ROYALE FURNITURE HOLDINGS LIMITED
皇朝傢俬控股有限公司*

(Incorporated in Cayman Islands with limited liability)
(formerly known as Chitaly Holdings Limited)
(Stock code: 1198)

ANNUAL RESULTS
For the year ended 31 December 2007

RESULTS

The Board of Directors of Royale Furniture Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative audited figures for the year ended 31 December 2006. The annual results for the year ended 31 December 2007 have been reviewed by the Company's audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
REVENUE	*4*	**615,033**	489,143
Cost of sales		**(446,837)**	(361,605)
Gross profit		**168,196**	127,538
Other income and gains	*4*	**54,569**	42,145
Selling and distribution costs		**(97,850)**	(83,040)
Administrative expenses		**(63,244)**	(59,089)
Other expenses		**(6,927)**	(3,690)
Finance costs	*6*	**(1,861)**	(508)
Share of profits of associates		**1,520**	55
PROFIT BEFORE TAX	*5*	**54,403**	23,411
Tax	*7*	**(2,091)**	(307)
PROFIT FOR THE YEAR		**52,312**	23,104
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**50,406**	23,104
Minority interests		**1,906**	—
		52,312	23,104
DIVIDENDS			
Interim	*8*	**3,509**	—
Proposed final	*8*	**7,779**	5,848
		11,288	5,848
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*9*	**17.04 cents**	8.88 cents
Diluted	*9*	**16.75 cents**	8.85 cents

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**355,670**	283,098
Prepaid land lease payments		**14,630**	19,224
Goodwill		**111,688**	21,454
Other intangible assets		**5,729**	6,124
Interest in associates		**31,067**	8,321
Available-for-sale investments		**—**	5,800
Total non-current assets		**518,784**	344,021
CURRENT ASSETS			
Inventories		**159,984**	120,639
Trade receivables	*10*	**23,371**	16,432
Prepayments, deposits and other receivables		**77,091**	53,152
Cash and cash equivalents		**51,447**	62,662
		311,893	252,885
Non-current assets classified as held for sale		**17,583**	—
Total current assets		**329,476**	252,885
CURRENT LIABILITIES			
Trade payables	*11*	**109,597**	83,140
Other payables and accruals		**90,469**	61,170
Interest-bearing bank loan		**30,902**	638
Tax payable		**61,254**	59,930
Total current liabilities		**292,222**	204,878
NET CURRENT ASSETS		**37,254**	48,007
TOTAL ASSETS LESS CURRENT LIABILITIES		**556,038**	392,028
NON-CURRENT LIABILITIES			
Interest-bearing bank loan		**11,404**	11,101
Deferred tax liabilities		**6,363**	6,363
Total non-current liabilities		**17,767**	17,464
Net assets		**538,271**	374,564
EQUITY			
Issued capital		**31,117**	26,011
Reserves		**494,933**	342,705
Proposed final dividend		**7,779**	5,848
		533,829	374,564
Minority interests		**4,442**	—
Total equity		**538,271**	374,564

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain land and buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS1 (Revised)	Presentation of Financial Statements[1]
HKFRS 3 (Revised)	Business Combinations[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
Amendments to HKFRS 2	Share-based Payment - Vesting Conditions and Cancellations[1]
HKFRS 8	Operating Segments [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HK(IFRIC) - Int 11	Group and Treasury Share Transactions [2]
HK(IFRIC) - Int 12	Service Concession Arrangements [4]
HK(IFRIC) - Int 13	Customer Loyalty Programmes [3]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction [4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 July 2009

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating business are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Home furniture sold through franchise shops; and

(b) Home furniture sold through self-operating shops;

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Year ended 31 December 2007	**Franchise** *HK$'000*	**Self-operating shops** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:				
Sales to customers	**518,492**	**96,541**	**—**	**615,033**
Intersegment sales	**51,935**	**—**	**(51,935)**	**—**
Total	**570,427**	**96,541**	**(51,935)**	**615,033**
Segment results	**55,482**	**8,449**	**—**	**63,931**
Unallocated gains				**283**
Unallocated expenses				**(6,927)**
Finance costs				**(1,861)**
Share of profits of associates				**1,520**
Equity-settled share option arrangements				**(2,543)**
Profit before tax				**54,403**
Tax				**(2,091)**
Profit for the year				**52,312**

