300
Amount due to minority interests		**5,700**	5,700
		415,584	500,515
Total liabilities		**417,603**	502,584
Total equity and liabilities		**1,602,877**	1,833,079
Net current assets		**1,108,053**	1,312,063
Total assets less current liabilities		**1,187,293**	1,332,564

Notes

1. BASIS OF PREPARATION

These consolidated balance sheet as at 31st December 2007 and consolidated income statement for the year then ended and the related notes 1 to 11 are extracted from the Group's consolidated financial statements for the year ended 31st December 2007. The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (which include Hong Kong Accounting Standards ("HKAS")). These policies have been consistently applied to the two years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial asset and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

2. APPLICATION FOR MERGER ACCOUNTING

On 31st August 2007, the Group completed the acquisition of the 70% equity interest in Lee Yip Metal Products Company Limited ("Lee Yip"), a company principally engaged in the trading of stainless steel, from Mr Chan Pak Chung ("Mr Chan"), a director and controlling shareholder of the Company, for a cash consideration of approximately HK$18,530,000 (the "Lee Yip Acquisition").

Since the Company and Lee Yip are both ultimately controlled by Mr Chan immediately before and after the Lee Yip Acquisition, the results, assets and liabilities of Lee Yip have been accounted for in the consolidated financial statements of the Company using the principle of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The comparative amounts in the consolidated financial statements have been restated and are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

3. CHANGES IN ACCOUNTING POLICIES

Apart from certain presentational changes, the adoption of HKFRS 7 "Financial Instruments: Disclosures" and the complementary amendment to HKAS 1 "Presentation of Financial Statements – Capital Disclosures", as well as HK (IFRIC)-Int 10 "Interim Financial Reporting and Impairment" does not have any impact on the consolidated financial statements.

4. REVENUES AND OTHER INCOME

The Group is principally engaged in trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy and stainless steel and other electroplating chemical products mainly in Hong Kong, which accounts for more than 90 percent of the Group's revenues and trading results and more than 90 percent of the Group's total assets are in Hong Kong. Accordingly, no analysis by business and geographical segments has been prepared. Revenues, which also represent the Group's turnover, and other income recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Revenues		
Sales of goods	**6,437,335**	5,700,451
Other income		
Interest income	**29,902**	16,278
Gross rental income from investment properties	**–**	691
Management fee, net of withholding tax	**70**	70
Others	**580**	512
	30,552	17,551

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Interest on		
Bank overdrafts	**4**	5
Loans against trust receipts	**18,683**	13,430
Short-term bank loan	**34**	–
	18,721	13,435

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Depreciation of property, plant and equipment	**3,703**	3,239
Amortisation of leasehold land	**536**	128
Cost of inventories sold	**6,253,954**	5,125,743
Net fair value losses on financial assets at fair value through profit or loss, including metal future trading contracts	**56,056**	786

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on profits from operations in China mainland has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in China mainland in which the Group's entities operate.

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Current income tax		
– Hong Kong profits tax	**6,645**	84,524
– China mainland enterprise income tax	**–**	459
Deferred income tax relating to the origination and reversal of temporary differences	**(58)**	1,031
Overprovision in prior years	**(2)**	(28)
Income tax expense	**6,585**	85,986

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
		(Restated)
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(37,281)**	400,344
Weighted average number of ordinary shares in issue ('000)	**829,817**	654,767
Basic (loss)/earnings per share (Hong Kong cents per share)	**(4.49)**	61.14

(b) Diluted

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

	2007	2006 *(Restated)*
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(37,281)**	400,344
Weighted average number of ordinary shares in issue ('000)	**829,817**	654,767
Adjustments for share options ('000)	**2,029**	5,562
Weighted average number of ordinary shares for diluted (loss)/earnings per share ('000)	**831,846**	660,329
Diluted (loss)/earnings per share (Hong Kong cents per share)	**N/A**	60.63

Diluted loss per share for the year ended 31st December 2007 has not been disclosed, as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year ended 31st December 2007.

9. DIVIDENDS

	2007 ***HK$'000***	2006 *HK$'000*
Interim dividend of HK1 cent (2006: Nil) per ordinary share *(note (a))*	**8,300**	–
Proposed special dividend of HK10 cents per ordinary share *(note (b))*	**–**	83,000
Proposed final dividend of HK1.93 cents per ordinary share *(note (b))*	**–**	16,019
	8,300	99,019

Notes:

(a) An interim dividend in respect of 2007 of HK1 cent per ordinary share, amounting to a total dividend of HK$8,300,000 was declared on 22nd August 2007.

