CHUN WO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 711)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

HIGHLIGHTS

- Turnover amounted to approximately HK$4,034.1 million, an increase of 55.1% over that of last year
- Profit attributable to equity holders of the parent amounted to about HK$480.4 million, surged by approximately 7.5 times
- Basic earnings per share was HK64.5 cents, against HK7.6 cents last year
- Final dividend of HK2.75 cents per share and a special final dividend of HK3.25 cents per share were recommended

RESULTS

The Board of Directors (the "Board") of Chun Wo Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007, together with the relevant comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	**2007** **HK$'000**	2006 HK$'000 (restated)
Turnover	*2*	**4,034,066**	2,600,638
Cost of sales		**(3,447,660)**	(2,468,267)
Gross profit		**586,406**	132,371
Other income		**14,660**	20,597
Increase in fair value of investment properties		**80,000**	10,154
Gain on change in value of leasehold interest in land and properties under development upon transfer to investment properties		**132,818**	–
Selling expenses		**(36,096)**	–
General and administrative expenses		**(168,525)**	(107,102)
Share of profit of jointly controlled entities		**1,502**	21,219
Finance costs	*3*	**(32,462)**	(15,002)
Profit before tax	*4*	**578,303**	62,237
Income tax expense	*5*	**(98,748)**	(6,967)
Profit for the year		**479,555**	55,270
Attributable to:			
Equity holders of the parent		**480,376**	56,525
Minority interests		**(821)**	(1,255)
		479,555	55,270
Dividends paid	*6*	**42,812**	16,753
Earnings per share – basic	*7*	**64.5 cents**	7.6 cents
– diluted		**64.3 cents**	7.6 cents

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Investment properties		**620,183**	229,470
Property, plant and equipment		**150,979**	180,698
Prepaid lease payments		**27,960**	78,917
Properties under development		**–**	136,659
Interests in associates		**42,783**	42,783
Interests in jointly controlled entities		**79,489**	87,487
Available-for-sale investments		**–**	1,002
Amounts due from associates		**128,108**	75,926
		1,049,502	832,942
Current assets			
Amounts due from customers for contract work		**698,344**	326,602
Debtors, deposits and prepayments	8	**570,313**	524,293
Prepaid lease payments		**683**	1,809
Properties under development		**548,808**	1,279,012
Properties held for sale		**181,833**	–
Amounts due from associates		**1,207**	1,182
Amounts due from jointly controlled entities		**33,316**	38,459
Investments held for trading		**15,973**	6,333
Tax recoverable		**6,865**	935
Pledged bank deposit		**34,667**	10,252
Bank balances and cash		**300,457**	329,730
		2,392,466	2,518,607
Current liabilities			
Amounts due to customers for contract work		**87,849**	236,253
Creditors, deposits and accrued charges	9	**491,805**	497,779
Deposits received from pre-sales of properties under development		**217,650**	376,814
Amounts due to jointly controlled entities		**70,512**	80,297
Tax payable		**46,731**	13,414
Obligations under finance leases – due within one year		**1,566**	2,187
Borrowings – due within one year		**726,197**	892,739
		1,642,310	2,099,483
Net current assets		**750,156**	419,124
Total assets less current liabilities		**1,799,658**	1,252,066

	Notes	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Obligations under finance leases – due after one year		**1,640**	695
Borrowings – due after one year		**489,850**	445,082
Deferred tax liabilities		**56,780**	10,547
		548,270	456,324
Net assets		**1,251,388**	795,742
Capital and reserves			
Share capital		**74,705**	74,457
Reserves		**1,176,340**	719,809
Equity attributable to equity holders of the parent		**1,251,045**	794,266
Minority interests		**343**	1,476
Total equity		**1,251,388**	795,742

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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 periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or 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 Shares Transactions[6]
HK(IFRIC)-INT 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group's operation was previously organised into construction work, property development, property investment and other activities for the year ended 31 March 2006. During the year, the Group identifies a new business segment of professional services which is engaged in provision of security and property management services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31 March 2007

