



CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1073)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2008

FINAL RESULTS

The board of directors (the “Board”) of China Agrotech Holdings Limited (the “Company”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 30 June 2008, together with the comparative figures for the previous financial year as follows:

Consolidated Income Statement

		For the year ended 30 June	
		2008	2007
	Note	HK\$'000	HK\$'000
Turnover	2	2,894,984	2,552,044
Cost of sales		(2,608,179)	(2,317,068)
Gross profit		286,805	234,976
(Decrease)/increase in fair value of investment properties		(9,594)	5,064
Other income		41,999	24,682
Distribution costs		(98,335)	(74,231)
Administrative expenses		(75,014)	(73,261)
Profit from operations		145,861	117,230
Finance costs		(43,803)	(31,513)
Profit before taxation	3	102,058	85,717
Income tax	4	(15,788)	(8,839)
Profit for the year		86,270	76,878
Attributable to:			
– Equity shareholders of the Company		82,423	80,592
– Minority interests		3,847	(3,714)
Profit for the year		86,270	76,878
Dividends payable to equity holders of the Company			
– Final dividend proposed after the balance sheet date	5	–	12,734
Earnings per share	6		
– Basic		HK16.83 cents	HK17.66 cents
– Diluted		HK16.51 cents	HK17.14 cents

* For identification purposes only

Consolidated Balance Sheet

	At 30 June	
	2008	2007
	HK\$'000	HK\$'000
NON CURRENT ASSETS		
Property, plant and equipment	53,439	39,884
Investment properties	25,726	32,496
Lease premiums for land	10,263	9,376
Intangible assets	146,301	146,424
	<u>235,729</u>	<u>228,180</u>
CURRENT ASSETS		
Trading securities	1,091	–
Inventories	321,869	188,875
Lease premiums for land	317	287
Trade and other receivables	7 1,388,487	1,313,343
Restricted bank deposits	211,416	206,407
Cash and bank balances	192,433	171,227
	<u>2,115,613</u>	<u>1,880,139</u>
CURRENT LIABILITIES		
Trade and other payables	8 (1,235,700)	(1,241,496)
Bank loans	(388,091)	(287,219)
Provision for taxation	(30,954)	(17,213)
	<u>(1,654,745)</u>	<u>(1,545,928)</u>
Net current assets	<u>460,868</u>	<u>334,211</u>
NET ASSETS	<u>696,597</u>	<u>562,391</u>

	At 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	48,977	48,977
Reserves	629,973	506,990
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company	678,950	555,967
Minority interests	17,647	6,424
	<hr/>	<hr/>
TOTAL EQUITY	696,597	562,391
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Notes:

1. Statement of compliance and basis of preparation of the financial statements

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is included in the annual report to be sent to the shareholders of the Company.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adopted for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in significant change to the Group’s accounting policies applied on these financial statements for the current and prior year presented. The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting year.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain assets are stated at their fair values as explained in the accounting policies.

2. Turnover and segment information

The Group is principally engaged in (i) the trading of pesticides, fertilizers and other agricultural products (“trading operation”); (ii) the manufacturing and selling of plant growth regulatory products (“PGR”), pesticides and fertilizers (“manufacturing operation”); (iii) the provision of plant protection technical services (“consultancy operation”); and (iv) trading of non-agricultural resources products (“non-agricultural resources trading operation”) in Mainland China.

Turnover represents the sale value of goods supplied to customers and revenue from provision of services.

An analysis of turnover and segment results by business segment of the Group is as follows:

(i) Year ended 30 June 2008

	Trading operation HK\$'000	Manufacturing operation HK\$'000	Consultancy operation HK\$'000	Non- agricultural resources trading operation HK\$'000	Elimination HK\$'000	The Group HK\$'000
Turnover						
Revenue from external customers	1,769,988	267,639	30,069	827,288		2,894,984
Inter-segment revenue	13,551	35,437	3,152	30,066	(82,206)	–
	<u>1,783,539</u>	<u>303,076</u>	<u>33,221</u>	<u>857,354</u>	(82,206)	<u>2,894,984</u>
Segment results	<u>58,657</u>	<u>39,208</u>	<u>23,505</u>	<u>20,188</u>		<u>141,558</u>
Interest income						22,330
Unallocated corporate operating income						–
Unallocated corporate operating expenses						(18,027)
Finance costs						(43,803)
Income tax						(15,788)
Profit for the year						<u>86,270</u>

