WINBOX INTERNATIONAL (HOLDINGS) LIMITED

永 保 時 國 際 (控 股) 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 474)

ANNUAL RESULTS ANNOUNCEMENT
For the year ended 31 March 2007

The Directors of Winbox International (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Revenue	6	156,508	151,055
Cost of sales		(98,775)	(93,290)
Gross profit		57,733	57,765
Other income	8	7,292	8,974
Distribution and selling costs		(3,675)	(4,290)
Administrative expenses		(26,791)	(30,979)
Finance costs	9	(229)	(216)
Profit before taxation		34,330	31,254
Taxation	10	(6,279)	(4,450)
Profit for the year	11	28,051	26,804
Dividends recognised as distribution	14	10,000	20,000
Earnings per share - Basic (HK cents)	15	7.01	6.70

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2007

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Non-current assets			
Property, plant and equipment		15,956	15,953
Prepaid lease payments		4,402	4,507
Goodwill		10,730	9,699
Available-for-sale investments		12,923	11,363
		44,011	41,522
Current assets			
Inventories		32,976	24,417
Trade receivables	16	16,239	17,739
Bills receivable	16	566	183
Other receivables, deposits and prepayments	16	13,627	11,488
Investments held for trading		45,734	50,068
Bank balances and cash	16	64,476	54,675
		173,618	158,570
Current liabilities			
Trade payables	17	9,552	10,491
Other payables, deposits received and accruals	17	16,044	21,962
Derivative financial instruments		68	297
Borrowings due within one year		—	780
Taxation payable		2,915	1,112
		28,579	34,642
Net current assets		145,039	123,928
Total assets less current liabilities		189,050	165,450
Non-current liability			
Retirement benefits obligations		1,046	836
Net assets		188,004	164,614
Capital and reserves			
Share capital		20,000	4
Reserves		168,004	164,610
Equity attributable to equity holders of the Company		188,004	164,614

Notes:

1. STATUTORY FINANCIAL STATEMENTS

The financial information in this final results announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2007 but is derived from those financial statements.

2. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 30 September 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands.

Through a group reorganisation ("the Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 16 May 2006. Details of the Reorganisation are set out in the prospectus dated 24 May 2006.

The Company's shares have been listed on the Stock Exchange since 6 June 2006.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Reorganisation had been in existence throughout the two years ended 31 March 2007 or since their respective dates of incorporation/establishment or date of acquisition, whichever is the shorter period.

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting years 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, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 23 (Revised)	Borrowing costs [2]
HKFRS 7	Financial instruments: Disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC) - INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) - INT 9	Reassessment of embedded derivatives [4]
HK(IFRIC) - INT 10	Interim financial reporting and impairment [5]
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions [6]
HK(IFRIC) - INT 12	Service concession arrangements [7]

[1] Effective for accounting periods beginning on or after 1 January 2007.

[2] Effective for accounting periods beginning on or after 1 January 2009.

[3] Effective for accounting periods beginning on or after 1 May 2006.

[4] Effective for accounting periods beginning on or after 1 June 2006.

[5] Effective for accounting periods beginning on or after 1 November 2006.

[6] Effective for accounting periods beginning on or after 1 March 2007.

[7] Effective for accounting periods beginning on or after 1 January 2008.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with HKFRSs 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 and by the Hong Kong Companies Ordinance.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group’s accounting policies, management has made the following judgments that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are also discussed below.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at the balance sheet date was approximately HK$10,730,000 (2006: HK$9,699,000) with no impairment loss recognised.

6. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the year.

7. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

Geographical segments

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods.

Consolidated income statement

	Hong Kong		North America		Europe		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	29,273	34,958	17,667	14,996	104,467	95,278	5,101	5,823	156,508	151,055
Segment results	11,760	16,754	5,803	4,050	24,469	20,508	1,591	517	43,623	41,829
Other income									7,292	8,974
Unallocated corporate expenses									(16,356)	(19,333)
Finance costs									(229)	(216)
Profit before taxation									34,330	31,254
Taxation									(6,279)	(4,450)
Profit for the year									28,051	26,804

Consolidated balance sheet

	Hong Kong		North America		Europe		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS										
Segment assets	7,829	5,685	2,313	3,114	45,815	36,647	954	147	56,911	45,593
Unallocated corporate assets									160,718	154,499
Consolidated total assets									217,629	200,092
LIABILITIES										
Segment liabilities	—	—	—	—	7,185	5,283	—	—	7,185	5,283
Unallocated corporate liabilities									22,440	30,195
Consolidated total liabilities									29,625	35,478

Business segment

The Group is mainly engaged in the sale of quality plastic and paper boxes for luxury consumer goods. Accordingly, no segmental analysis on business segment is presented.

8. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Gain on change in fair value of derivative financial instruments	229	—
Change in fair value of investments held for trading	2,096	5,113
Dividend income from investments held for trading	999	257
Gain on disposal of property, plant and equipment	—	32
Interest earned on bank deposits	1,621	1,298
Interest earned on debt securities	1,059	1,593
Net foreign exchange gain	374	—
Rental income	—	27
Sundry income	914	654
	7,292	8,974

9. FINANCE COSTS

	2007 *HK$'000*	**2006** *HK$'000*
Interest on bank overdrafts and other borrowings wholly repayable within five years	229	216

10. TAXATION

	2007 *HK$'000*	**2006** *HK$'000*
Current tax:		
Hong Kong	3,227	2,743
Other jurisdictions	3,052	1,707
	6,279	4,450

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), the Company's wholly owned subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited ("Winbox Plastic Manufacturing (Shenzhen)") is entitled to use a tax rate of 15% being the applicable tax rate for foreign invested enterprise in the area of Shenzhen Special Economic Zone 深圳經濟特區. In addition, Winbox Plastic Manufacturing (Shenzhen) is entitled to an exemption from PRC income tax for the two years starting from its first profit-making year, followed by a 50% tax relief for the next three years. The tax charge provided for the year has been made after taking these tax incentives into account. It commenced its first profit-making year for the fiscal year ended 31 December 2002.

French profits tax is calculated at 33.3% of the estimated assessable profit for the Company's wholly owned subsidiary, Dardel S.A.S. for the year.

11. PROFIT FOR THE YEAR

	2007 *HK$'000*	2006 *HK$'000*
Profit for the year is arrived at after charging (crediting):		
Auditors' remuneration	778	761
Reversal of allowance for bad and doubtful debts (included in administrative expenses)	(50)	(182)
Allowance for (reversal of) slow moving inventories (included in cost of sales)	31	(758)
Cost of inventories recognised as an expense	98,744	94,048
Depreciation of property, plant and equipment	1,399	2,280
Release of prepaid lease payments	105	105
Listing fee	2,589	5,233
Net foreign exchange loss	—	1,763
Loss on change in fair value of derivative financial instruments	—	297
Impairment loss recognised on available-for-sale investments	—	19
Operating lease rentals in respect of rented premises	3,999	3,746
Staff costs:		
Directors' emoluments	3,576	1,665
Other staff costs		
- salaries, bonus and other allowances	32,232	30,034
- retirement benefit scheme contributions	4,310	3,211
- share-based payments	1,084	—
	41,202	34,910

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2006: six) directors were as follows:

	2007						2006					
	Fee *HK$'000*	Salaries and other allowances *HK$'000*	Bonus *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*	Fee *HK$'000*	Salaries and other allowances *HK$'000*	Bonus *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Executive directors:												
Choi Hon Hing	—	584	600	12	570	1,766	—	562	500	12	—	1,074
Fung Wing Ki, Vicky	—	201	200	9	427	837	—	145	120	7	—	272
Fung Wing Yee, Wynne	—	226	100	10	427	763	—	210	100	9	—	319
Non-executive directors:												
Tam Hok Lam, Tommy	70	—	—	—	—	70	—	—	—	—	—	—
Hui Ka Wah, Ronnie	70	—	—	—	—	70	—	—	—	—	—	—
Leung Man Chun, Paul	70	—	—	—	—	70	—	—	—	—	—	—
	210	1,011	900	31	1,424	3,576	—	917	720	28	—	1,665

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

13. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: one) were directors of the Company whose emoluments is included in the disclosures in note 12 above. The emoluments of the remaining two (2006: four) individuals were as follows:

	2007 *HK$'000*	**2006** *HK$'000*
Salaries and other allowances	1,965	3,721
Bonus	336	181
Retirement benefit scheme contributions	196	294
Share-based payments	114	—
	2,611	4,196

The emoluments were within the following bands:

	2007 *No. of employees*	**2006** *No. of employees*
Nil to HK$1,000,000	Nil	2
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	1	Nil

During the year, no emoluments or discretionary bonus were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

	2007 *HK$'000*	**2006** *HK$'000*
Dividends recognised as distribution	10,000	20,000
Proposed final dividends	10,141	10,000

On 4 July 2005 and 30 August 2005, the directors of Winbox (BVI) Limited, the then holding company of the Group, declared and its then shareholder approved an interim dividend and special dividend amounting to HK$10,000,000 each respectively. The interim dividend and special dividend were paid during the year ended 31 March 2006.

The final dividend for the year ended 31 March 2007 of HK$0.025 (2006: HK$0.025) per share, amounting to approximately HK$10,141,000 (2006: HK$10,000,000), was proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year of approximately HK$28,051,000 (2006: HK$26,804,000) and on 400,000,000 (2006: 400,000,000) weighted average number of ordinary shares in issue for the year.