INCOME STATEMENT

	Construction work *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Professional services** *HK$'000*	**Other activities** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER						
External sales	**2,880,307**	**1,043,389**	**28,080**	**82,264**	**26**	**4,034,066**
RESULT						
Segment result	**43,323**	**347,551**	**234,016**	**3,915**	**(3,232)**	**625,573**
Interest income						**3,660**
Unallocated corporate expenses						**(19,970)**
Share of profit of jointly controlled entities	**1,502**	**–**	**–**	**–**	**–**	**1,502**
Finance costs						**(32,462)**
Profit before tax						**578,303**
Income tax expense						**(98,748)**
Profit for the year						**479,555**

For the year ended 31 March 2006

INCOME STATEMENT

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000 (restated)
TURNOVER						
External sales	2,529,356	–	25,475	44,066	1,741	2,600,638
RESULT						
Segment result	44,396	(79)	33,607	2,388	(3,707)	76,605
Interest income						1,361
Unallocated corporate expenses						(21,946)
Share of profit of jointly controlled entities	21,219	–	–	–	–	21,219
Finance costs						(15,002)
Profit before tax						62,237
Income tax expense						(6,967)
Profit for the year						55,270

Geographical segments

The Group's operations are mainly located in Hong Kong and elsewhere in the People's Republic of China (the "PRC").

No analysis of turnover for the year by geographical market has been presented as more than 90% of the Group's activities were carried out in Hong Kong.

3. FINANCE COSTS

	2007 ***HK$'000***	2006 *HK$'000*
Interest payable on:		
Bank borrowings wholly repayable within five years	**62,490**	58,234
Bank borrowings wholly repayable over five years	**2,502**	–
Finance leases	**160**	282
	65,152	58,516
Less: Amount attributable to contract work	**(16,801)**	(12,025)
Amount attributable to properties under development	**(15,889)**	(31,489)
	32,462	15,002

4. PROFIT BEFORE TAX

	2007	2006
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Depreciation and amortisation on:		
Owned assets	**25,893**	30,695
Assets held under finance leases	**854**	1,736
	26,747	32,431
Less: Amount attributable to contract work	**(23,432)**	(29,419)
	3,315	3,012
Release of prepaid lease payments	**491**	682
Loss on disposal of property, plant and equipment	**–**	811
Loss on disposal of an investment property	**1,726**	–
Gain on disposal of investment properties	**–**	(6,948)
Gain on disposal of property, plant and equipment	**(3,611)**	–
Increase in fair value of investments held for trading	**(3,765)**	(1,379)

5. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Current taxation		
– Hong Kong Profits Tax		
– current year	**52,457**	21,600
– overprovision in prior years	**(4,100)**	(4,564)
	48,357	17,036
– Enterprise Income Tax in the PRC	**4,158**	279
	52,515	17,315
Deferred tax	**46,233**	(10,348)
	98,748	6,967

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

Enterprise Income Tax in the PRC is calculated at the rates prevailing in the PRC.

6. DIVIDENDS PAID

	2007 *HK$'000*	2006 *HK$'000*
Interim dividend paid in respect of 2007 of HK1.25 cents (2006: HK1.00 cent) per share	**9,307**	7,446
Final dividend paid in respect of 2006 of HK1.75 cents (2005: HK1.25 cents) per share	**13,030**	9,307
Special interim dividend paid in respect of 2007 of HK2.75 cents per share	**20,475**	–
	42,812	16,753

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2007 *HK$'000*	2006 *HK$'000*
Earnings for the purposes of basic and diluted earnings per share – Profit attributable to equity holders of the parent	**480,376**	56,525

	Number of shares	
Weighted average number of shares for the purpose of basic earnings per share	**744,674,904**	744,565,896
Effect of dilutive potential shares in respect of warrants	**1,823,312**	–
Weighted average number of shares for the purpose of diluted earnings per share	**746,498,216**	744,565,896