Year ended 31 December 2006

	Franchise	Self-operating shops	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Sales to customers	409,421	79,722	—	489,143
Intersegment sales	38,508	—	(38,508)	—
Total	447,929	79,722	(38,508)	489,143
Segment results	32,154	(1,404)	—	30,750
Unallocated gains				3,324
Unallocated expenses				(3,690)
Finance costs				(508)
Share of profits of an associate				55
Equity-settled share option arrangements				(6,520)
Profit before tax				23,411
Tax				(307)
Profit for the year				23,104

Year ended 31 December 2007

	Franchise	Self-operating shops	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets and liabilities			
Segment assets	**649,959**	**111,846**	**761,805**
Interest in an associate			**31,067**
Unallocated assets			**55,388**
Total assets			**848,260**
Segment liabilities	**269,127**	**15,845**	**284,972**
Unallocated liabilities			**25,017**
Total liabilities			**309,989**
Other segment information:			
Depreciation	**18,452**	**6,519**	**24,971**
Goodwill	**45,917**	**65,771**	**111,688**
Capital expenditure	**88,411**	**3,516**	**91,927**

Year ended 31 December 2006	Franchise	Self-operating shops	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets and liabilities			
Segment assets	465,114	52,214	517,328
Interest in an associate			8,321
Unallocated assets			71,257
Total assets			596,906
Segment liabilities	134,506	4,076	138,582
Unallocated liabilities			83,760
Total liabilities			222,342
Other segment information:			
Depreciation	22,844	3,614	26,458
Goodwill	—	21,454	21,454
Capital expenditure	110,433	3,299	113,732

(b) Geographical segments

The following tables present revenue, certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2007 and 2006.

Segment revenue	**2007**	2006
	HK$'000	*HK$'000*
Sales to the People's Republic of China (the "PRC")	**586,269**	474,890
Sales to elsewhere in Asia	**4,688**	4,208
Sales to Australia	**88**	—
Sales to South Africa	**769**	23
Sales to Europe	**9,034**	3,262
Sales to Middle East	**14,185**	6,760
	615,033	489,143

	Segment assets		Capital expenditure	
	2007	2006	**2007**	2006
Other segment information	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**848,260**	596,906	**91,927**	113,732

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue	**615,033**	489,143
Other income and gains		
Bank interest income	**119**	440
Accessories income	**53,087**	38,821
Gain on disposal of equity investments at fair value through profit or loss	**1,290**	2,050
Others	**73**	834
	54,569	42,145

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of goods sold	**446,837**	361,605
Depreciation	**24,971**	26,458
Amortisation of licence rights of trademarks*	**820**	809
Loss on disposal of items of property, plant and equipment	**85**	1,265
Gain on disposal of equity investments at fair value through profit or loss	**(1,290)**	(2,050)

* The amortisation of licence rights of trademarks for the year is included in "Administrative expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans	**1,861**	508

7. TAX

Hong Kong profits tax has not been provided at the rate of 17.5% (2006: 17.5%) as the Group did not generate any assessable profits in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2007	2006
	HK$'000	*HK$'000*
Group:		
Current — PRC corporate income tax	**2,091**	307
Total tax charge for the year	**2,091**	307

8. DIVIDENDS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interim dividend — HK1.2 cents (2006: Nil) per ordinary share	**3,509**	—
Proposed final dividend — HK2.5 cents (2006: HK2.0 cents) per ordinary share	**7,779**	5,848
	11,288	5,848

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**50,406**	23,104

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**295,837,173**	260,114,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**5,137,469**	1,008,848
	300,974,642	261,122,848

10. TRADE RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivable	**27,101**	18,438
Impairment	**(3,730)**	(2,006)
	23,371	16,432

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, and net of provisions, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**10,246**	8,902
31 days to 90 days	**10,922**	3,196
91 days to 180 days	**2,011**	2,897
Over 180 days	**192**	1,437
	23,371	16,432

Included in the Group's trade receivables is an amount due from the Group's associates of HK$3,241,626 (2006: HK$1,820,000) which is repayable on similar credit terms to those offered to the major customers of the Group.

