LEEPORT (HOLDINGS) LIMITED
力 豐 （集 團） 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 387)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2006

The Board of Directors (the "Directors") of Leeport (Holdings) Limited (the "Company") are pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2006, together with the comparative figures for the year ended 31st December 2005. The annual results have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

The turnover of the Group in 2006 amounted to HK$881,172,000 (2005: HK$800,213,000), representing an increase of 10.1% as compared with 2005. The profit attributable to equity holders was HK$30,858,000 (2005: HK$51,118,000), representing a decrease of 39.6% compared with 2005.

The basic earnings per share amounted to HK15.03 cents (2005: HK25.17 cents) representing a decrease of 40.3% compared with 2005.

Turnover in 2006 was higher than in 2005, indicating that the overall market for the Group's business was good. However, in the last quarter of 2006, the Japanese Government imposed a temporary ban on the export of measuring instruments produced by one of our main suppliers in Japan, Mitutoyo Corporation, due to its non-compliance with the Japanese Government's export regulations. Because of this unexpected event, the Group lost about 6% of the turnover in the year. The turnover would have been better if the export ban on Mitutoyo's products had not occurred.

Overall, the profit attributable to equity holders was lower than in 2005, mainly because of the lower average gross margin and the higher depreciation charges and finance costs. The reduction of business for measuring instruments also adversely affected the Group's results. The depreciation charges were HK$11,767,000, representing an increase of HK$5,066,000 compared with 2005. This mainly reflected the capital spending for the establishment of a showroom in Shenzhen, and the expansion of offices in Hong Kong and China in the previous years. Due to the increase in the interest rate, the finance costs were HK$10,806,000, representing an increase of HK$3,159,000 compared with 2005.

On the other hand, the Group successfully reduced its inventories from HK$162,308,000 as at 31st December 2005 to HK$147,793,000 as at 31st December 2006. Even though overall turnover was higher, the trade receivables and bills receivables balances were reduced from HK$219,617,000 as at 31st December 2005 to HK$179,084,000 as at 31st December 2006. The Group has shown its improvement in the liquidity position. The current ratio was 1.32 at the year ended 2006; compared with 1.27 at the year ended 2005.

DIVIDENDS

An interim dividend of HK7.5 cents per ordinary share was paid to the shareholders of the Company on 20th November 2006.

The Directors recommended a final dividend of HK4.5 cents per ordinary share, totalling HK$9,446,000 (2005: HK9 cents per ordinary share). This recommendation is subject to the approval by shareholders at the forthcoming Annual General Meeting to be held on 30th May 2007. Upon the approval by shareholders, the final dividend will be payable on or before 6th June 2007 to shareholders of the Company whose names appear on the register of members on 30th May 2007. This proposed final dividend, together with the interim dividend paid by the Company, will make a total dividend of HK12 cents per ordinary share for the year ended 31st December 2006 (2005: HK16 cents per ordinary share).

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2006

	Note	**2006**	2005
		HK$'000	*HK$'000*
Sales	*2*	**881,172**	800,213
Cost of goods sold	*4*	**(691,899)**	(613,194)
Gross profit		**189,273**	187,019
Other gains-net	*3*	**15,550**	18,555
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary		**–**	2,087
Selling and distribution costs	*4*	**(35,775)**	(28,658)
Administrative expenses	*4*	**(122,627)**	(113,586)
Operating profit		**46,421**	65,417
Finance costs		**(10,806)**	(7,647)
Profit before income tax		**35,615**	57,770
Income tax expense	*5*	**(4,376)**	(5,393)
Profit for the year		**31,239**	52,377
Attributable to:			
Equity holders of the Company		**30,858**	51,118
Minority interest		**381**	1,259
		31,239	52,377
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)			
– basic	*7*	**HK15.03 cents**	HK25.17 cents
– diluted	*7*	**N/A**	HK25.15 cents
Dividends	*6*	**24,737**	32,837