The calculation of weighted average number of ordinary shares for the year ended 31 March 2007 and 31 March 2006 were based on the assumption that the Reorganisation and the share subdivision had been existed on 1 April 2005.

No diluted earnings per share has been presented for the year ended 31 March 2007 because the exercise price of the Company's options, after taken into account for the effect of the share based payments to be recognised over the remainder of the vesting period for employee services to be rendered, was higher than the average market price for shares during the year. Diluted earnings per share for the year ended 31 March 2006 was not disclosed as there was no dilutive potential ordinary shares outstanding during that year.

16. OTHER CURRENT ASSETS

The Group allows an average credit period of 30 to 60 days to its trade customers. The aged analysis of trade receivables and bills receivable are stated as follows:

	2007	**2006**
	HK$'000	*HK$'000*
0 to 30 days	11,900	13,149
31 to 60 days	3,873	2,878
61 to 90 days	382	1,124
91 to 180 days	84	497
Over 180 days	—	1,394
	16,239	19,042
Less: Allowance for bad and doubtful debts	—	(1,303)
	16,239	17,739
Bills receivable - within 60 days	566	183
	16,805	17,922

Other receivables and deposits are repayable on demand.

Bank balances and cash comprise cash held by the Group and short-term bank deposits carrying effective interest at approximately 2.7% (2006: 2.2%) per annum with an original maturity of three months or less.

The directors consider that the carrying values of the current financial assets approximate their fair values.

17. OTHER CURRENT LIABILITIES

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	5,215	5,816
31 to 60 days	1,284	2,743
61 to 90 days	1,615	621
91 to 180 days	1,438	1,311
	9,552	10,491

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

The directors consider that the carrying values of the current financial liabilities approximate their fair values.

18. POST BALANCE SHEET EVENTS

The following transactions took place subsequent to 31 March 2007:

(a) On 10 May 2007, the Group disposed of certain of its leasehold land and building located in the PRC to an independent third party for an aggregate consideration of approximately HK$1.5 million. The carrying value of the disposed leasehold land and building was approximately HK$1.1 million as at the disposal date, resulting in a gain on disposal of approximately HK$0.4 million.

(b) On 8 June 2007, options to subscribe for 2,300,000 shares at exercise price of HK$0.86 per share were granted under the share option scheme adopted on 16 May 2006 to certain directors of the Company and eligible employees of the Group and an eligible person. Total fair value of the share options granted on that date was approximately HK$1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the design, manufacturing and sales of packaging products, the major customers of which are manufacturers of internationally recognised branded and luxury consumer merchandise such as watches, pens, jewellery, gifts and accessories. The Group's packaging products are mainly packaging cases made of plastic, paper or wood with leatherette, artificial suede, velvet, satin, paper or other materials mounted on the surface, bags and pouches. The Group is also engaged in the design, manufacturing and sales of retail display units.

The Group's packaging products are sold mainly in overseas. A majority of the Group's packaging products are sold directly to customers located in Europe and North America, which include internationally recognised brand names and luxury brand names. Following its listing, the Group has gained more exposure in the industry and has received more orders from customers with international reputation. Production capacity of the Group is expected to be increased by approximately 10% compared to the previous financial year.

The Group has also taken important steps towards enhancing its internal control systems by reorganising, in particular, its accounting and finance, and logistics, functions, and improving communications and operations among various departments, especially between Hong Kong and China, by providing a better information technology environment. The implementation of an enterprise resource planning system has been ongoing with a view to streamline the operation flows and to provide information and data on an even more timely and efficient basis upon its full implementation.

While maintaining steady growth in its business of manufacturing and sales of packaging products, the Group seeks to capture growth in other areas by making a number of private equity investments in various industries with a view to optimize the Group's return and diversify its investment portfolio. This also helps the Group to identify potential businesses or partnerships for strategic development in the long run.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2007 increased by approximately 3.6% to HK$156.5 million (2006: HK$151.1 million). The increase was attributable to the better overall economic environment in major markets of the Group that allowed it to generate larger volume of business. Products manufactured by the Group are mainly sold directly to customers located in Europe and North America. For the year ended 31 March 2007, sales to Europe and North America accounted for a total of approximately 78% (2006: 73%) of the Group's revenue.

Group profit

The Group's gross profit remained at approximately HK$57.7 million (2006: HK$57.8 million) for the year ended 31 March 2007. Gross profit margin decreased slightly from approximately 38.2% for the year ended 31 March 2006 to approximately 36.9% for the year ended 31 March 2007, primarily due to the increase in cost of sales in terms of direct labour costs and appreciation of RMB.