The computation of diluted earnings per share for 2007 and 2006 does not assume the exercise of the outstanding share options as the exercise prices of the Company's outstanding share options were higher than the average market price for the shares for both years ended 31 March.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are settled within one month. The ageing analysis of trade debtors of HK$270,807,000 (2006: HK$240,070,000), which are included in the Group's debtors, deposits and prepayments, are as follows:

	2007 *HK$'000*	2006 *HK$'000*
Not yet due	**258,707**	234,466
0 to 30 days	**7,204**	4,518
31 to 90 days	**1,680**	888
91 to 180 days	**146**	198
Over 180 days	**3,070**	–
	270,807	240,070

At the balance sheet date, retentions held by customers for contract work included in debtors, deposits and prepayments were HK$191,226,000 (2006: HK$200,309,000).

9. CREDITORS, DEPOSITS AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK$342,443,000 (2006: HK$382,194,000), which are included in the Group's creditors, deposits and accrued charges, are as follows:

	2007	2006
	HK$'000	*HK$'000*
Not yet due	**245,441**	292,640
0 to 30 days	**53,837**	57,649
31 to 90 days	**25,511**	23,646
91 to 180 days	**7,390**	3,412
Over 180 days	**10,264**	4,847
	342,443	382,194

10. CONTINGENT LIABILITIES AND PERFORMANCE GUARANTEE

	2007	2006
	HK$'000	*HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
– subsidiaries	**385,600**	348,908
– an associate	**4,400**	22,400
– jointly controlled entities	**14,175**	26,817
	404,175	398,125
Extent of guarantee issued to a financial institution to secure a credit facility granted to an associate	**48,000**	48,000
Extent of a guarantee issued to a customer to indemnify contract work of a subsidiary	**115,900**	115,900
Extent of guarantee provided for a property development project to banks which granted facilities to purchasers of the Group's pre-sale properties	**81,315**	–

The Directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low applicable default rates.

11. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged by the Group to secure banking facilities granted to the Group:

	2007	2006
	HK$'000	*HK$'000*
Investment properties	**555,000**	180,000
Leasehold buildings and related prepaid lease payments	**13,968**	14,535
Properties under development	**295,035**	1,068,516
Properties held for sale	**181,833**	–
Bank deposits	**34,667**	10,252
	1,080,503	1,273,303

DIVIDENDS

The Group had already paid an interim dividend of HK1.25 cents per share and a special interim dividend of HK2.75 cents per share to shareholders of the Company ("Shareholders") earlier in the year. The Board recommended paying a final dividend of HK2.75 cents per share and also a special final dividend of HK3.25 cents per share for the year ended 31 March 2007. The aggregate dividend for the year, therefore, amounted to HK10 cents (2006: HK2.75 cents) per share. Subject to the approval of Shareholders at the forthcoming annual general meeting to be held on 22 August 2007, the proposed final dividend and the special final dividend will be distributed to Shareholders on or about 17 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 August 2007 to 22 August 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above proposed final and special dividends, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Registrar of the Company, Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 15 August 2007.

Registered holders of the Company's 2009 warrants who wish to exercise their subscription rights attaching to their warrants so as to participate in the proposed final and special dividends should complete and sign the subscription forms and lodge the same together with the relevant warrant certificates and the appropriate subscription money with Secretaries Limited at the above address not later than 4:00 p.m. on 15 August 2007.

BUSINESS REVIEW

Construction

The Group focused on selective and prestigious projects during the year, especially those that required advanced technical skills and a higher level of industry know-how and expertise. The Group believes that focusing in these kinds of projects will help enhance the Group's profit margins and achieve growth through concentration in the more prestigious and technically demanding projects.

