



STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The Board of Directors (the “Board”) of Styland Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	3	108,793	71,604
Cost of sales		(94,241)	(54,096)
Gross profit		14,552	17,508
Other revenue and gains		12,279	5,271
Reversal of provisions for doubtful debts		8,363	4,203
Selling and distribution expenses		(1,169)	(1,360)
Administrative expenses		(27,397)	(25,370)
Net realised holding loss on investments held-for-trading		–	(539)
Fair value changes on property held for redevelopment		2,000	–
Fair value changes on investment property		400	600
Reversal of impairment of investment in a joint venture held-for-sale		–	20,404
Fair value changes on investments held-for-trading		3,453	–
Impairment of available-for-sales investments		–	(2,382)
Provisions against accounts and loans receivable		(4,469)	(11,685)
Other expenses		(184)	(7,592)
Finance costs		(7,019)	(6,941)
Profit/(loss) before taxation	4	809	(7,883)
Taxation	5	4,790	–
Profit/(loss) for the year		5,599	(7,883)

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		6,008	(13,990)
Minority interests		(409)	6,107
		<u>5,599</u>	<u>(7,883)</u>
Dividends	6	<u>4,117</u>	<u>–</u>
Earnings/(loss) per share	7		
– Basic		<u>HK0.32 cent</u>	<u>(HK0.75cent)</u>

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,588	2,451
Investment property		15,000	14,600
Property held for redevelopment		49,000	47,000
Dividend receivable		–	19,153
Available-for-sale investments		227	3,098
		66,815	86,302
CURRENT ASSETS			
Inventories		32	192
Loans receivable	8	21,505	41,296
Accounts receivable	9	3,831	8,591
Other receivables, deposits and prepayments		21,145	21,137
Taxation recoverable		564	585
Investment in a joint venture held-for-sale		157,298	151,834
Investments held-for-trading		10,509	2,454
Client trust bank accounts		9,237	8,306
Pledged deposits		5,000	9,000
Cash and bank balances		19,359	3,517
		248,480	246,912
CURRENT LIABILITIES			
Accounts payable, other payables and accruals	10	34,073	36,720
Obligations under hire purchase contracts		–	402
Tax payable		39	4,839
Bank borrowings		80,445	95,775
		114,557	137,736
NET CURRENT ASSETS		133,923	109,176
TOTAL ASSETS LESS CURRENT LIABILITIES		200,738	195,478
NON-CURRENT LIABILITIES			
Bank borrowings		15,728	17,624
		185,010	177,854
CAPITAL AND RESERVES			
Share capital		18,712	18,712
Share premium and reserves		123,441	115,876
Equity attributable to equity holders of the Company		142,153	134,588
Minority interests		42,857	43,266
		185,010	177,854

Notes:

1. Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain investment property, property held for redevelopment and available-for-sale investments, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

2. Application on Hong Kong financial reporting standards/changes in accounting policies

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 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results of the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Standards, amendment or interpretations issued but not yet effective

The Group has not early applied the following new 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
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 “Financial Reporting in Hyperinflationary Economies” ³
HK(IFRIC)-Int 8	Scope of HKFRS 2 ⁴
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁵
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁶
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁷
HK(IFRIC)-Int 12	Service Concession Arrangements ⁸

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 March 2006

⁴ Effective for annual periods beginning on or after 1 May 2006

⁵ Effective for annual periods beginning on or after 1 June 2006

⁶ Effective for annual periods beginning on or after 1 November 2006

⁷ Effective for annual periods beginning on or after 1 March 2007

⁸ Effective for annual periods beginning on or after 1 January 2008

3. Segmental information

(a) Business segments

The following tables present the revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's business segments:

	General import and export trading HK\$'000	Securities dealing and broking services HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Income statement for the year ended 31 March 2007										
Segment revenue:										
External sales	14,134	11,300	3,647	79,712	-	-	-	-	-	108,793
Other revenue	725	5,032	4,745	-	-	9,578	-	-	-	20,080
Inter-segment sales	-	265	-	-	1,200	3	10,610	-	(12,078)	-
Total revenue	14,859	16,597	8,392	79,712	1,200	9,581	10,610	-	(12,078)	128,873
Segment result	(2,367)	1,760	5,200	4,070	2,826	1,283	(5,139)	(85)	(283)	7,265
Interest income										563
Finance costs										(7,019)
Profit before taxation										809
Tax credit										4,790
Profit for the year										5,599
Income statement for the year ended 31 March 2006										
Segment revenue:										
External sales	58,759	9,298	3,547	-	-	-	-	-	-	71,604
Other revenue	1,446	510	377	-	500	95	2,123	-	-	5,051
Inter-segment sales	-	251	-	-	1,200	-	8,479	-	(9,930)	-
Total revenue	60,205	10,059	3,924	-	1,700	95	10,602	-	(9,930)	76,655
Segment result	563	(1,903)	(2,591)	-	1,088	11,157	(4,639)	(4,710)	(251)	(1,286)
Interest income										344
Finance costs										(6,941)
Loss before taxation										(7,883)
Tax										-
Loss for the year										(7,883)

(b) Geographical segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong	96,125	26,933
Europe	6,701	44,671
North America	5,933	–
Others	34	–
	<u>108,793</u>	<u>71,604</u>

4. Profit/(loss) before taxation

Profit/(loss) before taxation have been arrived at after charging:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Depreciation	566	741
Staff costs (including directors' remuneration):		
– Salaries and allowances	10,023	13,325
– Retirement benefit scheme contributions	449	565
	10,472	13,890
Auditor's remuneration	467	535
Minimum lease payments under operating leases for land and buildings	1,153	913
Net loss on foreign currencies exchange	–	1,265
Other expenses:		
– Fair value changes on investments held-for-trading	–	3,993
– Impairment of goodwill	–	3,124
– Loss on disposal of property, plant and equipment	184	475
	<u>184</u>	<u>7,592</u>
And after crediting:		
Interest income	<u>563</u>	<u>344</u>

5. Taxation

Taxation in the consolidated income statement represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Provision for Hong Kong profits tax		
Over-provision in previous years written back	4,800	–
Current year	(10)	–
Deferred tax		
Current year	–	–
Tax credit/(charge) for the year	<u>4,790</u>	<u>–</u>

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year.

6. Dividends

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proposed final dividends	<u>4,117</u>	<u>–</u>

The Board recommended payment of a final dividend of HK\$22 for every lot shares of the Company or HK\$0.22 for every 100 shares of the Company for the year ended 31 March 2007. Shareholders will also be offered the option of receiving the final dividend in the form of new share of the Company. The proposed dividend will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange of Hong Kong Limited granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of this annual general meeting.

Shareholders who own less than 100 shares of the Company may contact Mr. Ng Shun Fu of Ever-Long Securities Company Limited at 18th Floor, Dah Sing Life Building 99-105 Des Voeux Road, Central, Hong Kong at telephone number (852) 2815 3522 and facsimile number (852) 2581 0638 for special arrangement at free of charge.

The Board has not recommended the payment of a final dividend for the year ended 31 March 2006.

7. Earning/(loss) per share

The calculation of basic earnings per share for the year ended 31 March 2007 is based on the net profit attributable to shareholders of HK\$6,008,000 (2006: loss of HK\$13,990,000) and the weighted average of 1,871,188,679 (2006: 1,871,188,679) ordinary shares in issue during the year.

No diluted earnings per share has been presented for the current year as there was no outstanding option at 31 March 2007 and no diluted loss per share for the year ended 31 March 2006 as the options outstanding had an anti-dilutive effect on the basic loss per share for that year.

8. Loans receivable

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Securities dealing and broking services:		
– Secured margin loans	24,391	37,986
Less: Impairment	<u>(8,446)</u>	<u>(11,000)</u>
	<u>15,945</u>	<u>26,986</u>
Financing business:		
– Secured loans	3,598	16,623
– Unsecured loans	<u>20,341</u>	<u>43,056</u>
	23,939	59,679
Less: Impairment	<u>(18,379)</u>	<u>(45,369)</u>
	<u>5,560</u>	<u>14,310</u>
	<u>21,505</u>	<u>41,296</u>

An aged analysis of the Group's loans receivable excluding margin loans is as follows. No aged analysis on margin loans is disclosed as, in the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Financing business:		
Within 6 months	1,104	4,689
7 to 12 months	582	5,550
Over 1 year	<u>22,253</u>	<u>49,440</u>
	23,939	59,679
Less: Impairment	<u>(18,379)</u>	<u>(45,369)</u>
	<u>5,560</u>	<u>14,310</u>

