# PAK TAK INTERNATIONAL LIMITED
# （百德國際有限公司）*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2668)**

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

**HIGHLIGHTS**

The highlights of the results for the year ended 31 March 2007:

- Turnover increased by 3% to HK$352 million from HK$342 million for the year ended 31 March 2006;
- Net profit for the year was HK$1 million, as compared to HK$0.8 million for the year ended 31 March 2006;
- Earnings per share for the year were HK0.4 cent, as compared to HK0.3 cent for the year ended 31 March 2006;
- The Group's net current asset position at 31 March, 2007 was HK$3 million, as compared to HK$1 million at 31 March 2006, representing a current ratio of 1.06 (2006: 1.02).

## FINANCIAL RESULTS

The directors (the "**Directors**") of Pak Tak International Limited (the "**Company**") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2007 together with the audited comparative figures for the corresponding year ended 31 March 2006 as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2007*

| | *Note* | **2007** **HK$'000** | 2006 HK$'000 |
|---|---|---|---|
| Turnover | *1* | **352,151** | 341,810 |
| Cost of sales | | **(314,890)** | (310,736) |
| Gross profit | | **37,261** | 31,074 |
| Other operating income | *2* | **4,587** | 5,271 |
| Administrative expenses | | **(32,666)** | (30,179) |
| Selling expenses | | **(6,075)** | (2,548) |
| Profit from operations | *3* | **3,107** | 3,618 |
| Finance costs | *4* | **(4,160)** | (4,094) |
| Share of results of an associate | | **2,139** | 1,402 |
| Profit before taxation | | **1,086** | 926 |
| Income tax | *5* | **(50)** | (126) |
| Profit attributable to shareholders | | **1,036** | 800 |
| Dividend | *6* | **–** | – |
| | | ***HK cent*** | *HK cent* |
| Earnings per share | *7* | **0.4** | 0.3 |

## CONSOLIDATED BALANCE SHEET

*At 31 March 2007*

| | 2007 *HK$'000* | 2006 *HK$'000* |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | **175,202** | 164,822 |
| Prepaid land premiums | **7,622** | 7,688 |
| Investment properties | **3,855** | 3,173 |
| Interest in an associate | **3,541** | 1,402 |
| | **190,220** | 177,085 |
| **Current assets** | | |
| Inventories | **34,146** | 41,532 |
| Trade debtors | **8,470** | 16,455 |
| Other debtors, prepayments and deposits | **3,951** | 7,652 |
| Amount due from an associate | **4,581** | 1,068 |
| Bank balances and cash | **11,163** | 10,372 |
| | **62,311** | 77,079 |
| **Current liabilities** | | |
| Trade creditors | **10,899** | 12,180 |
| Bills payable | **5,095** | 1,833 |
| Other creditors and accrued charges | **12,376** | 16,541 |
| Amounts due to minority shareholders of a subsidiary | **3,314** | 2,840 |
| Bank borrowings | **23,074** | 39,778 |
| Obligations under finance leases | **4,136** | 2,668 |
| | **58,894** | 75,840 |
| **Net current assets** | **3,417** | 1,239 |
| **Total assets less current liabilities** | **193,637** | 178,324 |
| **Non-current liabilities** | | |
| Bank borrowings | **19,631** | 10,170 |
| Obligations under finance leases | **6,001** | 5,481 |
| Amount due to director(s) | **8,500** | 17,000 |
| Other long term loan | **8,500** | – |
| Deferred tax liability | **176** | 126 |
| Provision for long service payments | **885** | 803 |
| | **43,693** | 33,580 |
| | **149,944** | 144,744 |
| **Capital and reserves** | | |
| Share capital | **23,640** | 23,640 |
| Reserves | **126,304** | 121,104 |
| | **149,944** | 144,744 |

*NOTES:*

## 1. SEGMENT INFORMATION

### (a) Business segments

The business activities of the Group can be categorised into knit-to-shape garments, non knit-to-shape garments and sub-contracting. Segment information in respect of these activities is as follows:

**RESULTS**

| | Turnover | | Contribution to profit/(loss) | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Sales of knit-to-shape garments | **348,067** | 333,801 | **2,874** | 869 |
| Sales of non knit-to-shape garments | **–** | 1,952 | **–** | 201 |
| Sub-contracting | **15,391** | 14,950 | **(487)** | (378) |
| Less: Inter-segment transactions | **(11,307)** | (8,893) | **(3,867)** | (2,345) |
| | **352,151** | 341,810 | **(1,480)** | (1,653) |
| Other operating income | | | **4,587** | 5,271 |
| Profit from operations | | | **3,107** | 3,618 |
| Finance costs | | | **(4,160)** | (4,094) |
| Share of results of an associate | | | **2,139** | 1,402 |
| Profit before taxation | | | **1,086** | 926 |
| Income tax | | | **(50)** | (126) |
| Profit for the year | | | **1,036** | 800 |

Inter-segment sales for the year ended 31 March 2007 and 2006 from sub-contracting segment to sales of knit-to-shape garments segment were charged at cost plus a percentage profit markup.