Regarding on-going building projects, the construction of the prestigious "Sky Plaza" was completed at large with minor outstanding works proceeding as scheduled. Construction of the luxurious residential units of "The Legend" and the detached houses at Shouson Hill Road were also completed. Additional upgrading works at "The Legend" are expected to be completed in the second half of 2007. In Macau, the architectural works of the Congress Center for "The Venetian" were close to completion with fitting out and all remaining works were scheduled to be completed in July 2007. The Event Center for "The Venetian" was also substantially completed with all outstanding works to be completed in July 2007.

As for civil work projects, works to lay tracks of 7.2-kilometer for the Kowloon Canton Railway Corporation ("KCRC") Lok Ma Chau Spur Line has been substantially completed. The 3.7-kilometer railway extension works for the KCRC Kowloon Southern Link had also commenced. Improvement works on Castle Peak Road, the China Light and Power cable bridge and construction of viaduct at the San Tin interchange are close to completion. Civil works for the South Cargo Apron Extension at the Hong Kong International Airport were progressing on schedule.

The term contracts with Water Supplies Department and Architectural Services Department on minor and maintenance works also made good progress.

The foundation subsidiary of the Group continued to offer services to government departments and renowned corporations, as well as providing support to the Group's construction projects. During the year under review, foundation works for the Hong Kong Housing Authority Tin Shui Wai Area 104 development and the piling work for the "City of Dreams" development at Cotai Macau were completed. On-going projects include foundation works for a private development at No. 55 Conduit Road, Mid Levels, Hong Kong, and a portion of the foundation work at "Macau Studio City". During the year, the Group completed construction of the basement of a multi-purpose property complex in Ho Chi Minh City, of which the Group is one of the developers. Riding on Chun Wo's involvement as a developer, the Group has transferred some of the most advanced construction expertise to Vietnam.

Other than undertaking electrical and mechanical ("E&M") works for the Group's own projects, the E&M subsidiary of the Group also serves government departments and private sector clients. During the year under review, the subsidiary completed a number of E&M contracts awarded by the Electrical and Mechanical Services Department for upgrading and modification works, works for "Skyplaza" and Sea Water Pump House Enhancement for the Hong Kong Airport Authority, as well as projects for KCRC and other private sector companies. Other projects like the San Tin Interchange and South Cargo Apron Extension Works were progressing well. The subsidiary also completed the acquisition of the specialist contractor which will enable the Group to extend its client base to cover the Hong Kong Housing Authority and the Hong Kong Housing Society.

As of 31 March 2007, the Group has contracts in hand of total value approximately HK$7.2 billion, with about HK$2.8 billion outstanding.

Property Development & Property Investment

With strong capabilities and experience in construction, the Group has diversified its business to cover also property development and property investment. The efforts it made during the year under review had been highly effective. In addition to selling a substantial number of units of its flagship residential property project in Hong Kong – "No. 8 Clear Water Bay Road", the remaining premium units on uppermost floors of the project have been packaged as "Sky House No. 8" during the year and marketing has commenced subsequent to the financial year end.

In Mainland China, pre-sale of Phase 1A comprising six residential towers of the Group's flagship development project in Shijiazhuang, Hebei Province, attracted overwhelming response in the end of 2006. This affirmed the effectiveness of the Group's strategy to focus on property development in the PRC. The pre-sale of Shijiazhuang project Phase 1B, comprising a total of eight residential towers, will begin in the second half of 2007. This residential-cum-commercial development project with a total gross floor area of approximately 400,000 square meters is being developed in phases. Phases 1A and 1B are scheduled for completion by the end of 2007 and 2008 respectively.

As for the residential development project with a shopping complex in Yangzhou, Jiangsu Province, construction works had commenced in the second quarter of 2006 and pre-sale will take place in late 2007. The project comprises 6 blocks of residential buildings and a shopping complex.