11. TRADE PAYABLES

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**58,490**	51,715
31 days to 90 days	**49,486**	26,993
91 days to 180 days	**1,324**	2,041
181 days to 360 days	**39**	2,134
Over 360 days	**258**	257
	109,597	83,140

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board of Directors recommends a payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2007. Together with the interim dividend of HK1.2 cents per share, the total dividend for the year ended 31 December 2007 is HK3.7 cents per share. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final dividend will be distributed on or about 12 June 2008 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 4 June 2008.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 May 2008 to 4 June 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and attending the forthcoming Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrar and Registration Office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong before 4:00 p.m. on 28 May 2008.

FINANCIAL REVIEW

During the year under review, the Group's turnover increased by 25.7% to HK$615 million while the gross profit margin ratio improved from 26.1% to 27.4%. It was mainly attributable to strict cost control imposed in different functions of the Group, stronger product brand name, positive corporate image and further expansion of the "Royal Furniture" self-operating and franchise outlets. The gross margin of sales to the Group's franchisees rose from 21.1% to 22.6%, while the gross margin of the self-operating shops business increased by 1.1 percentage point to 52.8%. As a result of the increase in turnover and improvement in gross profit margin, profit attributable to equity holders surged by 118.2% to HK$50.4 million during the year.

BUSINESS REVIEW

Olympic Project

Royal Furniture's appointment in March 2007 as the Official Home Furniture Exclusive Supplier for the 2008 Beijing Olympics is one of the most significant achievements the Group made during the year. The Group will be supplying all the home furniture, over 100,000 pieces, including beds, wardrobes, tables and chairs, etc., for the Olympic Village (for athletes, disabled athletes and the media) in Beijing. Also, the Group was invited to design and manufacture the seats for dignitaries from different countries in the "Bird's Nest" (the main Olympic Stadium) and the VIP rooms in "Long Wang Miao" (龍王廟). As the only Hong Kong-listed company in the Olympic suppliers list, the Group is proud to be contributing to the global sports event by providing participants with healthy, environmentally-friendly and quality products.

Being associated with the Olympic Games has not only enhanced the "Royal Furniture" brand, but also the Company's bargaining power in securing strategic locations for expanding its franchise operation and self-operating shops business overall. Apart from promoting its products using the printed media, billboards and on television, the Group also invited famed Chinese Olympic medalists to its promotional functions in major cities such as Shanghai, Shengyang, Harbin, Changsha and Zhengzhou.

New Product Series

In August 2007, the Group launched a new furniture series - the "Olympic Home". All furniture in the series are designed and manufactured according to Olympic standards, which require strict compliance with health and environmental standards. After the launch, the series quickly earned the support of consumers, evidencing the Group's ability to ensure profitability of its business without compromising consumers' need for quality and affordable furniture. At a price level very similar to its existing products, Olympic Home items have higher profit margins thanks to the more efficient usage of raw materials. In the coming year, the Group will focus on marketing the Olympic Home series which has strong support from franchisees.

Change of Company Name

In December 2007, the Company changed its name to "Royale Furniture Holdings Limited". The Board believed the new name would better bring to the fore ground the association of the Group's brand "Royal Furniture" with the Olympic Logo and its emphasis on providing healthy, environmentally-friendly and quality products. These attributes will enhance the Company's bargaining power in securing strategic locations for expanding its self-operating shops and franchise networks.

Successful Self-Operating Shops

In 2007, for the first year after it was set up in 2005, the self-operating shops distribution network recorded operating profit. This achievement bore witness to the success of the business model operated by the Group and the strong abilities of operation personnel. Turnover from self-operating shops business increased to HK$ 96.5 million, representing a growth of 21.1% against last year. The business made a profit of HK$8.4 million against a loss of HK$1.4 million last year. Between the end of May and December 2007, the Group expanded its self-operating shops business through purchasing franchise right back from franchisees in Hangzhou and Zhengzhou. Currently, the Group has self-operating shops in major cities namely Beijing, Shanghai, Shenzhen, Hangzhou and Zhengzhou.

