



# DYNAMIC HOLDINGS LIMITED

## 達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 029)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2007

#### RESULTS

The Board of Directors (the “Directors”) of Dynamic Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2007 together with comparative figures for the previous year are as follows:

#### Consolidated Income Statement

		Year ended 30 June	
		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover	3	165,392	171,469
Cost of sales		(99,105)	(124,299)
Gross profit		66,287	47,170
Other income	5	59,663	11,964
Revaluation surplus/increase in fair value of investment properties		279,616	132,000
Expenses on disposal of investment properties		—	(3,904)
Administrative expenses		(68,996)	(34,164)
Finance costs	7	(18,151)	(1,014)
Profit before taxation		318,419	152,052
Taxation	8	(95,922)	(20,597)
Profit for the year		222,497	131,455
Attributable to:			
Equity holders of the Company		217,479	130,160
Minority interests		5,018	1,295
		222,497	131,455
Dividends	9	13,146	41,630
Basic earnings per share (Hong Kong cents)	10	99.3	59.4

## Consolidated Balance Sheet

		At 30 June	
		2007	2006
	Notes	HK\$'000	HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipment		13,431	13,987
Investment properties	11	1,410,772	—
Property interest		—	455,432
Properties held for development		235,874	225,654
Loan receivables – due after one year		—	2,164
		<u>1,660,077</u>	<u>697,237</u>
<b>Current Assets</b>			
Properties held for sale		113,737	398,561
Loan receivables – due within one year		2,954	6,052
Trade and other receivables	12	103,065	45,271
Amounts due from minority shareholders		5,945	5,322
Tax recoverable		83	12,563
Bank deposits – pledged		31,469	16,804
Bank balances and cash		93,425	97,736
		<u>350,678</u>	<u>582,309</u>
<b>Current Liabilities</b>			
Trade and other payables	13	84,894	79,374
Pre-sale deposits received		8,927	34,531
Amount due to a related company			
– due within one year		9,811	9,407
Tax payable		67,576	49,531
Bank loans – due within one year		36,900	—
		<u>208,108</u>	<u>172,843</u>
<b>Net Current Assets</b>		<u>142,570</u>	<u>409,466</u>
<b>Total Assets less Current Liabilities</b>		<u><u>1,802,647</u></u>	<u><u>1,106,703</u></u>

	<b>At 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Capital and Reserves</b>		
Share capital	<b>219,104</b>	219,104
Reserves	<b>1,079,746</b>	807,523
<b>Equity attributable to equity holders of the Company</b>	<b>1,298,850</b>	1,026,627
<b>Minority interests</b>	<b>43,572</b>	34,865
<b>Total Equity</b>	<b>1,342,422</b>	1,061,492
<b>Non-current Liabilities</b>		
Bank loans – due after one year	<b>351,300</b>	–
Amount due to a related company		
– due after one year	<b>18,364</b>	17,490
Deferred tax liabilities	<b>90,561</b>	27,721
	<b>460,225</b>	45,211
	<b>1,802,647</b>	1,106,703

*Notes:*

## **1. Basis of preparation**

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

## **2. Application of new or revised Hong Kong Financial Reporting Standards**

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 HKICPA, that are effective for the Group’s accounting period beginning on 1 July 2006. The adoption of these new HKFRSs has had no material effect on how the results and financial position of the Group for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new or revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment <sup>3</sup>
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Shares Transactions <sup>4</sup>
HK(IFRIC)-INT 12	Service Concession Arrangements <sup>5</sup>
HK(IFRIC)-INT 13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2008

### 3. Turnover

Turnover represents the aggregate of gross proceeds from sales of properties and gross property rental income during the year.

### 4. Business and geographical segments

#### Business segments

For management purposes, the Group is currently organised into two operating divisions – property sales and property rental. These principal operating activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Property sales – sales of properties developed by the Group
- Property rental – leasing of investment properties

Segment information about these businesses is presented below:

	Property sales		Property rental		Consolidated	
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>TURNOVER</b>						
External sales	<b>127,941</b>	157,282	<b>37,451</b>	14,187	<b>165,392</b>	171,469
<b>SEGMENT RESULT</b>	<b>13,504</b>	23,863	<b>313,951</b>	140,217	<b>327,455</b>	164,080
Unallocated other income					<b>21,876</b>	5,740
Unallocated corporate expenses					<b>(12,761)</b>	(16,754)
Finance costs					<b>(18,151)</b>	(1,014)
Profit before taxation					<b>318,419</b>	152,052
Taxation					<b>(95,922)</b>	(20,597)
Profit for the year					<b>222,497</b>	131,455
<b>BALANCE SHEET</b>						
	Property sales		Property rental		Consolidated	
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>						
Segment assets	<b>408,561</b>	682,843	<b>1,456,548</b>	465,175	<b>1,865,109</b>	1,148,018
Unallocated corporate assets					<b>145,646</b>	131,528
Consolidated total assets					<b>2,010,755</b>	1,279,546
<b>LIABILITIES</b>						
Segment liabilities	<b>60,680</b>	107,376	<b>54,162</b>	27,206	<b>114,842</b>	134,582
Unallocated corporate liabilities					<b>553,491</b>	83,472
Consolidated total liabilities					<b>668,333</b>	218,054

## OTHER INFORMATION

	Property sales		Property rental		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditures	62	3,664	388,568	456,816	662	795	389,292	461,275
Depreciation	1,582	1,566	–	–	264	155	1,846	1,721
Impairment loss recognised in respect of receivables	–	24	15,593	–	100	–	15,693	24
Revaluation surplus/increase in fair value of investment properties	–	–	279,616	132,000	–	–	279,616	132,000
	<u>62</u>	<u>3,664</u>	<u>388,568</u>	<u>456,816</u>	<u>662</u>	<u>795</u>	<u>389,292</u>	<u>461,275</u>
	<u>1,582</u>	<u>1,566</u>	<u>–</u>	<u>–</u>	<u>264</u>	<u>155</u>	<u>1,846</u>	<u>1,721</u>
	<u>–</u>	<u>24</u>	<u>15,593</u>	<u>–</u>	<u>100</u>	<u>–</u>	<u>15,693</u>	<u>24</u>
	<u>–</u>	<u>–</u>	<u>279,616</u>	<u>132,000</u>	<u>–</u>	<u>–</u>	<u>279,616</u>	<u>132,000</u>

### Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market	
	2007	2006
	HK\$'000	HK\$'000
Other regions in the People's Republic of China ("PRC")	165,392	157,282
Hong Kong Special Administrative Region ("Hong Kong")	–	14,187
	<u>165,392</u>	<u>171,469</u>

The following is an analysis of the carrying amount of segment assets, additions to property, plant and equipment, additions to investment properties and property interest analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment		Additions to investment properties and property interest	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other regions in the PRC	1,881,480	1,147,955	62	2,103	388,568	456,816
Hong Kong	4,298	4,488	662	799	–	–
	<u>1,885,778</u>	<u>1,152,443</u>	<u>724</u>	<u>2,902</u>	<u>388,568</u>	<u>456,816</u>
Unallocated assets	124,977	127,103				
	<u>2,010,755</u>	<u>1,279,546</u>				

## 5. Other income

Year ended 30 June	
2007	2006
HK\$'000	HK\$'000

Included in other income are:

Bank interest income	1,618	5,432
Exchange gain, net	19,789	49
Gain on disposal of property, plant and equipment	110	—
Gain in receivable for vendor's undertakings (note 12)	32,174	—
Imputed interest income on loan receivables	309	637
	<b><u>309</u></b>	<b><u>637</u></b>

## 6. Depreciation and amortisation

Year ended 30 June	
2007	2006
HK\$'000	HK\$'000

Profit before taxation has been arrived at after charging:

Amortisation of prepaid lease payments	3,193	3,077
Less: Amount capitalised and included in properties held for development	—	(1,037)
	<b><u>3,193</u></b>	<b><u>2,040</u></b>
Depreciation	1,846	1,780
Less: Amount capitalised and included in properties under development	—	(59)
	<b><u>1,846</u></b>	<b><u>1,721</u></b>

## 7. Finance costs

Year ended 30 June	
2007	2006
HK\$'000	HK\$'000

Interest on bank borrowings wholly repayable within five years	16,821	3,328
Less: Amount capitalised and included in properties under development by applying a capitalisation rate of nil (2006: 6.5%) to expenditure on qualifying assets	—	(3,259)
Interest on loan from a related company wholly repayable within five years	—	1,281
Less: Amount capitalised and included in properties held for development by applying a capitalisation rate of nil (2006: 6.0%) to expenditure on qualifying assets	—	(721)
Imputed interest expense on amount due to a related company	1,330	385
	<b><u>18,151</u></b>	<b><u>1,014</u></b>