CONSOLIDATED BALANCE SHEET
As at 31st December 2006

	Note	2006 HK$'000	2005 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**81,164**	74,557
Leasehold land		**34,191**	34,462
Available-for-sale financial assets		**–**	–
		115,355	109,019
Current assets			
Inventories		**147,793**	162,308
Trade receivables and bills receivables	*9*	**179,084**	219,617
Other receivables, prepayments and deposits		**27,513**	23,803
Derivative financial instruments	*8*	**145**	691
Restricted bank deposits		**72,464**	70,725
Cash and cash equivalents		**65,463**	32,256
		492,462	509,400
Total assets		**607,817**	618,419
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**20,992**	20,388
Other reserves		**67,053**	50,449
Retained earnings			
– Proposed final dividend		**9,446**	18,349
– Others		**121,649**	114,456
		219,140	203,642
Minority interest		**7,888**	7,507
Total equity		**227,028**	211,149
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**8,159**	7,187
Current liabilities			
Trade payables and bills payables	*10*	**127,757**	116,233
Other payables, accruals and deposits received		**52,291**	49,682
Current income tax liabilities		**2,663**	1,763
Derivative financial instruments	*8*	**227**	368
Borrowings, secured	*11*	**189,692**	232,037
		372,630	400,083
Total liabilities		**380,789**	407,270

Total equity and liabilities	**607,817**	618,419
Net current assets	**119,832**	109,317
Total assets less current liabilities	**235,187**	218,336

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards, amendments and interpretations to existing standards are mandatory for accounting periods beginning on or after 1st January 2006 which are relevant to the Group's operations but did not result in substantial changes to the accounting policies of the Group.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 and HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The following standards, amendments and interpretations to existing standards have been published but are not effective for 2006 and have not been early adopted:

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
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
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The Group has already commenced an assessment of the impact of the new standards, amendments and interpretations to existing standards but is not yet in a position to state whether these new standards, amendments and interpretations to existing standards would have a significant impact to its results of operation and financial position.

2. **Segment information**

(a) Primary reporting format – geographical segments

The Group is principally engaged in the trading, installation and provision of after-sales service of metalworking machinery, measuring instruments, cutting tools and electronic equipment in three main geographical areas, namely the People's Republic of China (the "PRC"), Hong Kong and Southeast Asia and other countries (principally Singapore). The PRC excludes Hong Kong, the Republic of China ("Taiwan") and Macau.

	2006			
	The PRC *HK$'000*	**Hong Kong** *HK$'000*	**Southeast Asia and other countries** *HK$'000*	**Total** *HK$'000*
Sales	**513,065**	**281,330**	**86,777**	**881,172**
Segment results	**28,020**	**13,796**	**4,605**	**46,421**

Finance costs				**(10,806)**
Profit before income tax				**35,615**
Income tax expense				**(4,376)**
Profit for the year				**31,239**
Segment assets	**244,248**	**324,135**	**39,434**	**607,817**
Segment liabilities	**152,196**	**198,406**	**19,365**	**369,967**
Unallocated liabilities				**10,822**
				380,789
Capital expenditure	**5,910**	**5,184**	**46**	**11,140**
Depreciation of property, plant and equipment	**3,693**	**7,698**	**376**	**11,767**
Amortisation of leasehold land	**149**	**243**	**64**	**456**

	2005			
	The PRC *HK$'000*	Hong Kong *HK$'000*	Southeast Asia and other countries *HK$'000*	Total *HK$'000*
Sales	409,149	325,175	65,889	800,213
Segment results	33,623	28,269	3,525	65,417
Finance costs				(7,647)
Profit before income tax				57,770
Income tax expense				(5,393)
Profit for the year				52,377
Segment assets	236,459	340,323	41,637	618,419
Segment liabilities	159,237	211,710	27,373	398,320
Unallocated liabilities				8,950
				407,270
Capital expenditure	19,342	7,181	179	26,702
Depreciation of property, plant and equipment	1,137	5,316	248	6,701
Amortisation of leasehold land	137	243	64	444

(b) Secondary reporting format – business segments

No business segment analysis is presented as the Group has been operating in a single business segment, which is the trading installation and provision of after-sales service of metalworking machinery, measuring instrument, cutting tools and electronic equipment throughout the year.