(ii) Year ended 30 June 2007

	Trading operation HK\$'000	Manufacturing operation HK\$'000	Consultancy operation HK\$'000	Non- agricultural resources trading operation HK\$'000	Elimination HK\$'000	The Group HK\$'000
Turnover						
Revenue from external customers	1,876,988	159,580	36,579	478,897		2,552,044
Inter-segment revenue	31,985	87,727	3,871	1,535	(125,118)	–
	<u>1,908,973</u>	<u>247,307</u>	<u>40,450</u>	<u>480,432</u>	(125,118)	<u>2,552,044</u>
Segment results	<u>15,932</u>	<u>41,719</u>	<u>27,055</u>	<u>14,414</u>		<u>99,120</u>
Interest income						20,710
Unallocated corporate operating income						5,064
Unallocated corporate operating expenses						(7,664)
Finance costs						(31,513)
Income tax						(8,839)
Profit for the year						<u>76,878</u>

The Group's operations are primarily located in Mainland China and all of the Group's turnover is attributable to business conducted in Mainland China. Consequently, no geographical segment analysis is presented.

3. Profit before taxation

Profit before taxation is stated after charging and crediting the following items:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
After charging:		
Finance costs		
– interest on bank and other borrowings wholly repayable within five years	43,803	31,513
Impairment losses of trade receivables	1,222	6,026
Write off of advance to suppliers	5,045	–
Amortisation of lease premiums for land	221	203
Amortisation of intangible assets	22,240	29,122
Depreciation of property, plant and equipment	9,017	8,920
Net foreign exchange loss	3,219	569
Staff costs, including directors' emoluments	28,054	22,813
Operating leases charges: minimum lease payments of land and buildings	3,113	3,140
After crediting:		
Interest income	22,330	20,710

4. Income tax

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current Tax – The PRC		
– Provision for the PRC corporate income tax for the year	15,788	8,702
– Under-provision in respect of prior years	–	137
	15,788	8,839

The Company is exempted from taxation in the Cayman Islands until 2019.

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits (2007: Nil) arising in Hong Kong during the year.

PRC corporate income tax represents tax charges on the estimated assessable profits of the Company's subsidiaries established in the PRC. Domestic enterprises of the PRC are subject to income tax rates ranging from 18% to 33%. Productive foreign investment enterprises established in the special economic zones of Fujian, the PRC are subject to preferential corporate income tax rates ranging from 15% to 30%.

On 16 March, 2007, the National People's Congress approved the Corporate Income Tax law of the PRC (the "new CIT law"). The new CIT law unifies the corporate income tax for domestic and foreign enterprises at 25% with effect from 1 January 2008. Entities which are entitled to special incentive may continue to enjoy the given concessions, if applicable.

5. Dividend

The Board has resolved not to recommend the payment of any final dividend for the year ended 30 June 2008 (2007: final dividend of HK2.6 cents per ordinary share).

6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of approximately HK\$82,423,000 (2007: HK\$80,592,000) and on the weighted average number of approximately 489,767,000 shares (2007: 456,296,000 shares) in issue during the year.

The calculation of diluted earnings per share for the year ended 30 June 2008 is based on the consolidated profit attributable to equity shareholders of the Company of approximately HK\$82,423,000 (2007: HK\$80,592,000) and on the weighted average number of approximately 499,345,000 shares (2007: 470,160,000 shares) in issue, after adjusting for the effect of all dilutive potential shares under the Company's share option scheme and unlisted warrants. The effect of the dilutive potential shares resulting from the exercise of the outstanding options and unlisted warrants on the average number of shares in issue during the year ended 30 June 2008 was approximately 9,578,000 shares (2007: 13,864,000 shares), which were deemed to have been issued at no consideration as if all the outstanding options and unlisted warrants had been exercised on the date when the options and unlisted warrants were becoming exercisable.

7. Trade and other receivables

Included in trade and other receivables are trade debtors and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	At 30 June	
	2008	2007
	HK\$'000	HK\$'000
Within credit period	368,439	317,283
Past due within 6 months	23,171	19,865
Past due more than 6 months but within 18 months	14,130	–
	405,740	337,148

Debts are generally due within three to six months from the date of billing. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness of the customers, extend the credit period upon customers' requests.