## 8. Taxation

	Year ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
The tax charge comprises:		
Hong Kong Profits Tax		
Current year	–	22,377
Overprovision in prior years*	(15,190)	(1)
	<u>(15,190)</u>	<u>22,376</u>
Income tax elsewhere in the PRC		
Current year	40,817	20,903
Under (over) provision in prior years	9,835	(3,069)
	<u>50,652</u>	<u>17,834</u>
Deferred tax liabilities		
Current year	78,718	(19,613)
Attributable to change in tax rate	(18,258)	–
	<u>60,460</u>	<u>(19,613)</u>
	<u><u>95,922</u></u>	<u><u>20,597</u></u>

\* The amount represented the overprovision of Hong Kong Profits Tax in respect of a property disposed of in prior year as a result of the allocation of the sales proceeds between taxable and non-taxable portions agreed with the Inland Revenue Department during the year.

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

PRC Foreign Enterprise Income Tax (“FEIT”) and land appreciation tax (“LAT”) are calculated at the rates prevailing in the PRC. The statutory rate of the FEIT for the current year is 33% (2006: 33%). Pursuant to relevant laws and regulations in the PRC, the subsidiary of the Group that is qualified as productive foreign investment enterprises established in cities within the coastal economic zones and special economic zones are entitled to PRC enterprise income tax at concessionary rate at 15%. LAT is charged at progressive rates on the applicable appreciation value.

Pursuant to the PRC enterprise income tax law promulgated on 16 March 2007, the new tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. For a subsidiary which currently applied for statutory tax rate of 33%, deferred tax is recognised based on the tax rate that are expected to apply to the period when the asset is realised or the liability is settled.



## 9. Dividends

	Year ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Special dividend paid in respect of year ended 30 June 2006 of 15 Hong Kong cents per share	—	32,866
Final dividend paid in respect of year ended 30 June 2006 of 3 Hong Kong cents (2005: 2 Hong Kong cents) per share	6,573	4,382
Interim dividend paid in respect of year ended 30 June 2007 of 3 Hong Kong cents (2006: 2 Hong Kong cents) per share	6,573	4,382
	<u>13,146</u>	<u>41,630</u>

The final dividend in respect of 3 Hong Kong cents per share for the year ended 30 June 2007 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

## 10. Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on profit attributable to equity holders of the Company of HK\$217,479,000 (2006: HK\$130,160,000) for the year and on 219,103,681 (2006: 219,103,681) ordinary shares in issue throughout the year.

## 11. Investment properties

	HK\$'000
<b>FAIR VALUE</b>	
At 1 July 2005	500,000
Increase in fair value	132,000
Disposal	(632,000)
	<u>—</u>
At 30 June 2006	—
Transferred from property interest	844,000
Transferred from properties held for sale	228,730
Exchange realignment	58,426
Revaluation surplus	254,569
Increase in fair value	25,047
	<u>1,410,772</u>
<b>At 30 June 2007</b>	<b>1,410,772</b>

During the year, properties held for sale with carrying amount of HK\$228,730,000, comprising mainly shopping mall and car parks situated in Beijing, PRC, were transferred to investment properties because the management changed its intention with respect to use of the properties which was evidenced by the leasing to third parties during the year. The fair value of such investment properties at the date of transfer was determined by reference to a valuation carried out by Savills Valuation and Professional Services Limited. The difference (revaluation surplus) between the fair value of such investment properties and its carrying amount at the date of transfer amounted to HK\$254,569,000 has been recognised in the consolidated income statement.

The fair value of the Group's investment properties as at 30 June 2007 has been arrived at on the basis of valuations carried out on that date by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group. Savills Valuation and Professional Services Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. The revaluation gave rise to a net gain arising from changes in fair value of HK\$25,047,000 (2006: HK\$132,000,000) which has been credited to the consolidated income statement. All the investment properties are situated in PRC under medium-term lease.

In the prior year, as reflected by the disposal to an independent purchaser, the fair value of the investment properties upon disposal was the proceeds arising from the disposal transaction. The gain arising from the increase in fair value of HK\$132,000,000 had been credited to the consolidated income statement for the year ended 30 June 2006.

All the investment properties of the Group held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model.

