TCL Multimedia Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2007

FINANCIAL HIGHLIGHTS

	2007	2006	Change
	(HK$M)	*(HK$M)*	
Turnover	**5,019**	7,516	(33)%
Loss before tax	**(37)**	(109)	N/A
Loss for the period attributable to equity holders of the parent	**(67)**	(139)	N/A
Basic loss per share (HK cents)	**(1.72)**	(3.56)	N/A

The Board of Directors ("the Board") of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the three month ended 31 March 2007 with comparative figures for the previous year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
Three months ended 31 March 2007

		Three months ended 31 March	
		2007	2006
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
TURNOVER	3	**5,019,026**	7,515,573
Cost of sales		**(4,103,705)**	(6,271,430)
Gross profit		**915,321**	1,244,143
Other revenue and gains		**32,584**	72,626
Selling and distribution costs		**(683,459)**	(932,081)
Administrative expenses		**(218,605)**	(257,797)
Research and development costs		**(15,209)**	(126,349)
Other operating expenses		**(23,471)**	(37,910)
		7,161	(37,368)
Fair value losses of equity investments at fair value through profit or loss		–	(8,601)
Finance costs		**(43,256)**	(63,023)
Share of profits and losses of:			
Jointly-controlled entities		**(1,368)**	(399)
An associate		**131**	–
LOSS BEFORE TAX		**(37,332)**	(109,391)
Tax	4	**(28,694)**	(39,657)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(66,026)**	(149,048)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation		**–**	11,194
LOSS FOR THE PERIOD		**(66,026)**	(137,854)

	Notes	Three months ended 31 March **2007** **Unaudited** ***HK$'000***	2006 Unaudited *HK$'000*
Attributable to:			
Equity holders of the parent		**(67,280)**	(139,128)
Minority interests		**1,254**	1,274
		(66,026)	(137,854)
INTERIM DIVIDEND	5	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic:			
– For loss for the period		**HK(1.72) cents**	HK(3.56) cents
– For loss from continuing operations		**HK(1.72) cents**	HK(3.85) cents
Diluted:			
– For loss for the period		**N/A**	N/A
– For loss from continuing operations		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Note	31 March 2007 Unaudited *HK$'000*	31 December 2006 Unaudited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,981,328**	1,993,791
Prepaid land lease payments		**82,133**	86,318
Goodwill		**119,638**	119,638
Other intangible assets		**66,842**	67,784
Interests in jointly-controlled entities		**110,957**	110,444
Interests in an associate		**70,837**	69,566
Available-for-sale equity investments		**3,333**	2,325
Prepaid royalty		**270,893**	269,596
Deferred tax assets		**14,044**	20,678
Total non-current assets		**2,720,005**	2,740,140
CURRENT ASSETS			
Inventories		**2,324,759**	3,206,919
Trade and bills receivables		**2,365,765**	3,595,130
Other receivables		**820,911**	926,925
Tax recoverable		**18,347**	23,257
Pledged deposits		**10,000**	10,000
Cash and bank balances		**1,336,716**	1,894,633
Total current assets		**6,876,498**	9,656,864
CURRENT LIABILITIES			
Trade and bills payables		**3,213,861**	4,642,315
Tax payable		**125,059**	111,124
Other payables and accruals		**1,437,466**	2,099,535
Provisions		**571,627**	805,328
Interest-bearing bank and other borrowings	7	**2,202,613**	2,660,582
Due to the immediate holding company		**117,143**	–
Due to the ultimate holding company		**240,146**	347,999
Total current liabilities		**7,907,915**	10,666,883
NET CURRENT LIABILITIES		**(1,031,417)**	(1,010,019)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,688,588**	1,730,121
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**26,686**	21,908
Pensions and other post-employment benefits		**18,391**	18,171
Total non-current liabilities		**45,077**	40,079
Net assets		**1,643,511**	1,690,042
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**390,295**	390,295
Reserves		**1,161,635**	1,210,871
		1,551,930	1,601,166
Minority interests		**91,581**	88,876
Total equity		**1,643,511**	1,690,042

Notes:

1. **BASIS OF PRESENTATION**

As at 31 March 2007, the Group had net current liabilities of approximately HK$1,031 million which included long term bank loans of approximately HK$1,103 million (the "Syndication Loans") which were repayable on demand due to the breach of certain financial covenants of the relevant bank loan agreements. The Group also incurred a loss attributable to equity holders of the parent of approximately HK$67 million for the period ended 31 March 2007.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have implemented the following measures:

(i) On 15 May 2007, the Company proposed to raise not less than approximately HK$781 million (before expenses) by issuing not less than approximately 1,951 million new ordinary shares of the Company and to raise not more than approximately HK$808 million by issuing not more than approximately 2,019 million new ordinary shares of the Company at a subscription price of HK$0.4 per share (the "Rights Share") on the basis of one Rights Share for every two existing shares (the "Rights Issue"). Any Rights Share not taken up by the existing shareholders will be fully underwritten by T.C.L. Industries pursuant to the terms and conditions of the Underwriting Agreement dated 15 May 2007.

Further details of the Rights Issue are set out in the Company's announcement dated 15 May 2007.

(ii) On 17 May 2007, the Company obtained an undertaking from TCL Corporation which undertakes that TCL Corporation together with T.C.L. Industries Holdings (H.K.) Ltd ("T.C.L. Industries") and TCL Finance Co., Ltd ("TCL Finance"), will make available to the Group loans of not less than HK$469 million, in aggregate, at each month end for the period from 17 May 2007 to 30 June 2008 or the date on which the issuance of convertible bonds discussed in (iii) below is completed, whichever is earlier.

(iii) On 18 May 2007, the Company entered into a purchase agreement (the "Purchase Agreement") with Deutsche Bank AG, London (the "Purchaser"), whereby the Company agreed to issue and the Purchaser, subject to the satisfaction of the conditions precedent of the Purchase Agreement, agreed to subscribe and pay for or to procure subscribers to subscribe and pay for the secured convertible bonds due 2012 (the "Bonds") with an aggregate principal amount of US$140 million (equivalent to approximately HK$1,095 million).

Further details of the issue of the Bonds are set out in the Company's announcement dated 21 May 2007.

In the opinion of the directors of the Company, in light of the measures taken to date, together with the expected results of the fund raising exercises in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable going concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position at 31 March 2007.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

2. **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 derivative financial instruments and certain equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and the basis of preparation adopted in the preparation of these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2006.

3. SEGMENT INFORMATION

An analysis of the Group's turnover and profit/(loss) from operating activities by principal activities for the three months ended 31 March 2007 is as follows:

	Turnover		Profit/(loss) from operating activities	
	2007	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing Operations				
Television	**4,445,734**	7,095,192	**40,118**	(17,268)
Audio-visual	**473,143**	290,144	**7,822**	(1,255)
Others	**100,149**	130,237	**4,231**	(4,890)
	5,019,026	7,515,573	**52,171**	(23,413)
Discontinued Operation				
Computer	**–**	572,762	**–**	11,636
	5,019,026	8,088,335	**52,171**	(11,777)
Interest income			**5,550**	7,853
Corporate expenses			**(50,560)**	(21,808)
Finance costs			**(43,256)**	(63,465)
Share of profits and losses of:				
Jointly-controlled entities			**(1,368)**	(399)
An associate			**131**	–
Fair value losses of equity investments at fair value through profit or loss			**–**	(8,601)
Loss before tax			**(37,332)**	(98,197)
Tax			**(28,694)**	(39,657)
Loss for the period			**(66,026)**	(137,854)

4. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. 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.