8. Trade and other payables

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	The Group	
	At 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month or on demand	289,640	332,043
Due after 1 month but within 2 months	187,464	115,324
Due after 2 months but within 3 months	169,344	132,328
Due after 3 months but within 6 months	349,786	220,997
Due after 6 months	28,508	21,089
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	1,024,742	821,781
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9. Comparative figures

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

OVERALL RESULTS

For the year ended 30 June 2008, the Group's consolidated turnover was approximately HK\$2,894,984,000 (2007: HK\$2,552,044,000) and net profit attributable to equity shareholders of the Company was approximately HK\$82,423,000 (2007: HK\$80,592,000), representing a growth of about 13% and 2% respectively as compared to those of the previous financial year. Net profit, excluding the impact from the change in fair value of the investment properties, was HK\$92,017,000 (2007: HK\$75,528,000), representing an increase of 22%.

The Group's business can be divided into two categories, namely agricultural resources operation and trading of non-agricultural resources products. Agricultural resources operation includes the manufacturing and selling, purchase and distribution of agricultural resources products, as well as the provision of plant protection and consultancy services for the related products.

The turnover of the agricultural resources operation and trading of non-agricultural resources products is analysed by product segments as follows:

	2008		2007	
	Turnover	Percentage	Turnover	Percentage
	HK\$'000	of the total	HK\$'000	of the total
		turnover		turnover
Agricultural resources operation				
nitrogenous fertilizer	677,032	23%	796,957	31%
phosphorous fertilizer	299,614	10%	175,274	7%
potash fertilizer	202,186	7%	142,244	6%
compound fertilizer	519,988	18%	467,938	18%
pesticides	368,876	13%	490,734	19%
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Agricultural resources products (subtotal)	2,067,696	71%	2,073,147	81%
Trading of non-agricultural resources products	827,288	29%	478,897	19%
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Total	2,894,984	100%	2,552,044	100%

Aggregate sales volume of fertilizers, including nitrogenous fertilizer, phosphorous fertilizer, potash fertilizer and compound fertilizer, decreased by around 9% from approximately 970,000 tonnes in the previous year to approximately 880,000 tonnes this year. The turnover for this year was approximately HK\$1.699 billion, representing a growth of about 7% as compared to approximately HK\$1.582 billion in the previous year.

For pesticides, turnover dropped by approximately 25% from approximately HK\$491 million for the previous year to approximately HK\$369 million this year.

Turnover from the trading of non-agricultural resources products significantly increased from approximately HK\$480 million last year to approximately HK\$830 million this year.

The realized gross profit amounted to approximately HK\$287 million and net profit (excluding the impact from the change in fair value of the investment properties) was approximately HK\$ 92,017,000, representing a growth of approximately 22% and 22% respectively as compared to those of the previous year. Gross profit margin in general increased from approximately 9.2% in the previous year to approximately 9.9% this year. The overall improvement of gross profit margin were attributable to the lower procurement and operating costs as a result of continuous reinforcement of the centralised purchase and distribution strategy, in combine with utilizing its capital advantage to stock up the inventories at a lower price and reducing the turnover of the inventories to increase the realised gross profit when the price of agricultural resources products surged at the preliminary period.

Agricultural Resources Operation

(1) Nitrogenous fertilizer

Being the most commonly used fertilizer, the supply of nitrogenous fertilizer outstrips its demand, characterizing the related industry as volume-oriented with thin gross profit margins. Nitrogenous fertilizer is the major product of the Group in terms of both sales volume and turnover. Thanks to the Group's good and trusting relationship with both upstream and downstream companies developed over the years, alliances with reputable upstream suppliers which were demand by its sufficient capital, strengthened supply chain management, centralised purchase and distribution policy, as well as expanded distribution network, the Group managed to maintain a stable gross profit margin of approximately 3.7% amid market fluctuations . However, in response to the changes in price of nitrogenous fertilizer this year and price restriction imposed by the government, the Group cut down the dealings of nitrogenous fertilizer in order to minimize operational risks. As such, sales volume of nitrogenous fertilizer decreased to approximately 360,000 tonnes (2007: 510,000 tonnes). Turnover dropped by 15% to HK\$677 million (2007: HK\$797 million), accounting for approximately 32% and 23% of the turnover of agricultural resources products segment and the consolidated turnover of the Group respectively.

(2) Phosphorous fertilizer

Although the market demand had been basically met by the gradual increase in the production capacity of phosphorous fertilizer in the PRC, there is an increasing trend of shortage of supply in phosphorous resources. Capitalizing on its own phosphorous fertilizer plant and the revised product mix of phosphorous fertilizer by increasing the production of high density phosphorous fertilizer and decreasing that of low density phosphorous fertilizer, during the year the Group was able to boost its sales volume of phosphorous fertilizer to approximately 220,000 tonnes (2007: 170,000 tonnes), push the turnover to considerably rise by 71% to HK\$300 million (2007: HK\$175 million) and increase the gross profit margin from 10% for the previous year to 12.7% this year.