## 12. Trade and other receivables

At 30 June 2007, the balance of trade and other receivables included trade receivables of HK\$14,552,000 (2006: HK\$2,823,000), receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$36,109,000 (2006: HK\$30,979,000) with collateral of properties and an amount receivable as at 30 June 2007 for vendor's undertakings of HK\$47,962,000 (2006: HK\$6,108,000) in relation to the acquisition of subsidiaries in the prior year. For property sales, other than home loans, the Group allows an average credit period of 30 days to its customers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices. All trade receivables are within aged 60 days.

## 13. Trade and other payables

At 30 June 2007, the balance of trade and other payables included trade payables of HK\$21,452,000 (2006: HK\$41,635,000). The aged analysis of trade payables is as follows:

	At 30 June	
	2007 HK\$'000	2006 HK\$'000
0 – 60 days	7,433	31,773
61 – 90 days	–	519
Over 90 days	14,019	9,343
	<hr/>	<hr/>
	<b>21,452</b>	<b>41,635</b>
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## RESULTS REVIEW

For the year ended 30 June 2007, the Group recorded a turnover of HK\$165,392,000 (2006: HK\$171,469,000), whereas the gross profit of the Group rose to HK\$66,287,000 (2006: HK\$47,170,000), representing a growth of about 40.5% as compared with the previous year. These results included proceeds of property sale and rental income of investment properties of the Group. Meanwhile, the Group recognised other income derived from, among others, the guaranteed rental income of investment properties in Shanghai provided by the vendor in the year under review.

For the year under review, the Group has reclassified the “Uptown” shopping mall in Beijing into its investment properties for rental income, which, together with the investment properties in Shanghai, the total revaluation surplus and increase in fair value of HK\$279,616,000 was recognised in the consolidated income statement. After taking account of the relevant tax provision, the profit for the year attributable to shareholders of the Company amounted to HK\$217,479,000 (2006: HK\$130,160,000), showing a significant rise of about 67.1% as compared with the previous year, while the earnings per share for the year were HK\$0.993 (2006: HK\$0.594).

## BUSINESS REVIEW

During the year under review, the Group has strategically strengthened its asset base with a portfolio of RMB-based assets held for investment propose to sustain better capital value and rental yield, after its acquisition of office area of Eton Place situated in Pudong, Shanghai.

The high-quality office units of 14 storeys in Eton Place acquired by the Group in March 2006 were duly delivered in September 2006, with a gross annual rental guarantee by the vendor for the next three years of not less than RMB60,000,000 per annum (representing a gross yield of approximately 8% per annum calculated by reference to the relevant investment made by the Group). And the Group has accounted for such guaranteed income for the year under review due to the interim vacancy upon delivery and rent-free periods granted for initial tenancies. As at 30 June 2007, the value of these investment properties appreciated by HK\$76,604,000, of which HK\$25,047,000 and HK\$51,557,000 have been reflected in the consolidated income statement and translation reserve, respectively, and the leasing of Eton Place was on target with an occupancy rate of about 97% of leaseable office area.

To further reinforce the Group’s strategy in RMB-based investment, the Group has converted its certain prime non-residential properties in Beijing, including, among others, the “Uptown” shopping mall, into its investment properties for stable source of rental income. In the year under review, these properties contributed to an increase of fair value of HK\$254,569,000 as reflected in the consolidated income statement. As at 30 June 2007, about 83% of leaseable floor area of “Uptown” shopping mall in Beijing was let to a divergent mix of retailers, including some international brands and flagship stores and has become an attractive shopping center in the district.

The port operations at Tung Kok Tau in Shekou, Shenzhen continued to phase out in the year for preparation of preliminary redevelopment and rezoning. The hearing relating to the international arbitration as to the disputes over the equity interests in the relevant joint venture has been adjourned due to changes in nomination of arbitrators.

## **FINANCIAL REVIEW**

### **Capital Structure**

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner during the year. As at 30 June 2007, the equity attributable to equity holders of the Company amounted to HK\$1,298,850,000 (2006: HK\$1,026,627,000) with net asset value per share of HK\$5.93 (2006: HK\$4.69). Total unsecured and secured bank borrowings of the Group amounted to about HK\$388,200,000 (2006: Nil) as at 30 June 2007, which were in Hong Kong dollars and repayable within 5 years on floating rate basis. As at 30 June 2007, the gearing ratio of the Group was about 22.7% (2006: Nil) based on the Group's net debt (after deducting bank balance and cash) to its equity attributable to equity holders of the Company. No significant exposure to foreign currency fluctuations affected the Group in the year under review, other than appreciation effect of Renminbi yuans on income and properties of the Group, which were all in Renminbi yuans. No Financial instruments were used for hedging purpose in the year.