Furthermore, the Group commenced development of two property projects at sites acquired earlier in Yixing, Jiangsu Province, one near the city center and the other in the suburb. The first project is a serviced apartment/hotel development with a 3-storey retail arcade and its construction had commenced in the first quarter of 2007. Whereas the latter project will be a low-density development with town houses and low-rise apartments complemented by scenic lake views. The project is in its planning and design stage.

The comprehensive development project "Saigon Pearl" in Ho Chi Minh City, Vietnam, pursued by the Group's joint venture there progressed on schedule. The project is situated along the Saigon River with gross floor area of around 400,000 square meters, comprising 8 blocks of apartment, a clubhouse, 2 office towers and a large-scale shopping mall. Phase 1 of "Saigon Pearl", comprising 4 blocks of apartment, has been substantially sold in pre-sale by the end of the financial year.

The Group's investment properties at "Grandeur Terrace" in Tin Shui Wai, "Infinity 8" in Choi Hung and "Elite Plaza" in Zhongshan, PRC, all brought in stable income for the Group.

Professional Services

A part of the Group's diversified business portfolio, security services and property management subsidiaries continued to provide high quality service to public and private sector clients. It also supports the Group's construction and property development projects.

The Group's security business provides one-stop service to external clients and the Group's construction sites. Valuable contracts awarded during the year included crowd management and event security service for prestigious properties of the MTR Corporation.

Riding on the established security business, the Group's property management subsidiary, which mostly served corporate clients in the past, continued to expand and is looking forward to extending its services to more government departments.

OUTLOOK AND PROSPECTS

Property Development

Riding on the demand for housing fuelled by the booming economy, rising household income and rapid urbanization in the PRC, the Group will actively pursue property development projects with potential. The Group is expanding its portfolio in property development in the PRC and is focusing on second and third tier cites, a few of which have already been spotted for the management's consideration. During the year under review, the market responded with great enthusiasm to the presale of our flagship residential-cum-commercial development project in Shijiazhuang, which is positioned as a high-end property endeavor. The project is expected to, in stages, bring in progressive income to the Group. Moving forward, the Group will continue to explore property development opportunities across the PRC through frequent visits, with an aim to acquire quality land bank in preparation for the Group's future development projects.

Apart from focusing on the PRC, Chun Wo will remain open to potential property development opportunities in Hong Kong, Macau and Vietnam. The Group will continue to join hands with other established property developers in future projects, and on the other hand, seek development opportunities from private land owners. Through contributing to the joint ventures its construction knowledge and experience, Chun Wo believes it will enhance its competitive edge by better cost control and risk minimization for the development projects. The Group's flagship property project in Hong Kong – "No. 8 Clear Water Bay Road", recorded excellent sales, which evidenced the synergies of the Group's property development and construction capabilities. "Sky House No. 8" has achieved a record high selling price at HK$12,250 per square foot in June 2007, being the highest ever price per square foot in the district as at the date of this announcement. In Vietnam, on the other hand, Chun Wo's first property development project "Saigon Pearl" is progressing well with construction of phase I to be completed by end of 2007. The whole project is scheduled to be completed by 2010. The Group believes such regional development and construction experience will enable the Group to explore other profitable property development opportunities in the region. The Group will continue to ride on its experience and resources in construction operations to support the growth of its property development business.

Construction

As for the construction sector, in the 2007/08 Budget, the Hong Kong SAR Government earmarked an average of $29 billion a year for infrastructure projects over the next few years. As the Hong Kong SAR Government continues to inject resources into urban improvements and upgrades, the Group is confident in both public and private sector demand for quality construction work in the coming years.

Outside Hong Kong, rapid development of Macau into a gaming and leisure center has brought tremendous opportunities to the construction sector in the building of casinos, hotels and other infrastructure projects. Armed with the successful involvement in "The Venetian" project, the Group will bid for other building and construction projects in Macau. Furthermore, the Group will also continue to seek opportunities for participating in infrastructure projects in other parts of Asia. In particular, the Group is eyeing on railway and track-work transportation projects in Thailand, and high-rise building construction projects in Dubai and Abu Dhabi. Chun Wo's long term plan for the construction business is to focus in high-margin projects requiring advanced technical skills and a higher level of industry know-how and expertise.