9. Accounts receivable

An aged analysis of the Group's accounts receivable is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 6 months	3,364	8,314
7 to 12 months	129	224
Over 1 year	<u>986</u>	<u>617</u>
	4,479	9,155
Less: Impairment	<u>(648)</u>	<u>(564)</u>
	<u>3,831</u>	<u>8,591</u>

10. Accounts payable, other payables and accruals

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Balance in relation to:		
Securities dealing and broking services	10,745	13,001
General trading and others	23,328	23,719
	<u>34,073</u>	<u>36,720</u>

An aged analysis of the Group's accounts payable is as follows:

Within 6 months	8,781	7,910
7 to 12 months	665	1,161
Over 1 year	2,020	2,567
	<u>11,466</u>	<u>11,638</u>
Accounts payable	11,466	11,638
	<u>22,607</u>	<u>25,082</u>
Other payable and accruals	22,607	25,082
	<u>34,073</u>	<u>36,720</u>

11. Contingent liabilities

As at 31 March 2007, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK\$17.6 million (2006: HK\$19.5 million) had been utilized at 31 March 2007.

The utilized balance of HK\$17.6 million was relating to the mortgage loans of the Group's properties which had a total market values of HK\$64.0 million at the year end.

12. Post balance sheet events

- (a) On 7 June 2007, the Company entered into an option agreement to grant options to the subscriber of the agreement to subscribe for 370,000,000 shares of the Company at HK\$0.024 per share. The option period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement. The grant of the options is not yet completed as certain conditions of the option agreement have not yet fulfilled.
- (b) On 9 July 2007, the Company entered into eight subscription agreements for issuance of convertible bonds in the principal sum of HK\$9,880,000. The issue of the convertible bonds is not yet completed.

13. Litigations

- (1) In relation to the lawsuit against the Company for a sum of HK\$1,197,349.50 by C.A. Pacific Finance Limited (in liquidation), both parties have reached an agreement to settle the lawsuit in May 2007. For more details, please refer to the announcement made on 29 June 2007.

- (2) In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) (“Hainan Wanzhong (海南萬眾)”) alleged that Wuhan Shengda Fangdichan Kaifa Co., Ltd. (武漢盛達房地產開發有限公司) (“Wuhan Shengda Fangdichan (武漢盛達房地產)”) held shares in Sheng Da Investment Holding (Hong Kong) Limited (“Sheng Da (HK)”) and urged the court of Hainan to issue a Notice of Assistance in Execution (協助執行通知書) against Wuhan Dongseng Highway Building Development Co. Limited (“Wuhan Dongseng (武漢東升)”) to retain the dividend to be distributed to Sheng Da (HK) up to RMB19,270,000 (the “Lawsuit”).

Haikou Intermediate People’s Court, in October 2006, dismissed the claims against Sheng Da (HK) by Hainan Wanzhong (海南萬眾) and Sheng Da (HK) had recovered the retained money RMB19,270,000.

On 16 March 2007, Sheng Da (HK) received a copy of notice which was published on a PRC newspaper and became aware that Hainan Wanzhong (海南萬眾) had filed its appeal against the order of Haikou Intermediate People’s Court and the hearings were scheduled on 10th and 17th May 2007 respectively.

Pursuant to a shareholders’ resolution of Sheng Da (HK) passed in 2003 (reference no. of the shareholders’ resolution: HKSDSM2003002), three of its shareholders, Ms. Li Kai Yin (李繼賢女士), Ms. Wan Qinghua (萬慶華女士) and Mr. Huang Zhaohua (黃招華先生) (“Li, Wan & Huang”), undertook that they would bear the liabilities and legal costs arising from the Lawsuit (the “Undertaking”). Subsequently, Sheng Da (HK) several times received letters from Li, Wan & Huang, who intended to reverse the Undertaking.

In June 2007, Sheng Da (HK) was informed by Li, Wan & Huang that Haikou Intermediate People’s Court issued Assistance in Execution against Wuhan Transport Development Limited (武漢交通發展有限公司), the CJV partner of Sheng Da (HK) in 318 Highway, requesting for retaining the payments to Sheng Da (HK) up to RMB19,270,000 until the dispute is resolved.