**FINANCIAL POSITION**

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Assets** | | |
| Segment assets: | | |
| – Knit-to-shape garments | **191,911** | 196,403 |
| – Sub-contracting | **37,354** | 34,052 |
| – Unallocated segment assets | **3,855** | 3,173 |
| Total segment assets | **233,120** | 233,628 |
| Unallocated corporate assets | **19,411** | 20,536 |
| Consolidated total assets | **252,531** | 254,164 |
| **Liabilities** | | |
| Segment liabilities: | | |
| – Knit-to-shape garments | **64,601** | 72,304 |
| – Sub-contracting | **20,986** | 20,116 |
| Total segment liabilities | **85,587** | 92,420 |
| Unallocated corporate liabilities | **17,000** | 17,000 |
| Consolidated total liabilities | **102,587** | 109,420 |
| Capital additions in segment assets | | |
| – Knit-to-shape garments | **17,142** | 30,119 |
| – Sub-contracting | **5,947** | 6,414 |
| | **23,089** | 36,533 |
| Depreciation and amortisation | | |
| – Knit-to-shape garments | **11,867** | 10,862 |
| – Non knit-to-shape garments | **–** | 731 |
| – Sub-contracting | **4,592** | 4,578 |
| | **16,459** | 16,171 |
| Impairment loss on trade debtors | | |
| – Knit-to-shape garments | **2,011** | – |

**(b) Geographical market**

The Group's operations are located in Hong Kong, Mainland China and Thailand.

The following table provides an analysis of the Group's sales by geographical market, irrespective of origin of the goods and services:

| | Sales revenue by geographical market | |
|---|---|---|
| | **2007** | 2006 |
| | ***HK$'000*** | *HK$'000* |
| United States of America | **283,971** | 304,559 |
| Europe | **21,538** | 16,262 |
| Asia | **40,106** | 12,307 |
| Australia | **1,505** | 2,121 |
| Others | **5,031** | 6,561 |
| | **352,151** | 341,810 |

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

| | Carrying amount of assets | | Additions to property, plant and equipment and prepaid land premiums | |
|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Mainland China | **175,345** | 169,948 | **17,033** | 29,834 |
| Hong Kong | **35,968** | 44,369 | **6,056** | 6,608 |
| Thailand | **21,807** | 19,311 | **–** | 91 |
| Total segment assets | **233,120** | 233,628 | **23,089** | 36,533 |
| Unallocated corporate assets | **19,411** | 20,536 | | |
| Consolidated total assets | **252,531** | 254,164 | | |

## 2. OTHER OPERATING INCOME

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bad debts recovered | **–** | 328 |
| Exchange gains, net | **516** | 195 |
| Interest income | **238** | 300 |
| Management fee | **–** | 2,740 |
| Sundry income | **1,734** | 1,708 |
| Write back of impairment loss on amount due from an associate | **2,099** | – |
| | **4,587** | 5,271 |

## 3. PROFIT FROM OPERATIONS

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit from operations has been arrived at after charging: | | |
| Amortisation of prepaid land premiums | **180** | 179 |
| Auditors' remuneration | **457** | 415 |
| Cost of temporary textile quota entitlements | **1,900** | 495 |
| Depreciation of property, plant and equipment | **16,279** | 15,992 |
| Impairment loss on trade debtors – knit-to-shape garments | **2,011** | – |
| Loss on disposal of property, plant and equipment | **38** | 459 |
| Minimum lease payments under operating leases | | |
| – rented premises | **936** | 563 |
| – plant and machinery | **4,126** | 1,980 |
| Provision for inventories | **644** | 787 |
| Staff costs including directors' remuneration | | |
| – salaries, wages and allowances | **89,580** | 90,751 |
| – retirement benefit costs – defined contribution schemes | **779** | 901 |

## 4. FINANCE COSTS

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Implied interest on financing the acquisition of property, plant and equipment | **174** | 1,666 |
| Interest on bank borrowings wholly repayable within five years | **3,042** | 1,668 |
| Interest on amounts due to director(s) | **380** | 417 |
| Interest on other long term loan | **40** | – |
| Finance charges on finance leases | **524** | 343 |
| | **4,160** | 4,094 |

## 5. INCOME TAX

The charge comprises deferred tax charge of approximately HK$50,000 (2006: HK$126,000).