(b) A final dividend and special dividend in respect of 2006 of HK1.93 cents and HK10 cents per ordinary share, amounting to a total dividend of HK$16,019,000 and HK$83,000,000, respectively, were proposed and approved at the annual general meeting on 31st May 2007. The comparative financial statements did not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	2007 *HK$'000*	2006 *HK$'000* *(Restated)*
Trade receivables, net of provision	**237,069**	220,665
Prepayments to suppliers	**2,069**	40,486
Deposits	**5,288**	10,331
Other receivables	**16,073**	4,359
	260,499	275,841

The Group offers credit terms to its customers ranging from cash on delivery to 30 days. Ageing analysis of trade receivables is as follows:

	2007 *HK$'000*	2006 *HK$'000* *(Restated)*
0 to 30 days	**194,201**	186,058
31 to 60 days	**31,857**	27,265
61 to 90 days	**6,806**	5,533
Over 90 days	**4,205**	1,809
	237,069	220,665

11. TRADE AND OTHER PAYABLES

	2007 *HK$'000*	2006 *HK$'000* *(Restated)*
Trade payables	**112,684**	83,809
Deposits received	**27,631**	35,851
Accrued expenses	**12,751**	13,939
	153,066	133,599

Ageing analysis of trade payables is as follows:

	2007 *HK$'000*	2006 *HK$'000* *(Restated)*
0 to 30 days	**111,414**	80,790
31 to 60 days	**964**	141
61 to 90 days	**–**	–
Over 90 days	**306**	2,878
	112,684	83,809

OVERALL BUSINESS PERFORMANCE

After a dramatic run-up of metal prices in 2006, year 2007 witnessed the contrary: price volatility with an overall substantial downward trend. The LME zinc price, for instance, swung vigorously between the US$4,300 and US$3,100 levels in the first half of 2007, and plunged further in the second half to approximately US$2,350 by year end, which resulting in a full-year drop of around 45%.

The PRC market was inevitably affected. Unable to absorb the price differential between domestic products and imported products, some PRC metal users shifted to domestic suppliers, among whom competition was intense. Total volume of the PRC's imports of zinc alloy and aluminium alloy, for instance, dropped by 21% and 23% respectively in 2007. Meanwhile, further strengthening of China's macro-economic control measures and the tighten credit policy in 2007 have exerted much pressure on various metal end-users. All in all, metals suppliers and traders were heavily hit in 2007.

Amidst the adverse operating environment, through its expertise in building and maintaining strong supplier and client networks, the Group managed to register a 12.9% year-on-year growth in revenue, amounting to approximately HK$6,437 million for year 2007 (2006: approximately HK$5,700 million).

The revenue of zinc alloy and SHG zinc amounted to approximately HK$4,650 million, an increase of 5.8% year-on-year and accounting for 72.2% of the Group's total revenue. The revenue of nickel and nickel-related products amounted to approximately HK$1,166 million, an increase of 51.5% and accounting for 18.1% of the Group's total revenue. The revenue of aluminium alloy and aluminium ingot amounted to approximately HK$241 million, an increase of 9.9% and accounting for 3.7% of the Group's total revenue, while the revenue of stainless steel amounted to HK$234 million, an increase of 31.7% year-on-year and accounting for 3.6% of the Group's total revenue.

In terms of tonnage sold, even amidst a highly competitive market in the PRC, the Group still sold a respectable tonnage of around 191,000 metric tonnes (2006: around 203,000 metric tonnes), merely a slight drop of 6.2% over 2006 and a modest increase of 3.1% year-on-year in second half of 2007 versus the industry's 21% and 23% drop in the imports of zinc alloy and aluminium alloy respectively in the PRC in 2007.

The Group recorded gross profit of approximately HK$122 million (2006: approximately HK$567 million), representing a decline of 78.5% over 2006, and loss attributable to the equity holders of the Company of approximately HK$37 million (2006: profit attributable to equity holders of the Company of approximately HK$400 million).

The decrease in the gross profit margin was primarily due to the substantial downward trend of the metal price in 2007 versus the significant run-up in 2006. The Group maintains a strategic level of inventory with turnover of around 30 to 45 days. This practice had enabled the Group to realise higher margins from its products under first-in-first-out accounting treatment when worldwide non-ferrous metal prices increased as in year 2006. But in 2007, such practice eroded the gross margins of the Group when the non-ferrous metal prices dropped substantially.

In order to mitigate the impact of the price volatility, besides placing back-to-back order with suppliers against orders made by customers, the Group has entered into metal futures and forward contracts especially during first half of 2007.

Besides the above measures, some significant long term initiatives were made in mitigating the impact of metal price volatility. Firstly, the Group has brought down tonnage of physical stocks towards the year end of 2007 and as a result, the inventory holding period has been reduced to around 34 days from the preceding year's 57 days. Secondly, to resolve the inventory holding-pricing dilemma, the Group has secured more market adaptive price-fixing terms with certain key suppliers commencing in 2008. We believe these two measures are imperative in substantially alleviating any price volatilities or profit margin risks that may recur in the future.