The directors of the Company considers that it is unacceptable and without legal basis for Li, Wan & Huang to withdraw the Undertaking unilaterally. To preserve the interests of the Company and its shareholders as a whole, the board of directors of the Company concurred that the Company would not accept the withdrawal of Undertaking by Li, Wan & Huang unilaterally, and will take legal action against Li, Wan & Huang for damages if the Group or Sheng Da (HK) sustains any loss from the Lawsuit.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

It marks a turning point of the Group’s performance as it has successfully turned loss into profits. For the year ended 31 March 2007, the Group’s profits attributable to shareholders was HK\$6.0 million (while it recorded a loss of approximately HK\$14.0 million for the year ended 31 March 2006 and a loss of approximately HK\$7.1 million for the half year ended 30 September 2006). In addition, the turnover has increased to HK\$108.8 million for the current year (while they were HK\$71.6 million and HK\$38.9 million for the year ended 31 March 2006 and half year ended 30 September 2006 respectively).

As disclosed in the announcements the Company has made recently, the Group won the first instance decision on the lawsuit against it in Hainan Province in the PRC and has recovered approximately RMB19.3 million. In addition, according to the arbitration, the Group is entitled to get approximately RMB157.3 million from its investment in the highway in the PRC, and out of which RMB75.0 million was received in April 2007. The Group expects that it can rely on the arbitration report and recover the balance of approximately RMB82.3 million in the short term. The financial position of the Group has been improved as a result of the recovery and receipt of the money. The outstanding loans were slimmed down to only HK\$17.6 million representing the mortgage loans for the Group's properties which had a total market value of HK\$64.0 million at 31 March 2007. The cash level surged from HK\$3.5 million to HK\$19.4 million when comparing with prior year.

Benefiting from the thriving stock, finance and capital markets, the Group recorded growth for its brokerage and financing business. Over the past year, as a broker, the Group has processed 25,751 share service transactions for its clients, with the fund flows involving in excess of HK\$2.4 billion. Thanks to its continuing efforts on the enhancement of internal control, all the share service transactions were carried out smoothly and settled without delay, and thus no complaint received. Looking forward, the Group has confidence in its brokerage, finance and other services business and it intends to spare more resources on those segments. In addition, the Group will continue its profit-oriented investment strategy and try to explore into other high growth industries. On the other hand, the Group will gradually fade out from other non-profitable business.

Since the suspension of trading of the shares of the Company on 21 April 2004, the Group as a whole has been making efforts to seek resumption of trading of the shares of the Company. Though we cannot ascertain the outcome of the efforts, the Board hereby committed to the shareholders of the Company that it would exert all its strength for the resumption of trading of its shares. In addition, every employee in the Group will contribute themselves to the success of the Group and "get their job done".

In order to make our shareholders enjoying and sharing the fruitful results of the Group, the Board recommended a final dividend of HK\$22 for every lot shares of the Company or HK\$0.22 for every 100 shares of the Company for the year ended 31 March 2007. Shareholders will also be offered the option of receiving the final dividend in the form of new share of the Company. The proposed dividend will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of this annual general meeting.

The Board would also like to take this opportunity to offer thanks to Mr. Cheung Chi Shing, Kenneth, who had upheld the principle of deliberate financial planning and adopted the relative prudent accounting policies and strictly complied with accounting guidelines or policies issued by the Hong Kong Institute of Certified Public Accountants so that the Group would take immediate action for the doubtful debts or make provision or written them off when necessary. For those non-performance projects, the Group will resolve, without hesitation, to dispose of them or discontinue such investments and allocate the surplus resources to other projects with more profit-making potential. Mr. Cheung's way of running the business is conducive to the Group greatly. On the other hand, with Ms. Chan Chi Mei Miranda and Ms. Yeung Han Yi

Yvonne at the helm, the finance business of the Group's subsidiaries has accomplished outstanding performance and its clients are satisfied with its services and lodge no complaint.

Financial review

At 31 March 2007, the Group had cash at bank and in hand of approximately HK\$19.4 million (2006: HK\$3.5 million) and net assets value of approximately HK\$142.2 million (2006: HK\$134.6 million).