Expansion Through Acquisitions

During the year, the Group acquired an additional 19% stake in Grandeur Industries Limited ("Grandeur") which produces mattresses. The acquisition made Grandeur an associated company of the Group. Apart from supplying mattresses to the Group, Grandeur also has its own franchise network selling its own brand products. The acquisition has brought synergistic benefit to the Group as consumers in most cases would buy a mattress and bed fame together.

The Group completed the acquisition of Signature Industry Limited ("Signature"), which manufactures sofas, in January 2007 and its share of profit from Signature was booked for 2007. With independent design and manufacturing capabilities, this new member of the Group is expected to bring steady contribution to the results of the Group.

Network Expansion

As at end of 2007, the Group had over 1,300 franchise outlets (2006: 1,050 outlets) spanning across the PRC. For the self-operating shops segment, the Group had over 100 self-operating shops (2006: 69 shops) as at the year end. To ensure the healthy and quality expansion of the sales network, the Group will further strengthen the leading position of "Royal Furniture", its household brand name in the home furniture market in the PRC, and launch new and trendy product series that meet the market demand.

PROSPECTS

Going ahead, armed with the title of the "Official Home Furniture Exclusive Supplier for the Beijing 2008 Olympics", as well as a reputable product brand name and a solid foundation, the Group is confident of overcoming potential challenges in front of it and grasping more business opportunities.

The Olympic Supplier status will fortify the Group's leadership as a furniture supplier in consumers' heart. Thus, plus its continual marketing efforts in the PRC and Hong Kong have greatly enhanced consumers' awareness of and confidence in the "Royal Furniture" as a brand representing quality, the Group believes "Royal Furniture" will be among the first choices of consumers when they need to buy furniture and a welcomed addition to many home furniture malls in the PRC.

In August 2007, the Group introduced a new medium-end product series named "Olympic Home" which is well-received in the market. Heeding the positive comments from its franchisees, the Group will focus on marketing the series in 2008. The Group will also continue to expand its sales network. The Group expects the number of the franchise outlets to continue to grow in 2008, while more self-operating shops will also be added when the right opportunities arise.

The Company has been listed for over five years now. In the past five years, while the PRC furniture market has become more competitive, the Company has also become stronger carrying a more prominent brand name through acquisition of a sofa factory and a mattress factory, growing and strengthening its sales network, landing the Olympic projects and restructuring to enhance internal operation. The management is determined to stay focus and work hard on integrating the strengths and capabilities of the Company to achieve the highest yields for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a cash and bank balances of HK$51.4 million as at 31 December 2007 (2006: HK$62.7 million). The Group is principally financed by net cash inflow from operating activities. The Group believes that funds generated from its internal operations are adequate to meet the future requirements of operating its business.

As at 31 December 2007, except for interest-bearing bank loans amounting to HK$42.3 million, the Group had no other bank borrowings and contingent liabilities. As at the same date, the gearing ratio was 26% (2006: 20%).

As at 31 December 2007, approximately 98% of the Group's cash was denominated in Renminbi and the remaining balance of the Group's cash was denominated in Hong Kong Dollars. The exposure to exchange fluctuation was minimal.

As at 31 December 2007, the liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 1.13 times (2006: 1.23) and the net current assets was HK$37,254,000 (2006: HK$48,007,000).

EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2007 was 3,300 (2006: 3,000). The Group's remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2007, there were outstanding share options of approximately 19.2 million.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out 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 ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted for compliance by the directors the code of conduct for dealings in securities of the Company as set out in Appendix 10 - Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), of the Listing Rules on 27 August 2005.

Having made specific enquiry to all the directors of the Company, they have complied with the required standards set out in the Model Code for the period ended 31 December 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

By Order of the Board
Tse Kam Pang
Chairman

Hong Kong, 25 April 2008

As at the date of this announcement, Mr. Tse Kam Pang, Mr. Lam Toi and Mr. Ma Ming Fai, Gary are the executive directors of the Company and, Dr. Donald H. Straszheim, Mr. Chang Chu Fai Johnson Francis and Mr. Yau Chung Hong are the independent non-executive directors of the Company.