The increase in the other income was mainly attributed to the interest earned on the un-utilised IPO proceeds during 2007.

Administrative expenses rose by 15.0 % mainly due to the share-based compensation of the share options granted in 2006 of approximately HK$15.6 million for the year of 2007 (2006: HK$4.7 million), the increase in manpower with our expansion and project development expenses during 2007, the difference was partially offset by the one-off expenses incurred on the IPO exercise in October 2006.

As the Chinese metal users were facing tighten credit policies, many of these users switched to lower-price domestic suppliers on the one hand, and demanded longer payment periods on the other hand. However, LEE KEE adhered to its prudent credit control policy towards its customers, stressing instead the reliability of its product quality and delivery. Consequently, the Group's bad debts were of a negligible amount and its accounts receivable days was maintained at 14.8 days at the year end of 2007.

BUSINESS REVIEW

As a leading non-ferrous metal supply chain management group, LEE KEE specialises in metal processing, sourcing and distribution. The Group sources, processes, and distributes metals, primarily die-casting zinc alloy and SHG zinc, nickel and nickel-related products, die-casting aluminium alloy and aluminium ingot, stainless steel and other electroplating chemicals (including chemicals of precious metals such as silver, gold and rhodium). In year 2007, the Group continues to be one of the largest zinc alloy importers in the PRC, with total sales of zinc alloy making up approximately 84% (2006: approximately 76%) of the total zinc alloy import volume of the country.

In addition to sourcing and distribution, the Group also provides customers with a full range of value-added services including transportation and insurance arrangement, inventory management, quality control, market information update, technical consultancy service as well as before and after sales support. With a comprehensive one-stop service, LEE KEE has been a crucial bridge linking international metals suppliers with end-users, providing better services to the fragmented and diversified die-casting industry.

During the year under review, the Group had around 1,250 customers, primarily in the Greater China Region and also in Vietnam, Indonesia, Thailand, Singapore and Malaysia. Currently, the majority of the Group's customers are foreign-invested entities located in the Pearl River Delta ("PRD") region. These customers are mainly manufacturers of commercial products such as bathroom fittings, household hardware, toys, home appliances, fashion accessories and automobile parts, etc.

To expand our sales in the PRD region, a sales and distribution centre in Shenzhen was opened in March 2007. The Group also established another centre in Guangzhou in February 2008. Meanwhile, to capitalise on the growth potential in the Yangtze River Delta ("YRD") region, a sales and distribution centre has been set up in Wuxi. Full trading activities of the centre are expected to commence in the second quarter of 2008 after having obtained all relevant government approvals. A strengthened sales and distribution channel in the PRC is expected to bring in more income to the Group and to strategically diversify the geographical spread of its customer base. Over the long term, the prosperous YRD region is expected to become another significant market to the Group.

Aiming to become an integrated metals supply chain, LEE KEE has been undertaking initiatives to expand its upstream and downstream operations. Back in September 2006, the Group acquired a 50% effective interest in Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), a zinc alloy production plant of which the other 50% joint-venture partner was Nyrstar, the world's largest producer of zinc metal. During the year under review, the Group undertook an expansion programme at Genesis Ningbo, raising its annual production capacity from 23,000 metric tonnes to over 60,000 metric tonnes. The expansion programme was just completed and ready for commissioning in the second quarter of 2008. During 2007, Genesis Ningbo produced approximately 23,000 metric tonnes of zinc alloy, contributing revenue of approximately HK$298 million to the Group.

The Group's downstream expansion in 2007 involved the acquisition of 70% equity interest in Lee Yip, a stainless steel processing and distribution operation, from the major shareholder of the Group. The acquisition was completed in August 2007. As both Lee Yip before acquisition and the Group had the common major shareholder, under the Hong Kong Accounting Standards, the whole year result of Lee Yip has been accounted for in the year under review and the comparative figures of 2006 have been restated to include the result of Lee Yip. Lee Yip's main products are stainless steel sheets for kitchenware, watch case and jewellery. Complementing the Group's core non-ferrous metals business, Lee Yip is expected to capitalise on the rising demand for stainless steel products in the PRC.

The Group has undertaken another upstream initiative: its establishment of Almax, a 60% owned subsidiary, in February 2008 in Foshan. An aluminium alloy processing plant with an annual production capacity of around 23,000 metric tonnes aluminium alloy. Almax is expected to commence its production in the second quarter of 2008 and will have immediate revenue contribution for year 2008.

The Group has officially opened its Tai Po logistics centre in January 2008. Expected to be fully operational by the second quarter of 2008, the logistic centre will form an integral part of our supply chain model and will enable the Group to offer more efficient logistics support as well as comprehensive one-stop value-added services and technical support to our customers in the region.