No provision for Hong Kong Profits Tax has been made in the financial statements for both years as the companies in the Group either have no assessable profits or have estimated tax losses.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit before taxation | **1,086** | 926 |
| Less: Profit of an associate | **(2,139)** | (1,402) |
| | **(1,053)** | (476) |
| Tax credit at Hong Kong Profits Tax rate of 17.5% | **(184)** | (83) |
| Tax effect of expenses not deductible for tax purpose | **3,408** | 2,654 |
| Tax effect of income not taxable | **(3,962)** | (3,242) |
| Tax effect of tax losses not recognised | **1,316** | 1,408 |
| Utilisation of tax losses previously not recognised | **(528)** | (611) |
| Income tax charge for the year | **50** | 126 |

**6. DIVIDEND**

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2006: nil).

**7. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on profit for the year of HK$1,036,000 (2006: HK$800,000) and on 236,402,000 (2006: 236,402,000) ordinary shares in issue during the year.

The diluted earnings per share has not been presented as there were no potential dilutive ordinary shares in existence during the two years ended 31 March 2007.

**8. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements.

## BUSINESS REVIEW

This year, the Group continued with the turnaround effort that had begun in 2004. The Directors are pleased to report that for the year ended 31 March 2007, the Group had increased both its turnover and net profit, to HK$352 million and HK$1 million respectively. Despite the appreciation of Renminbi in recent years, the Group's profit margin increased for the year ended 31 March 2007 as compared to previous year. The results reflect the Group's success in automating its production process by introducing computerized knitting machinery which enables the Group to divert more of its resources to produce high-end products with higher unit price while at the same time, control the labor cost which has increased quite substantially in recent years due to the labor shortage in southern China and the appreciation of Renminbi. The management feels that the automation process is a sensible one in that, given the increase in cost of production from labor charges to raw materials to energy cost, the Group must ensure that all customer orders provide for a certain minimum gross margin. This strategy enables the Group to focus its sales on higher-end products and customers that value quality work, and to ensure that its operations, working with a streamed down workforce, is capable of maintaining high quality and meeting shipment dates. This strategy has enabled the Group to achieve solid results.

Throughout the year, the Group's automated production units approached full capacity. As a percentage of sales, the computerized knitting machinery division was generating over 32% of all sales of the Group. With the further acquisition of such machinery in early and mid-2007, the Group looks to strengthen its automated production capacity. Since 2004 when the Group began to buy the first computerized knitting machine, the investments have turned out to be fruitful and successful. In recent years, the labor shortage problem in southern China has worsened every year. On the average, the Group has operated with at least 500 fewer workers as compared to previous year. Without the computerized knitting machinery, the Group would have incurred higher labor cost. The Group also would have to rely extensively on sub-contractors to complete its orders. In the past, such subcontracting charges have caused significant increase in the Group's production cost, not to mention leading to quality control and production planning problems. With the computerized knitting machinery, the Group is able to sidestep the labor shortage problem and better control its labor and subcontracting charges and improved its gross margin.

## LOOKING FORWARD

While the Group has achieved two consecutive years of profit, the pressure on the Group's profit margin continues to be high given the overall economic and business environment of operating in China. In order to sustain its profitability, the Group will continue to grow at a controlled level, increasing its market share for more high-end and high-value products, utilizing its automated production capacity, and focusing on quality and value added services. The Group will continue to leverage on its skill level, its expertise in knit-wear manufacturing, and its quality production ability to maintain sales and production level. By consolidating its base, the management believes that it is well prepared to withstand constant changes in the business world.

The investment in computerized knitting machinery is also setting the Group apart from smaller competitors that do not have the resources to acquire such a large volume of the machinery and have the physical capacity to accommodate the machinery. With the improvement in the quality of its knitwear garments, and in consolidating its image as a leading automated production enterprise, the Group will become a premier product manufacturer in high-end knitwear products.

On behalf of the Company, the Directors would like to take this opportunity to extend their sincere thanks and appreciation to all the shareholders for their support, to the customers, suppliers, and business partners for their trust and confidence, and to the management and staff for their outstanding efforts and dedication.