(3) Potash fertilizer

Being a scarce resource, 70% of potash fertilizer in the PRC is imported with continuing surge in its market price. During the year, the Group took advantage of centralised purchase and its own network to continue the expansion of the operation of potash fertilizer, especially those from Russia. As the market price continued to increase, the Group adopted its main strategy of maximising gross profit, utilizing its capital advantage and riding the market trend, as well as stocked up inventories before selling. Hence, sales volume of potash fertilizer for this year reached 70,000 tonnes, which approximated that of the previous year, while turnover dramatically increased by 42% to approximately HK\$202 million (2007: HK\$142 million). Gross profit margin also remarkably increased from approximately 4.3% for the previous year to approximately 7.6% this year.

(4) *Compound fertilizer*

The Group provides specific compound fertilizer for different crops through production from its own plant and through procurement. During the year, the Group increased the production and distribution of compound fertilizer products to accommodate market demand. Sales volume increased from approximately 220,000 tonnes for the previous year to approximately 230,000 tonnes this year. Turnover increased by approximately 11% to approximately HK\$520 million (2007: HK\$468 million), while gross profit margin significantly increased from approximately 8.4% for the previous year to approximately 12.6% this year.

(5) *Pesticides*

For pesticides, the Group has a large variety of high-value-added pesticide products which are developed through collaboration with different research institutes. Those pesticide products supplied to the market are either manufactured by the Group's own plants or through procurement and distribution. During this year, turnover dropped by approximately 25% to approximately HK\$369 million (2007: HK\$491 million) because the Group, in view of the mounting pressure on production cost, outsourced part of the production processes and scaled down production. However, attributable to the expansion on high-margin products through the rationalisation on product mix structure and sales strategy by the Group, the average gross profit margin of pesticides successfully increased from approximately 19% for the previous year to approximately 21% this year.

Trading of Non-Agricultural Resources Products

For the trading of non-agricultural resources products, in response to the appreciation of Renminbi, the Group reduced export trading to minimize foreign exchange risk while kept on increasing bulk import trading of resource-related products and the domestic trading of coal, hence remarkably boosting turnover to approximately HK\$827 million (2007: HK\$479 million). With ample capital and established sale channels, the Group significantly increased its gross profit and operating profit to approximately HK\$65.27 million (2007: HK\$52.26 million) and approximately HK\$20.19 million (2007: HK\$14.41 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

Financial resources

The Group generally finances its operations with internally generated cashflow and bank facilities for its capital expenditures and other capital requirements.

As at 30 June 2008, cash and bank balances and restricted bank deposits were approximately HK\$403,849,000 of which approximately HK\$591,000, approximately HK\$382,044,000, and approximately HK\$21,214,000 denominated in Hong Kong dollars, Renminbi and US dollars respectively.

With respect to foreign exchange exposure, as the Group's earnings and borrowings are primarily denominated in Renminbi and the exchange rates between Renminbi and Hong Kong dollar/US dollar remained steady during the year under review, its exposure to foreign exchange rate fluctuations is insignificant. During the year under review, the Group had not used any financial instruments for hedging purposes.

Borrowings and banking facilities

As at 30 June 2008, the Group had bank borrowings of approximately HK\$388,100,000 (approximately HK\$309,500,000 denominated in Renminbi and approximately HK\$78,600,000 denominated in US dollars) bearing interest at rates ranging from 5.8% to 10.0% per annum, of which approximately HK\$11.4 million was secured by certain land and buildings of the Group, approximately HK\$18.7 million by assets of certain minority shareholders, and the balance by the guarantees provided by certain subsidiaries and/or a director, respectively.

At as 30 June 2008, the Group had bills payable of approximately HK\$771 million which was denominated in Renminbi and the entire amount was secured by pledged bank deposits of approximately HK\$211 million which were also denominated in Renminbi.

As at 30 June 2008, the Group's gearing ratio remained at approximately 57%. This was based on the division of bank borrowings by total equity attributable to equity shareholders of the Company as at 30 June 2008. The Directors, taking into account of nature and scale of operations of the Group, considered that the gearing ratio as at 30 June 2008 was healthy.

Commitments

As at 30 June 2008, the Group had outstanding contracted capital commitments in respect of construction of manufacturing facilities of approximately HK\$9,645,000. As at 30 June 2008, the Group had operating lease commitments of approximately HK\$5,026,000.