Post-year-end Acquisition

In April 2007, Chun Wo Bioscience (Beijing) Company Limited ("Chun Wo Bioscience"), an indirect wholly-owned subsidiary of the Company entered into a Letter of Intent with the shareholders of Chengdu Friendship Hospital and Chengdu Friendship Hospital Company Limited (or collectively the "Hospital"), to acquire 100% of the equity interest in the Hospital. The acquisition shall be subject to an independent asset appraisal to determine the appraised value of the Hospital and the completion of negotiation among Chun Wo Bioscience and the Hospital of many substantive terms related to the transfer of the assets and operations of the Hospital. The Group believes that substantial value can be realized through reconstruction, modification or redevelopment of the plot of land on which the hospital rests, which is situated on the west side of Chengdu City center.

In the long term, the Group is committed to diversifying its business and extending market reach with prudence to achieve sustainable growth and enhance business performance.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon internally generated funds as well as bank and other borrowings to finance its operations and expansion, which is supplemented by equity funding when it is required.

At 31 March 2007, the total net debts of the Group amounted to approximately HK$884.2 million, representing total debts of approximately HK$1,219.3 million less bank balances and cash of approximately HK$335.1 million. The debt maturity profile of the Group at 31 March 2007 is analysed as follows:

	2007	2006
	HK$ million	*HK$ million*
Repayable within one year or on demand	**727.8**	894.9
Repayable after 1 year, but within 2 years	**10.3**	418.1
Repayable after 2 years, but within 5 years	**397.4**	27.7
Repayable over 5 years	**83.8**	–
Total	**1,219.3**	1,340.7

At 31 March 2007, the gearing ratio of the Group, being the proportion of net interest bearing debts to shareholders' equity was 0.71 (2006: 1.26).

To minimise exposure on foreign exchange fluctuations, the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange rate fluctuations. Furthermore, the Group's borrowings have not been hedged by any interest rate financial instruments.

The Group's financial position is sound and strong. With available bank balances and cash at 31 March 2007 and available bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

EMPLOYEE AND REMUNERATION POLICIES

The Group has approximately 2,290 employees at 31 March 2007. Total remuneration of employees for the year ended 31 March 2007 amounted to approximately HK$567.9 million. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. Employee bonus is distributable based on the performance of the respective companies and the employees concerned. The Group also provides in-house and external training programmes which are complementary to certain job functions.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in effect and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year under review except for the deviations from the provision A.4.2 of the Code.

Pursuant to provision A.4.2 of the Code, every director should be subject to retirement by rotation at least once every three years. Relevant amendment to the Bye-laws of the Company had been proposed and was approved by Shareholders at the annual general meeting of the Company held on 21 September 2006 in order to comply with provision A.4.2 of the Code, save as the Chairman and the Managing Director shall not be subject to retirement by rotation. The Board considers that the Chairman and the Managing Director are not subject to retirement by rotation in order to maintain the stability and continuity.

The Company has adopted the Model Code regarding securities transactions by the directors of the Company. All directors of the Company, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Mode Code during the year under review.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's 2006/7 Annual Report.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company (the "Audit Committee") comprises three members, namely Mr. Au Son Yiu, Mr. Chan Chiu Ying and Mr. Hui Chiu Chung, all are Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the final results of the Group for the year ended 31 March 2007.

By Order of the Board
Pang Kam Chun
Chairman

Hong Kong, 20 July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Pang Kam Chun, Madam Li Wai Hang, Christina and Mr. Kwok Yuk Chiu, Clement and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Chan Chiu Ying, Mr. Hui Chiu Chung JP and Mr. Lee Shing See GBS, OBE, JP.