### **Financial Resources and Liquidity**

In the year under review, sufficient cashflow was generated by sales proceeds of properties in Beijing as well as rental income of investment properties in Shanghai and Beijing. As at 30 June 2007, the Group's bank balances and cash stood at HK\$93,425,000 (2006: HK\$97,736,000) denominated primarily in Renminbi yuans and Hong Kong dollars. With sufficient cashflow in the year, the Group maintained unutilised credit facilities of HK\$16,000,000 (2006: HK\$11,000,000) as working capital at floating interest rate as at 30 June 2007.

The funding requirements for redevelopment of Tung Kok Tau is intended to be financed by internal resources, bank borrowings and such other means of financing as the Directors may deem expedient.

### **Pledge of Assets and Contingent Liabilities**

As at 30 June 2007, the Group pledged its investment properties with a total carrying value of HK\$920,604,000 (2006: nil) to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HK\$31,469,000 (2006: HK\$16,804,000) to banks to secure mortgage bank loans granted to the home buyers. The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 30 June 2007, the Group had given guarantees in respect of such home loans of HK\$357,976,000 (2006: HK\$402,216,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of the low loan ratio.

## **PROSPECTS**

The recent official austerity measures to curb the property market have mild impact on commercial and office sectors. The upcoming 2008 Beijing Olympics, coupled with the continued solid economic growth in the Mainland, leads to buoyant market sentiment, fostering the boosting economy and commercial activities in the major cities. The Group remains positive about future and long-term outlook of commercial and office market in Beijing and Shanghai. Leasing of “Uptown” shopping mall in Beijing is expected to be satisfactory. Meanwhile, demand for prime office premises in Shanghai remains to be strongly driven by high demand and tight supply for high-quality office premises in Shanghai. All these will contribute to a steady source of rental income for the Group in the coming years. Coupled with the anticipated continual appreciation of RMB, the potential future growth in rental yield and capital gain on these RMB-based assets will be promising.

The opening of Western Corridor between Hong Kong and Shenzhen in July 2007, along with improved infrastructure and city planning in the region and the recent booming property market in Shenzhen will certainly advantage the redevelopment and economic values in Tung Kok Tau in Shekou. The Group is still negotiating with the relevant Government authorities regarding, among others, the location of Route No. 2 of Shenzhen Metro, to procure better redevelopment plan and value. The hearing of the international arbitration as to the disputes over the equity interests in the relevant joint venture has been adjourned to early November this year. Negotiations have been made more difficult due to the recent booming property and land prices in Shenzhen. However, the Group will endeavor to negotiate with its Chinese joint venture partner to resolve the disputes.

## **DIVIDENDS**

The Directors recommend the payment of a final dividend of 3 Hong Kong cents per share to the shareholders of the Company whose names appear on the register of members on 14 December 2007. An interim dividend of 3 Hong Kong cents per share were paid to the shareholders of the Company during the year which, in aggregate, gives total dividends for the year of 6 Hong Kong cents per share. Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the warrants for the final dividend are expected to be dispatched to those entitled on or about 17 January 2008.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 10 December 2007 to Friday, 14 December 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 7 December 2007.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Company has applied throughout the year ended 30 June 2007 with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules save for minor deviation from one of the principles of the CG Code as to number of Independent Non-executive Directors and audit committee members and the code provisions of the CG Code relating to the requirement of a majority of Independent Non-executive Directors as members of remuneration committee for the interim period from 16 to 31 December 2006 as disclosed in the last interim report of the Company for the six months ended 31 December 2006.

## **AUDIT COMMITTEE**

The annual results for the year have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditors, Deloitte Touche Tohmatsu, and they have issued an unqualified opinion.

## **APPRECIATION**

The Board of Directors would like to thank the shareholders, bankers, customers, suppliers of the Group and others who have extended their invaluable support to the Group and all staff of the Group for their contributions to the Group.

By Order of the Board  
**CHAN Wing Kit, Frank**  
*Chief Executive Officer*

Hong Kong, 18 October 2007

*As at the date of the announcement, the Board of Directors of the Company comprises Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TANENGLIAN Mariano Chua, Mr. TAN Lucio Jr. Khao, Mr. CHEUNG Chi Ming and Mr. PASCUAL Ramon Sy as Executive Directors; and Mr. CHONG Kim Chan, Kenneth, Mr. SY Robin and Ms. SALAZAR Lourdes Apostol as Independent Non-executive Directors.*