Bank borrowings at 31 March 2007 amounted to HK\$96.2 million (2006: HK\$113.4 million), of which HK\$80.4 million (2006: HK\$95.8 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings of approximately HK\$96.2 million to shareholders' fund of approximately HK\$142.2 million, was about 0.68 (2006: 0.85). Included in the current portion of the bank borrowings was the bank loan HK\$74.0 million relating to the Group's investment in a joint venture and was fully settled subsequent to the year end.

At 31 March 2007, a deposit of HK\$5.0 million, a property held for redevelopment at a revalued amount of HK\$49.0 million, an investment property at a valuation of HK\$15.0 million and the investment in a joint venture held-for-sale of HK\$157.3 million were pledged to secure the banking facilities granted to the Group.

Investments

As disclosed in the Company's announcement dated 27 February 2004, the joint venture ("JV") partner ("JV Partner") in the toll road in Wuhan, China ("Toll Road") had unilaterally decided to relocate the toll station of the Toll Road, which results in significant drop in traffic flows of the Toll Road. Since then, the Group has kept liaising with the JV Partner for compensation for the losses. As both parties didn't come to an agreed consideration for the compensation, the Group had applied for arbitration through the Wuhan Arbitration Commission ("WAC") in China in October 2004. In April 2006, the WAC arbitrated that the Group could transfer its interests in the JV at the consideration of RMB157,298,300. According to further announcement of the Company made on 30 May 2007, the Group has received RMB75,000,000 from the JV Partner and it understands that the payment is relating to the arbitration of WAC. The money was used to fully settle the project loan of the Toll Road. The directors of the Company will make every effort to put the arbitration report into execution and collect the remaining balance. Further announcement will be made in due course.

Closure of register of members

The register of members of the Company will be closed from 19 September 2007 to 21 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to the fulfillment of conditions set out in note 6, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 18 September 2007.

Credit policies

Trading terms with general trading customers are mainly on credit, except for new customers, where payment in advance is normally required or letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

For the securities dealings, and broking and financing businesses, the Group is strictly in compliance with Securities and Futures Ordinance (“SFO”). The financial assistance will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. Financial assistances will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

Foreign exchange exposure

During the year under review, the Group’s business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, US dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and US dollars and the borrowing in Renminbi was matched by assets denominated in Renminbi, the Group considered its foreign exchange risk was immaterial. It is the Group’s treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

Operational risk

The Group has put in place the effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of Securities and Futures Commission (“SFC”) licensed responsible officers and senior management, who have been acting in compliance with SFO, has been set up to monitor the settlement matters of traded securities and cashes. In order to safeguard client’s interests and comply with the requirements of SFC and SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.

Staff

As at 31 March 2007, the Group had 50 employees (2006: 57), employees of part-time job are not included. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

The Board may from time to time review the overall staff benefits and, subject to the relevant rules and regulations, may implement and grant new incentive scheme, such as new share option plan and quasi share option plan to the existing employees with a view to reward their contribution to the Group by way of benefits in kind.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

CORPORATE GOVERNANCE

The Company has complied with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the exception that the Company does not have any officer with the title of “chief executive officer” (“CEO”); however, the duties of CEO are performed by the Managing Director. Following the resignation of the Managing Director in June 2006, the day-to-day business operation of the Group will be carried out by other executive directors. As there exists a clear division of each director’s duties in the Group, the resignation of the Managing Director did not have any material impact on operation of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

REVIEW OF ACCOUNTS

The Company has an audit committee comprising three independent non-executive directors of the Company, namely, Mr. Chow Pat Kan (Chairman), Mr. Lim Man San David and Mr. Yeung Shun Kee Edward. The audit committee has reviewed the Group’s annual results for the year ended 31 March 2007.

SCOPE OF WORK OF MESSRS LI, LAI & CHEUNG

The figures in respect of the Group’s consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31 March 2007 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs Li, Lai & Cheung, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Messrs Li, Lai & Cheung 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 Li, Lai & Cheung on the preliminary announcement.

On behalf of the Board
Lim Man San David
Chairman

Hong Kong, 24 July 2007

As at the date of this announcement, the board of directors of the Company comprises Ms. Yeung Han Yi Yvonne, Mr. Cheung Hoo Win, Ms. Chan Chi Mei Miranda,, Mr. Wu Ho Fai David, Ms. Zhang Yuyan, Mr. Lim Man San David, Mr. Yeung Shun Kee Edward and Mr. Chow Pat Kan

** For identification purpose only*