## ANALYSIS OF RESULTS

### Turnover

The Group's turnover for the year ended 31 March 2007 increased by 3% to approximately HK$352 million from HK$342 million for the previous year. This is another year in which the Group achieved an increase in sales. Even though the year on year increase over the last few years has not been large, the consistent growth represents the success of automating the production process that the Group has adopted since 2004. One of the positive development of the Group's turnover in the year ended 31 March 2007 was that in the interim report for the six months ended 30 September 2006, the Group reported a drop in sales of 6%. Due to a more balance sales effort throughout the year, the Group's sales in the off-peak season of December to March improved over the previous year, resulting in an overall increase in sales for the entire year.

Throughout the year, the Group's automated production division approached full capacity. Sales of products made by computerized knitting machinery now come to 32% of total sales of the Group. As the capacity of the automated production division strengthens, the Group has developed the image of being a maker of complex knitwear garments using computerized knitting machinery. This brand positioning enables the Group to command higher profit margins in its sales.

While sales to US customers have remained the major market of the Group, relative to the total sales, sales to US in the year ended 31 March 2007 came to 81% of the total sales of the Group, representing a decrease of 8% over the previous year. This change in the Group's geographic allocation of sales is caused by the Group's effort in serving customers with worldwide distribution network. The geographic diversification will drive the Group's sales to reach to more countries, reducing its reliance on US market.

## Profitability

The Group recorded a profit of HK$1 million for the year ended 31 March 2007, representing an increase in 30% over the previous year. One of the major improvements achieved by the Group in the year was to improve its gross margin. As a reflection of its focus on high value, complex knitwear garments and controlled cost policy, the Group had improved its gross margin from 9% in the year ended 31 March 2006 to 11% in the year ended 31 March 2007. This improvement in controlling direct cost is more remarkable in light of the continuing rise in cost of raw materials due to the high cost of energy, and the increase in labor cost at a result of the persistent labor shortage in southern China. In 2006 and 2007, labor cost in southern China has risen by at least 10% – this comes after an average of 10-15% rise in the previous year. At the same time, the Group was unable to fulfill its workers quota for the optimal labor force. Against these odds, the Group was still able to control its production cost and minimize its sub-contracting charges. These successes must be attributed to the increasing use of the automated knitting machinery in place of the manual ones. The Group would not have achieved such improvement in production cost without the automated knitting machinery.

During the year ended 31 March 2007, there were three items of expenditures that reduced the Group's net profit. The first one was a provision for bad debt for approximately HK$2 million that arose from one slow paying customer. The Group is continuing to negotiate with the customer and feels that it will be able to recover a substantial portion of the outstanding debt. To be prudent, the Group feels that provision would reflect the likelihood of conceding on the collection of part of the debt from such customer. Secondly, during the year, the Group also incurred quota expenditure of approximately HK$1.9 million. This expenditure arose as a result of many foreign markets putting pressure on Chinese manufacturers to self-regulate in controlling the import of cheaper products into those markets. Thirdly, during the year, the Group also incurred approximately HK$2 million in sales commission. Such sales commission enabled the Group to achieve higher sales in its off-peak season. Of these expenditures, the first item may be considered of a non-recurring nature, while the second item may become less significant as the price of products made in China becomes more expensive due to the rise in Renminbi.

One very stable expenditure item in the Group's operation over the year is the general and administrative expenditure in the head office in Hong Kong. Such expenditures have been maintained at the level of approximately HK$30 million for many years. This is a reflection of the Group's relentless drive to control cost.

## LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2007, total amount of cash and bank balances of the Group were approximately HK$11 million, representing an increase of 8% when compared to 31 March 2006. As the Group believes that its profitability now is improving, its cashflow position is expected to improve. Most of the funds were held in Hong Kong dollars and US dollars. As at 31 March 2007, net current assets were HK$3 million (31 March 2006: HK$1 million).

In the year ended 31 March 2007, the Group acquired property, plant and equipment totaling HK$23 million. Due to the significant capital expenditures, the Group's use of banking facilities reached HK$72 million. In addition, the Group also received advances of HK$17 million in aggregate from one of its directors and the former Chairman. The Group has available banking facilities totaling HK$113 million (31 March 2006: HK$107 million) which were secured by corporate guarantees given by the Company. The Group's gearing ratio computed as total borrowings over shareholders' fund was 49% as at 31 March 2007 (31 March 2006: 54%).

The Group's sales were principally denominated in US dollars while purchases were transacted mainly in Hong Kong dollars and US dollars. The Group's expenditures in China, the location of its production facilities, are denominated in the Chinese Renminbi. In 2006, the Chinese government changed its policy regarding the alignment of the Renminbi relative to the US dollars. However, in terms of the Group's expenditures that are denominated in the Renminbi as compared to its overall purchases in Hong Kong and US dollars, and in view of the minor adjustments expected to the Renminbi in the short term, the Group believes that its currency exposure is minimal and immaterial.