	Three months ended 31 March	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**2,459**	2,370
Current – Elsewhere	**20,234**	31,687
Deferred	**6,001**	5,600
Total tax charge for the period	**28,694**	39,657

5. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2007 (2006: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	Three months ended 31 March	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Profit/(loss) attributable to ordinary equity holders of the parent, used in basic and diluted loss per share calculation:		
Continuing operations	**(67,280)**	(150,322)
Discontinued operation	**–**	11,194
	(67,280)	(139,128)

	Number of shares Three months ended 31 March	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the period used in basic and diluted loss per share calculation	**3,902,951,727**	3,902,951,727

Diluted loss per share amount for the period ended 31 March 2007 and 31 March 2006 have not been disclosed, as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

7. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 March 2007 (unaudited) *HK$'000*	31 December 2006 (unaudited) *HK$'000*
Current		
Bank overdrafts – secured	**–**	53,048
Bank loans – secured	**–**	6,475
Bank loans – unsecured, on demand	**1,103,467**	1,114,831
Bank loans – unsecured	**462,117**	412,159
Advances from banks as consideration for factored receivables and discounted bills	**375,119**	764,384
Trust receipt loans – secured	**9,338**	6,785
Trust receipt loans – unsecured	**64,955**	79,327
Loan from a related company	**36,721**	36,546
Loan from an associate – unsecured	**150,896**	187,027
	2,202,613	2,660,582

Notes:

(a) As at 31 March 2007, the Group's overdraft facilities amounting to nil (31 December 2006: overall facilities amounting to HK$53,048,000, of which HK$53,048,000 had been utilized as at the balance sheet date, are secured by the pledge of certain of the Group's inventories amounting to HK$53,292,000).

(b) As at 31 March 2007, certain of the Group's bank loans are secured by the pledge of certain of the Group's time deposits amounting to HK$10,000,000 (31 December 2006: time deposits and property, plant & equipment amounting to HK$10,000,000 and HK$92,834,000 respectively).

(c) As at 31 March 2007, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.

(d) Except for unsecured bank loans of HK$462,117,000 (31 December 2006: HK$412,159,000), loan from an associate of HK$150,896,000 (31 December 2006: HK$187,027,000) and loan from a related company of HK$36,721,000 (31 December 2006: HK$36,546,000), all other borrowings of the Group bear interest at floating rates.

In addition, TCL Corporation, the ultimate holding company, has guaranteed certain of the Group's bank loans up to HK$384,108,000 (31 December 2006: HK$315,657,000) as at the balance sheet date.

BUSINESS REVIEW

Competition in the global TV industry in the first quarter of 2007 remained fierce. The rapid transitions from CRT to flat panel TVs and from analogue to digital technology across different markets have been a challenge to all manufacturers. Such a market change has swept through the PRC, where the market volume saw a decline in volume due to the continuous shrinkage of the CRT TV market. Similar phenomenon was seen in the European and North American markets which were marked by keen competition and declining prices of all product types.

A wide-ranging restructuring and clean-up plan has been implemented since 2006 with a majority of which completed in the first quarter of 2007. As the quarter under review was a transitional period for the Group, turnover in the first quarter of 2007 declined by 33% year-on-year to HK$5,019 million. Loss attributable to equity holders of the parent was reduced considerably by 52% from HK$139 million in the first quarter of 2006 to HK$67 million in the corresponding period, attributed to cost reduction due to a leaner structure, in particular in Europe. The Group, therefore, is poised to score a turning point on such a foundation in the coming quarters.

TV BUSINESS

The Group is a world leading TV manufacturer in terms of sales volume. It maintained its market position and was ranked No.3 in the global market by volume, according to iSuppli 2006.

Breakdown of TV unit sales by market segments for the three months ended 31 March 2007 is as follow:

TV Unit Sales	**1Q2007** *('000)*	1Q2006 *('000)*	Change
The PRC	**2,126**	2,224	(4)%
Europe and North America	**519**	1,368	(62)%
Emerging Markets and Strategic OEM	**1,440**	1,816	(21)%
Total	**4,085**	5,408	(24)%

The PRC Market

Despite the contraction of volume resulting from the continuous shrinkage of the CRT TV market in the PRC market, the Group successfully maintained its market position in PRC as the domestic leader by volume for three consecutive years.

During the first quarter of 2007, unit sales in the PRC recorded a contraction of 4% to 2.13 million sets. Despite this, as sales of high-end models increased at a rapid pace, sales revenue rose by 7% to HK$2,850 million for the three months ended 31 March 2007, which accounted for 64% of the total TV revenue. The PRC market generated an operating profit of HK$151 million during the first three months of the year.