3. Other gains – net

	2006	2005
	HK$'000	*HK$'000*
Derivative instruments – forward contract:		
– Realised and unrealised net fair value (loss)/gain	**(405)**	341
Interest income	**1,136**	782
Investment income	**731**	1,123
Service income	**13,221**	8,582
Commission income	**852**	8,290
Other income	**746**	560
	15,550	18,555

4. Expenses by nature

Expenses included in cost of goods sold, selling and distribution costs and administrative expenses are analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
Auditor's remuneration	**1,980**	1,577
Cost of inventories sold	**685,158**	607,664
Depreciation of property, plant and equipment	**11,767**	6,701
Amortisation of leasehold land	**456**	444
Operating lease rentals in respect of land and buildings	**6,436**	4,339
Provision for slow moving inventories	**1,587**	2,106
Provision for impairment of trade receivables and bills receivables	**1,064**	104
Employee benefits expenses (including directors' remuneration)	**71,673**	69,157
Other expenses	**70,180**	63,346
Total cost of goods sold, selling and distribution costs and administrative expenses	**850,301**	755,438

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries of the Group operate.

The amount of income tax expense charged to the consolidated income statement represents:

	2006	2005
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**3,230**	4,675
– Overseas taxation	**643**	492
Under-provision in previous years		
– Hong Kong profits tax	**175**	455
– Overseas taxation	**–**	3
Deferred income tax	**328**	(232)
	4,376	5,393

6. Dividends

The dividends paid during the year ended 31st December 2006 and 2005 were HK$33,640,000 (HK9 cents per share for 2005 final dividends and HK7.5 cents for 2006 interim dividends) and HK$28,508,000 (HK7 cents per share for 2004 final dividends and HK7 cents per share for 2005 interim dividends) respectively. A dividend in respect of 2006 of HK4.5 cent per share, amounting to a total dividend of HK$9,446,000 was proposed at the board meeting held on 26th April 2007.

	2006	2005
	HK$'000	*HK$'000*
Interim, paid, of HK7.5 cents (2005: HK7 cents) per ordinary share (note a)	**15,291**	14,488
Final, proposed, of HK4.5 cents (2005: HK9 cents) per ordinary share	**9,446**	18,349
	24,737	32,837

Note a: HK$10,397,000 of the total interim dividend paid were settled by the issue of scrip.

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
Profit attributable to equity holders of the Company (HK$'000)	**30,858**	51,118
Weighted average number of ordinary shares in issue (in thousands)	**205,319**	203,088
Basic earnings per share (HK cents per share)	**15.03**	25.17

(b) Diluted

Diluted earnings per share has not been presented for the year ended 31st December 2006 as there were no potentially dilutive shares outstanding.

Diluted earnings per share for the year ended 31st December 2005 was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had only one category of dilutive potential ordinary shares: share options. A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of diluted earnings per share for the year ended 31st December 2005 was as follows:

	2005
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK$'000)	51,118
Weighted average number of ordinary shares in issue (in thousands)	203,088
Adjustment for	
– share options (in thousands)	204
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	203,292
Diluted earnings per share (HK cents per share)	25.15

8. Derivative financial instruments

	Group			
	2006		2005	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Forward foreign exchange contracts – non-hedge instruments	**145**	**(227)**	691	(368)

9. **Trade receivables and bills receivables**

At 31st December 2006 and 2005, the ageing analysis of trade receivables and bills receivables was as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current	**111,055**	119,318
1 – 3 months	**27,774**	68,675
4 – 6 months	**21,075**	11,621
7 – 12 months	**10,102**	17,707
Over 12 months	**16,853**	8,428
	186,859	225,749
Less: provision for impairment of receivables	**(7,775)**	(6,132)
	179,084	219,617

The Group generally grants credit terms of 30 to 120 days to its customers. Longer payment terms of approximately 180 days might be granted to those customers who have good payment history and long-term business relationship with the Group.

10. **Trade payables and bills payables**

At 31st December 2006 and 2005, the ageing analysis of trade payables and bills payables was as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current	**101,513**	82,536
1 – 3 months	**9,521**	29,676
4 – 6 months	**11,433**	3,352
7 – 12 months	**4,833**	–
Over 12 months	**457**	669
	127,757	116,233

11. **Borrowings, secured**

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current		
Bank overdrafts	**370**	429
Collateralised borrowings	**599**	12,449
Trust receipt loans	**82,888**	155,846
Short-term bank loans	**105,835**	63,313
Total borrowings	**189,692**	232,037

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28th May 2007 (Monday) to 30th May 2007 (Wednesday), both days inclusive, during which period no transfer of shares will be affected. In order to qualify for the entitlement of the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar at Hong Kong Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 25th May 2007 (Friday).