The Group's borrowings and cash balances were principally denominated in Hong Kong dollars. No financial instruments were used for hedging purposes.

## DIVIDENDS

The Directors have resolved not to recommend the payment of any dividend for the year ended 31 March 2007 (31 March 2006: nil).

## CHARGE ON GROUP ASSETS

As at 31 March 2007, certain machinery of the Group with an aggregate value of approximately HK$2 million (31 March 2006: approximately HK$3 million) was pledged to secure the banking facilities utilized by the Group.

## CONTINGENT LIABILITIES

At 31 March 2007, the Group had contingent liabilities in respect of bank guarantees of approximately HK$1,648,000 (2006: HK$1,364,000) issued in favour of third parties.

At 31 March 2007, the Company had issued corporate guarantees to banks and other financial institutions in connection with facilities granted to certain of its subsidiaries amounting to approximately HK$146 million (2006: HK$65 million).

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group and the Company are insignificant at initial recognition and the Directors consider the possibility of default of the parties involved is remote, accordingly, no value has been recognised in the balance sheet.

## CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 March 2007, the Group had incurred capital expenditures of HK$23 million (2006: HK$37 million). There were no capital commitments outstanding as at 31 March 2007 (2006: outstanding commitment was nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had approximately 389 (2006: 1,057) employees. The Group's remuneration package is structured to commensurate with individual responsibilities, qualification, experience and performance.

## FUTURE PROSPECTS

The Group's current management is dedicated to upholding the overall business principles and strategies as set down by its former Chairman, the late Mr. Cheng Chi Tai. One of the primary strategies that has served the Group well in the last few years is automating its production process. The Directors will ensure that this strategy continues. The Group believes that in this competitive market of more manufacturers in China vying for sales to global customers, with ever changing business circumstances such as increase in cost of raw materials and labor, the Group must tread cautiously in order not to over-extend itself.

The Group recognizes that many customers are now diverting their purchases to inland China or to other countries in the Asian region, including India and Vietnam. As the Group has carried out production operations in other sites in western China and in Vietnam before, it is aware of the prospects presented by those regions, but also their limitations. Having the experience of setting up production facilities in different places inside China and other countries, the Group is confident that at the right time, it can reenter those areas and expand the production means.

The Directors continue to believe the Group's future lies with the computerized knitting machinery. In June, 2007, the Group has placed orders for another shipment of such machinery, bring to the total count of the machinery to well over 300 units. The management strongly believes that with the difficulty in operating with a large labor force, it has come to the point where higher capital investment makes for a sounder investment strategy in China. Facing a work force that is more spread out, less willing to indulge in manual labor, more educated, and commanding higher wages, manufacturers in China must follow the natural progression of industrialization and become more automated. The Group is fortunate in being able to follow the trend of industrialization given its resources and skills. The Group is committed to consolidate its brand image as a strong producer of high quality, high value, complex knitwear manufacturer and build on its strength as a leader in this field.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 August 2007 (Thursday) to 22 August 2007 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Standard Registrars Limited (name to be changed to Tricor Standard Limited on 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 8 August 2007 (Wednesday).

## AUDIT COMMITTEE

The Audit Committee was formed on 9 November 2001 to review and supervise the financial reporting process and internal control of the Company. The Audit Committee comprises of three members, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with management and auditors of the Company the accounting principles and practices adopted by the Group and discussed the audited financial statements for the year ended 31 March 2007.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct rules (the "**Model Code**" ) regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code in the year ended 31 March 2007.

## CORPORATE GOVERNANCE

The Directors are pleased to report that throughout the year ended 31 March 2007, the Company was in substantial compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "**Code**"). In particular, the Company has ensured that:

- the appointment to and the composition and operation of the Board of Directors;
- the remuneration of Directors and senior management;
- accountability and audit;
- delegation by the Board; and
- communication with shareholders,

are in compliance with the Code.

The Board will continuously review the corporate governance structure of the Company and effect changes whenever necessary.

## PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report containing all information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company in due course.

On behalf of the Board
**Cheng Kwai Chun, John**
*Chief Executive Officer*

Hong Kong, 12 July 2007

*As at the date of this announcement, Mr. Cheng Kwai Chun, John, Mr. Lin Chick Kwan and Mr. Lin Wing Chau are Executive Directors; Mr. Victor Robert Lew is the Non-executive Director; Ms. Ko Hay Yin, Karen, Mr. Chow Chan Lum and Ms. Ho Man Yee, Esther are Independent Non-exeutive Directors.*

* *for identification purposes only*