The Group launched a total of 13 new models in the first quarter and continued to allocate more resources on promoting high-end models. Sales volume of the newly launched 47"LCD increased by 169%. In February 2007, this model enjoyed a 32.4% share in the LCD segment.

Some “star” products were launched, such as the 47" large display LCD TV model and the slim CRT TVs, so as to capture immense opportunities brought forth by the growing demand for high quality, high-end products. High-end TVs accounted for 38% of the total TV sales revenue in the PRC market in the quarter under review, as compared to 25% in the corresponding period the previous year.

European and North American Markets

During the quarter under review, sales revenue from the European and North American market dropped year-on-year by 74% to HK$836 million and accounted for 18% of the Group’s total TV sales. A total of 0.5 million sets of TVs in aggregate were sold in these two markets.

The Group achieved encouraging results in carrying out the restructuring plan implemented last year, operating loss for the quarter under review was reduced by 54% to HK$95 million, as compared to a loss of HK$210 million during the same period last year.

European Market

Facing the below-expectation performance, the European market has undergone a wide-ranging restructuring plan to clean up certain loss-making business lines and re-launch the operation under a new and lean business model.

The key focuses of the Group in the first quarter were mainly on building its operation under the new business model that leverage on the resources of its Strategic OEM business whereby logistics costs could be reduced by increasing direct shipment to customers and administrative cost could also be kept under control at budget levels. The Group has streamlined its operations and effectively reduced operating costs. The sales teams were realigned and certain sales offices were closed. With the foundation set, the Group is in a good shape to grow and prosper.

North American Market

Competition in the North American market remained keen and price pressure continued to prevail in the first quarter of 2007. Following the reform and exertions in 2006, the performance in the North American market was in line with management’s expectation. The Group continued to communicate and reinforce its product positioning as “Affordable Digital Television for Every Room and Budget”, with the aim of offering a compelling combination of good picture quality at an affordable price throughout its marketing activities.

The North American Market switched rapidly from analog to digital technology. Starting from 1 March 2007, sale of analog TVs or TVs without digital tuners are not allowed to be sold in the US according to local legislation. The Group adjusted its products mix during the period under review to cope with this change and therefore saw a decline in unit sales in March 2007. The Group believe that sales will pick-up after this transition.

Emerging Markets and Strategic OEM Business

Impacted by unsatisfactory performance in Emerging Markets, sales revenue from Emerging Markets and Strategic OEM saw a 34% decline to HK$760 million and accounted for 18% of the Group’s total TV sales. TV unit sales in these two markets in aggregate dropped by 21% year-on-year to 1.44 million sets in the first quarter of 2007. Operating loss for the quarter under review was HK$16 million.

Performance of the Emerging Markets was impacted by economic fluctuations in different markets. To cope with the ever-changing market environment, the Group has implemented a restructuring plan to define a more focused sales and marketing strategy. Six branch offices were closed, leading to provisions and write-down for certain assets. Under the new model, sales activities are centralized in potential markets such as South America, Middle East, North Africa, Pakistan etc.. The benefits of this new business model will be realized in coming quarters. The main objectives in 2007 is to improve profitability, rather than to drive sales.

In regard to the Strategic OEM business, the Group maintained a stable performance in the quarter under review. The Group on one hand continues to maintain amicable strategic relationships with exiting clients, and on the other hand, seizes every possible opportunity to develop new accounts with international renowned brands to produce theme-designed TVs. Leveraging on the Group's economies of scale in TVs manufacturing as well as research and development along the global outsourcing trend, the Group is well-posted to capture benefits in the Strategic OEM business.

OUTLOOK

Looking into the second quarter of 2007, the Group sees keener market competition. Price competition and the ever-changing market trend are two major challenges for the Group. Despite the difficult operating environment, management expects the new business model will bring improvements in the coming quarters.

Going forward, the Group aspires to maintain its position as a leading multimedia consumer electronics manufacturer with a global sales network. Leveraging on the Group's comparative advantage in manufacturing and R&D of electronics products, the new business model is going to trigger a turning point to the Group's business performance in the first half of 2007, with a leaner structure and a more focused sales and marketing strategy. Based on the solid foundation built over the years, the Group will constantly monitor market changes and react promptly to address market needs, thereby swiftly moving up to capture a greater share in the global market.