BUSINESS REVIEW

Despite the austerity measures in 2006, China continued to demonstrate a strong economic momentum. The growth rate in the GDP in 2006 was 10.7%. The value of industrial production increased by 12.5% and the value of exports increased by 27.2% compared with 2005. The growth rate in Hong Kong's GDP in 2006 was 6.8%.

China retained its position as the world's number-one consumer of machine tools in 2006. One out of every five machines made in the world ended up in China. The value of machine tools consumed in China in 2006 was US$12.9 billion, representing an increase of 20.0% compared with 2005. The import value of machine tools in China was US$7.1 billion. The growth rate in the value of imports was 9.0%, which was lower than the growth rate of 13.0% in 2005 due to the higher consumption of locally made machines, especially the local assembly of foreign brands. However, in terms of value, imported machine tools still represented 55.0% of the consumption in China. China also relied heavily on the importation of electronics manufacturing equipment, carbide cutting tools and high-precision measuring instruments.

A number of related industries in China showed strong growth in 2006. The production volume of automobiles in 2006 was 7.28 million units, representing an increase of 27.6% compared with 2005. China has become the second-largest automobile market in the world. The production of mobile phones grew by 58.2% and the production of computers grew by 15.5%.

The machine tools business of the Group grew by 5.2% in 2006, the cutting tools business grew by 27.5% and the electronics equipment business grew by 87.0%. However, the measuring instruments business decreased by 12.6% in 2006.

In terms of geographical segments, sales from China continued to grow, representing 58.2% of the Group's turnover (2005: 51.1%); sales from Hong Kong represented 31.9% of the Group's turnover (2005: 40.6%), and sales from Southeast Asia represented 9.9% of the Group's turnover (2005: 8.3%). The Group's sales from China increased by 25.4% compared with 2005. The Group's sales from Hong Kong decreased by 13.5% compared with 2005. The Southeast Asia region achieved a growth rate of 31.7% compared with 2005.

LIQUIDITY AND FINANCIAL RESOURCES

The cash and cash equivalents net of bank overdrafts at the end of year were HK$65,093,000 compared with HK$31,827,000 in year 2005.

As at 31st December 2006, the Group had net tangible assets of approximately HK$227,028,000, comprising non-current assets of approximately HK$115,355,000, net current assets of approximately HK$119,832,000, and non-current liabilities of approximately HK$8,159,000. On the same date, the total liabilities of the Group amounted to approximately HK$380,789,000. On the other hand, the total assets of the Group were HK$607,817,000. The gearing ratio, defined as the ratio of total liabilities to total assets of the Group, was approximately 0.63 (2005: 0.66).

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31st December 2006, the Group had aggregate banking facilities of approximately HK$674,553,000 of which approximately HK$254,721,000 was utilised, bearing interest at prevailing market rates and were secured by certain leasehold land, buildings and restricted bank deposits of the Group in Hong Kong and Singapore with an aggregate carrying amount of HK$95,504,000 (2005: HK$90,929,000). The directors are confident that the Group is able to meet its operational and capital expenditure requirements.

FUTURE PLAN AND PROSPECTS

Economic growth for China in 2007 is generally predicted to be slightly lower than 2006. China's GDP growth rate is forecast to be 10.0%; the growth rate in the value of industrial production is forecast to be 11.0%, and the growth rate in the value of exports is forecast to be 18.0%. The GDP growth rate for Hong Kong in 2007 is forecast to be 4.1%.

The Chinese Government is attempting to encourage domestic spending as an economic driver for the country, and many industries are likely to benefit from the Government's policy. Sales of automobiles in 2007 are expected to grow by at least 15.0%. Exporting of automobile parts is also encouraged by the Government, and is moving at a rapid pace. It is believed that China will achieve 10.0% of the global export value of automobile parts within 10 years.

In China, machine tools are mainly used for the manufacturing of automobiles and parts, industrial machinery, moulds and dies, and also in the telecommunications and aerospace industries. These related industries to our Group's business are growing quickly. The consumption of machine tools in China is expected to increase by at least 15.0% in 2007.