Contingent liabilities

As at 30 June 2008, the Group had no material contingent liabilities.

Remuneration Policies and Share Option Scheme

The Group incurred expenditure on salaries and other remunerations of approximately HK\$28 million in total with an average workforce of about 1,200 during the year ended 30 June 2008.

Remuneration packages comprise salary, mandatory provident fund and year-end bonus based on individual merits. A share option scheme (the "Scheme") was adopted by the Company pursuant to a resolution passed at the extraordinary general meeting of the Company held on 31 December 2001. The Scheme limit was refreshed pursuant to a resolution passed at the extraordinary general meeting of the Company held on 1 March 2006. During the year ended 30 June 2008, no option in respect of shares of the Company was granted to the relevant participants under the Scheme (2007: nil).

CORPORATE STRATEGIES AND PROSPECTS

The PRC government has been striving to deepen the agricultural reform in order to increase the income of farmers. In fact, the central government of the PRC will have committed more than RMB500 billion to address the “three rural issues” (i.e. rural areas, farmers and agriculture) during 2008, up 30% as compared to that of last year. The state policy of supporting and benefiting agricultural sector has maintained healthy growth on the demand of agricultural resources products. Besides, the rising prices of agricultural products worldwide will help bring in more support from the government.

The accelerated deterioration of the global financial markets in the third quarter of 2008 has put the world economy to severe test, consequently victimizing many industries. Fortunately, China can be seen as one of the least affected countries with its agricultural sector being less susceptible. The agricultural resources product market witnessed significant growth during the year under review, but looks set to face a downturn during the fourth quarter of 2008, offsetting the increase recorded previously. Therefore, the Group will in the coming year strengthen its risk management and take a prudent approach to pursue stable growth by staving off risks.

In the coming year, while carrying out macro-economic austerity measures, the PRC Government will continue to reinforce its commitment and supportive policy to address the “three rural issues”, thus providing a favourable external environment for the Group and benefiting the agricultural resources sector in the long run.

Looking forward, apart from continuing with the Group’s centralised purchase and distribution strategy and product mix optimisation policy, we will also strive to develop the upper stream businesses, strengthen the resources supply chains and further reduce operating costs, as well as solidifying the strategic partnerships with upstream brand-names suppliers in order to explore high quality resources and tap into the new areas of phosphorous fertilizers and pesticides. The Group will also continue to deepen the sales channels of its products and expand its distribution network into the North-eastern and Southern China. We are optimistic about the future of the Group and will continue to dedicate to becoming the leading agricultural resources products and service provider in the PRC so as to position well for the next breakthrough.

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

The Company did not redeem any of its listed securities during the year ended 30 June 2008. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable code provisions of 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 (“CG Code”) for the year ended 30 June 2008, except for the following major deviations:

1. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the roles of Chairman and Chief Executive Officer of the Company have been performed by Mr. Wu Shaoning. This constitutes a deviation from code provision A.2.1 of the CG Code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of Chairman and Chief Executive Officer performed by Mr. Wu Shaoning provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and execution of business strategies. The Board also believes that the present arrangement is beneficial to the Company and the shareholders as a whole.
2. Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. All independent non-executive directors of the Company are appointed for a specific term except for Mr. Lam Ming Yung who was not appointed for any specific term but subject to retirement by rotation once every three years in accordance with the Company's Articles of Association.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed with the Company's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the unaudited interim accounts and the audited annual accounts of the Company during the year. The audited annual financial statements of the Company for the year ended 30 June 2008 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

The Board of the Company has established a remuneration committee. The remuneration committee, currently comprising independent non-executive directors namely, Mr. Wong Chi Wai and Mr. Zhang Shaosheng and executive director namely, Mr. Wu Shaoning, is responsible for advising the Board on the remuneration policy and framework of the Company's directors and senior management, as well as review and determine the remuneration packages of directors and senior management with reference to the Company's objectives from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by directors during the year ended 30 June 2008.

GENERAL

The Board as of the date of this announcement comprises Mr. Wu Shaoning and Mr. Yang Zhuoya, who are the executive directors of the Company, Mr. Michael Wu Chun Wah who is the non-executive director of the Company, and Mr. Lam Ming Yung, Mr. Zhang Shaosheng and Mr. Wong Chi Wai, who are the independent non-executive directors of the Company.

On behalf of the Board
Wu Shaoning
Chairman

Hong Kong, 27 October 2008