FINANCIAL REVIEW

Significant Investment and Acquisition

There was no significant investment and acquisition for the three months ended 31 March 2007.

Liquidity and Financial Resources

The Group's principal financial instruments comprise bank loans, factorings, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and bank balances as at the period end amounted to HK$1,347 million, of which 1% was maintained in Hong Kong dollars, 22% in US Dollars, 55% in Renminbi, 9% in Euro and 13% held in other currencies for the overseas operations.

There was no material change in available credit facilities when compared with the year ended 31 December 2006 and there was no asset held under finance lease at the period end.

At the period end, the Group's gearing ratio was 74% which is calculated based on the Group's net borrowing of HK$1,146 million (calculated as total interest-bearing borrowings less cash and bank balances) and the equity attributable to equity holders of the parent of HK$1,552 million.

Pledge of Assets

At 31 March 2007, certain of the Group's certain time deposits of HK$10 million were pledged to secure general banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

At 31 March 2007, there was no significant change in capital commitments and contingent liabilities when compared with the position at 31 December 2006.

Foreign Exchange Exposure

Due to its international presence and operations, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralize foreign currency management to monitor the company's total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. The Group emphasizes the importance of trading, investing and borrowing in functional currency to achieve natural hedging.

Employee and Remuneration Policy

The Group had a total of approximately 25,000 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of our operations. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and company performance. In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option schemes. Options for subscribing a total of 135,420,000 shares remained outstanding at the period end.

PURCHASES, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, throughout the period ended 31 March 2007, complied with the code provisions of the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules"), save for the deviation from code provision A.2.1 of the CG Code because Mr. Li Dongsheng has taken up the roles of both the Chairman and the Managing Director of the Company.

POST BALANCE SHEET EVENTS

(i) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

(ii) On 15 May 2007, the Company proposed to raise not less than approximately HK$781 million (before expenses) by issuing not less than approximately 1,951 million new ordinary shares of the Company and to raise not more than approximately HK$808 million by issuing not more than approximately 2,019 million new ordinary shares of the Company at a subscription price of HK$0.4 per share (the "Rights Share") on the basis of one Rights Share for every two existing shares (the "Rights Issue"). Any Rights Share not taken up by the existing shareholders will be fully underwritten by T.C.L. Industries pursuant to the terms and conditions of the Underwriting Agreement dated 15 May 2007. Further details of the Rights Issue are set out in the Company's announcement dated 15 May 2007.

(iii) On 18 May 2007, the Company entered into a purchase agreement (the "Purchase Agreement") with Deutsche Bank AG, London (the "Purchaser"), whereby the Company agreed to issue and the Purchaser, subject to the satisfaction of the conditions precedent of the Purchase Agreement, agreed to subscribe and pay for or to procure subscribers to subscribe and pay for the secured convertible bonds due 2012 (the "Bonds") with an aggregate principal amount of US$140 million (equivalent to approximately HK$1,095 million). Further details of the issue of the Bonds are set out in the Company's announcement dated 21 May 2007.

(iv) On 24 May 2007, TTE Europe filed a declaration of insolvency to the French court and the French court appointed a judicial liquidator (the "Liquidator") to take control over TTE Europe on 29 May 2007. Formal insolvency proceedings then commenced on 29 May 2007 and the Liquidator is now the sole person responsible for winding-up TTE Europe by liquidating its assets and making payment to its creditors. The Group will deconsolidate the EU Group on 29 May 2007 from the Group's financial statements for the year ending 31 December 2007. The financial statements of the EU Group for the year ended 31 December 2006 have been prepared under the liquidation basis of accounting.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the period ended 31 March 2007, including the accounting principles adopted by the Group, with the Company's management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 31 May 2007

As at the date of this announcement, the Board comprises Li Dongsheng, Lu Zhongli, Wang Kangping, Shi Wanwen and Yuan Bing as executive directors, Albert Thomas da Rosa, Junior as non-executive director, and Tang Guliang, Wang Bing and Robert Maarten Westerhof as independent non-executive directors.

Please also refer to the published version of this announcement in South China Morning Post – Classified.