PROSPECTS

Riding on the thriving economies of our key markets, China and South East Asia, LEE KEE is very focused in expanding the metal supply chain to drive its next phase of growth. Although the external environment remains challenging with a slowing US economy and unsettling metal price volatility, slight improvement was noticed in recent months on the much reduced zinc price fluctuation. Coupled with the more market adaptive price-fixing arrangement with our key suppliers and all the strategic initiatives, the Group gradually fosters its way to return to a promising growth path.

In 2008, the Group will adhere to its three-pronged growth strategies to strengthen its metals supply chain and diversify its revenue base: (1) to build up a comprehensive distribution infrastructure; (2) to expand upstream and downstream along the metals supply chain; and (3) to enhance value-added services and sourcing of the supply chain.

We will continue to identify suitable locations for further building up our sales and distribution infrastructure. The new sales and distribution centres in Shenzhen and Wuxi will start to make important contribution in 2008, not only revenue-wise but also in developing new market intelligence and customer base. Over the long term, the Group is looking to expand its market coverage in YRD and other parts of China and South East Asia, and to diversify its customer profile into domestic die-casters. Our sales and distribution centres in the PRC will give a crucial boost to such diversification endeavours.

The upstream and downstream initiatives that the Group undertook during the past two years is expected to see their harvest in 2008, as Genesis Ningbo's expanded facility and Almax will serve as the Group's production pillar for two key products, zinc alloy and aluminium alloy. Our plan is to expand our processing assets with capacity amounting to 20-30% of the Group's total distribution-cum-processing capability in 2-3 years' time. While more expansion programmes at Genesis Ningbo and Almax will soon embark, the Group is continuously looking into other merger and acquisition opportunities to speed up capacity growth.

To enhance our integrated value-added services, the Group is poised to add chemical testing and certification services for metal-related products. A chemical testing laboratory will be equipped in the Tai Po logistics centre which will be fully operational in the second half of 2008. With increasingly strict quality requirements in European Union and other overseas markets on metal products such as the RoHS compliance, chemical testing services have become increasingly important for our customers.

Apart from establishing its own processing facilities, the Group will continue to broaden its supplier network. Over the years, LEE KEE has established strong long-standing relationships with major international non-ferrous metals suppliers. Such relationships will be maintained and strengthened, and more long-term supply arrangements will be explored, with a view to building a superb supply platform to serve a diversified customer base in an increasingly dynamic market.

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2006: special and final dividends of HK11.93 cents per share). An interim dividend in respect of 2007 of HK1 cent per share (2006: Nil), amounting to a total dividend of HK$8,300,000 was declared on 22nd August 2007.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from our shareholders. As at 31st December 2007, the Group had cash and bank balances of approximately HK$649 million (2006: HK$728 million) and bank borrowings of approximately HK$253 million (2006: HK$303 million). The borrowings, which are short term in nature, were substantially made in Hong Kong dollars and United Stated dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 31st December 2007 was 21.4% (2006: 22.8%). The Group has a current ratio of 367% (2006: 362%).

The Company had issued guarantees to the extent of approximately HK$1,335 million to banks to secure general banking facilities of approximately HK$1,271 million to certain subsidiaries, of which HK$253 million had been utilised as of 31st December 2007.

The Group adopted internal control systems, including hedging policies, to regularly evaluate and monitor the risk exposure in the metals price and formed a risk management committee to evaluate and monitor hedging activities. In order to optimise exposure to the risk of metals prices' fluctuation, the Group placed back-to-back orders with suppliers after receiving orders from customers whenever possible and engaged in hedging activities to control the Group's exposure (inventory level + pre-arrival buy-in volume – pre-dispatch sell-out volume) within a tolerance limit. During the reporting year, the Group has entered into 57 metal future contracts amounting to HK$1,032 million to contain the metal risk.

The Group's foreign exchange exposure was mainly resulted from the translation between Hong Kong dollars, United States dollars and Renminbi.

EMPLOYEES

As at 31st December 2007, the Group had approximately 120 employees and the Group's 50% owned joint venture had approximately 50 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share options granted or to be granted under the share option schemes and training schemes.

PURCHASE, SALE OR REDEMPTION OF SHARES

During 2007, the Company repurchased a total of 1,250,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$1,406,080 before expenses. The repurchase 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 its subsidiaries has purchased or sold any of the Company's shares during 2007.

CORPORATE GOVERNANCE

To the knowledge of the Directors, they consider that the Company has applied the principles of the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange and to certain extent, of the recommended best practices thereof, and are not aware of any non-compliance with the code provisions of the CG Code during 2007.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial statements have been reviewed by the Company's Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2007 have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

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

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 15th April 2008

* *Independent non-executive Directors*