Other income

For the year ended 31 March 2007, the Group's other income decreased by approximately 18.7% to HK$7.3 million (2006: HK$9.0 million). The drop was mainly due to a decrease in income from investing activities.

Distribution and selling costs

The Group's distribution and selling costs as a percentage of turnover were approximately 2.3% (2006: 2.8%) for the year ended 31 March 2007. The decrease was mainly due to better cost control by employing new transportation vendors with comparatively lower prices.

Administrative expenses

The Group's administrative expenses decreased by approximately 13.5% to HK$26.8 million for the year ended 31 March 2007 (2006: HK$31.0 million). The decrease was mainly attributable to the drop in the expenses relating to the listing of the Company in 2006 and better cost control.

Finance costs

The Group's finance costs for the year ended 31 March 2007 amounted to approximately HK$0.2 million, which remained the same level as last financial year.

Taxation

The effective tax rate of the Group has increased from approximately 14.2% to 18.3% for the year ended 31 March 2007. The increase was mainly attributable to the incremental contributions from the French subsidiary which was subject to a higher tax rate and the expiry of the tax holidays of the PRC subsidiary effective from 31 December 2006.

Profit for the year

The Group's profit for the year ended 31 March 2007 increased by approximately 4.7% to HK$28.1 million (2006: HK$26.8 million) and the respective net profit margin increased from approximately 17.7% to approximately 17.9% for the year ended 31 March 2007.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group funds its operations and growth principally from internal funds. At 31 March 2007, the Group had cash and cash equivalents of approximately HK$64.5 million (2006: HK$54.7 million). The Group's working capital increased to approximately HK$145.0 million (2006: HK$123.9 million). Current ratio (a ratio of total current assets to total current liabilities) increased by approximately 32.7% to 6.1 times (2006: 4.6 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2007 was maintained at a minimum level of 0% (2006: 0.4%).

For the year ended 31 March 2007, the Group generated a net cash inflow from operating activities of approximately HK$18.3 million (2006: HK$20.7 million). In addition, the Group also obtained net cash inflow from investing activities of approximately HK$1.5 million (2006: outflow of approximately HK$2.7 million). The increase was mainly due to the interest income from investment in debt securities and dividend received from listed shares. The aforesaid cash inflows were partly consumed in financing activities, mainly for the payment of dividend amounted to HK$10 million (2006: HK$20 million).

The Group has executed deeds of charge in favour of the bank and investment dealer/broker to facilitate the purchase of financial instruments. The deeds are secured by the charge over the assets of the Group held by the bank and investment dealer/broker, including investments held for trading, derivative financial instruments and bank balances and cash. As at 31 March 2007, total assets of the Group charged in favour of the bank and investment dealer/broker were approximately HK$58.1 million (2006: HK$32.8 million). The Group has pledged leasehold buildings with a net book value of approximately HK$3.7 million (2006: HK$4.1 million) to secure general banking facilities and other borrowings granted to the Group.

DIVIDENDS

The Directors propose a final dividend of HK$0.025 (2006: HK$0.025) per share for the year ended 31 March 2007 subject to approval by the shareholders at the forthcoming annual general meeting. It will be payable around 29 August 2007, Wednesday to shareholders whose names appear on the register of members of the Company on 23 August 2007, Thursday.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 21 August 2007, Tuesday to 23 August 2007, Thursday (both days inclusive) during which period no transfer of share will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd. at Room 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20 August 2007, Monday.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

On 7 August 2006, Fairich Investment Limited, an indirect wholly owned subsidiary of the Company, which is also a shareholder of Goodwill International (Holdings) Limited, sold 379,400 shares of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2007.

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

During the year ended 31 March 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. The shares of the Company were listed on the Stock Exchange on 6 June 2006 and the Company has complied with the CG Code, save for the deviation from Code Provision A.2.1 of the CG Code.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not separate the roles of the chairman and chief executive officer. Ms. Choi Hon Hing, the Chairman of the Company, assumes the role of chief executive officer and is responsible for the overall control and management of the Company and the Group. The Company considers that the combination of the roles of chairman and chief executive officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately represented.

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 31 March 2007 as set out in the Preliminary Announcement have been agreed by the Group's auditor, 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 Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website.

The Audit Committee has reviewed the audited accounts and final results announcement for the year ended 31 March 2007 and the interim report and the interim results announcement for the six months ended 30 September 2006. It also reviewed and recommended to the Board for approval of the audit fee proposal for the Group for the year ended 31 March 2007.

By order of the Board
Ms. Choi Hon Hing
Chairman

Hong Kong, 18 July 2007

As at the date of this announcement, the board of directors comprises three executive directors, namely Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne; and three independent non-executive directors, namely Mr. Tam Hok Lam, Tommy, J.P., Dr. Hui Ka Wah, Ronnie, J.P. and Mr. Leung Man Chun, Paul.