We expect that the market for machine tools, cutting tools, measuring instruments and electronics equipment will continue to grow steadily in 2007.

In response to the Japanese Government's temporary ban on the export of precision co-ordinate measuring machines produced by Mitutoyo, the Group took immediate action to build up a business relationship with a European supplier of measuring equipment and systems. We therefore expect that the business of measuring instruments will grow again in 2007.

The Group has also started to devote more effort to building its service income, which represented only about 3.0% of the Group's turnover in 2006. Process re-engineering will be carried out for the service operation. Training of our engineers, building up our spare parts inventory and marketing of our service contracts will be the major targets in 2007. The Group expects that service income will become a significant portion of total turnover within a few years.

Finance costs and depreciation charges, which increased significantly in 2006, will become stable in 2007. In view of the positive economic trends in Asia (China in particular), we believe the Group will perform better in 2007.

We will continue to look for business opportunities in taking up new product lines and in joint-ventures with suitable partners.

EMPLOYEES

As at 31st December 2006, the Group had 541 employees (2005:482). Of these, 191 were based in Hong Kong, 316 were based in mainland China, and 34 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, MPF contributions and ORSO contributions, the Group offered staff benefits including medical schemes, educational subsidies and discretionary performance bonuses.

A share option scheme was adopted by the Company on 17th June 2003 for a period of 10 years for employees and other eligible participants so as to provide incentives and rewards for their continued contributions to the Group.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 31st December 2006, certain land and buildings and bank deposits in Hong Kong and Singapore with an aggregate carrying value of approximately HK$95,504,000 (2005: HK$90,929,000) were pledged to secure the banking facilities of the Group by way of a fixed charge.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

In 2006, the Group spent a total of HK$11,140,000 (2005: HK$26,702,000) in capital expenditure, which primarily consisted of property, plant and equipment. As at 31st December 2006, the Group had no material capital commitments and HK$9,962,000 (2005: HK$8,850,000) contingent liabilities in respect of letters of guarantee was given to customers.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES AND RELATED HEDGES

A substantial portion of the Group's sales and purchase were denominated in foreign currencies, which are subject to exchange rate risks. The Group will use the foreign exchange received from the customers to settle the payment to overseas suppliers. In the event that any material payment which cannot be fully matched, the Group will enter into foreign currency contracts with its bankers to minimise the Group's exposure to foreign exchange rate risks.

As at 31st December 2006, the Group had commitments for foreign currency forward contracts amounting to approximately HK$25,927,000 (2005: HK$98,922,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year under review.

CORPORATE GOVERNANCE

The Company has complied with all 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 (the "Listing Rules") throughout the financial year ended 31st December 2006 except for Code Provision A.2 as Mr. Lee Sou Leung, Joseph is the Chairman and the Managing Director of the Company but the daily operation and management of the Company is monitored by the executive directors as well as the senior management to ensure the balance of power and authority.

Further information is set out in the Corporate Governance Report contain in the annual report for 2006.

MODEL CODE AND SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31st December 2006.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. PIKE, Mark Terence, Dr. Lui Sun Wing and Mr. NIMMO, Walter Gilbert Mearns, has reviewed the accounting principles and practices adopted by the Group with the management and has discussed internal controls and financial reporting matters.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31st December 2006. The figures in respect of the preliminary announcement of the Group's results for the year have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year 2006. The work performed by PricewaterhouseCoopers 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 Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

2007 ANNUAL GENERAL MEETING

It is proposed that the 2007 Annual General Meeting of the Company will be held on 30th May 2007 (Wednesday). A notice convening the 2007 Annual General Meeting will be published in the newspapers on or about 30th April 2007 and will be dispatched to the shareholders of the Company accordingly.

On behalf of the Board
Lee Sou Leung Joseph
Chairman

Hong Kong, 26th April 2007

As at the date of this announcement, the board of directors comprises 3 executive directors, namely Mr. Lee Sou Leung, Joseph, Ms. Tan, Lisa Marie and Mr. Chan Ching Huen, Stanley and 3 independent non-executive directors, namely Dr. Lui Sun Wing, Mr. Pike, Mark Terence and Mr. NIMMO, Walter Gilbert Mearns.