YARDWAY GROUP LIMITED
啟帆集團有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 646)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The Board of Directors (the "Board") of Yardway Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

(Expressed in Hong Kong dollars)

		Year ended 31 March	
		2007	2006
	Note	***$'000***	*$'000*
Turnover	*4*	**214,424**	189,646
Cost of sales/services		**(175,595)**	(145,554)
Gross profit		**38,829**	44,092
Other revenue	*5*	**4,380**	3,990
Other net income/(loss)	*5*	**365**	(1,549)
Distribution costs		**(20,804)**	(16,765)
Administrative expenses		**(24,753)**	(20,187)
Net surplus on revaluation		**1,030**	2,194
(Loss)/profit from operations		**(953)**	11,775
Finance costs	*6(a)*	**(1,749)**	(1,693)
(Loss)/profit before taxation	*6*	**(2,702)**	10,082
Income tax	*7*	**99**	(1,501)
(Loss)/profit for the year		**(2,603)**	8,581
Attributable to:			
Equity shareholders of the Company		**(2,735)**	8,496
Minority interests		**132**	85
(Loss)/profit for the year		**(2,603)**	8,581
Dividend payable to equity shareholders of the Company attributable to the year:			
Final dividend proposed after balance sheet date	*8*	**Nil**	2,800
(Loss)/earnings per share	*9*		
Basic		**(1.0) cent**	3.0 cents
Diluted		**(1.0) cent**	3.0 cents

CONSOLIDATED BALANCE SHEET

At 31 March 2007

(Expressed in Hong Kong dollars)

	Note	**2007**	2006
		$'000	$'000
Non-current assets			
Fixed assets			
– Investment properties		**22,600**	21,410
– Other property, plant and equipment		**38,773**	26,739
– Interest in leasehold land held for own use under operating leases		**1,018**	984
		62,391	49,133
Deferred tax assets		**237**	–
		62,628	49,133
Current assets			
Trading securities-listed in Hong Kong		**542**	686
Inventories		**21,971**	14,534
Trade and other receivables	*10*	**82,411**	59,640
Current taxation recoverable		**1,942**	1,896
Finance lease receivable		**–**	98
Pledged bank deposits		**10,309**	9,032
Cash and cash equivalents		**45,158**	85,451
		162,333	171,337
Current liabilities			
Trade and other payables	*11*	**93,034**	87,157
Bank loans and overdrafts		**17,008**	16,294
Obligations under finance leases		**312**	366
Current taxation		**192**	16
Provision for warranty		**117**	99
		110,663	103,932
Net current assets		**51,670**	67,405
Total assets less current liabilities		**114,298**	116,538

	Note	2007 $'000	2006 $'000
Non-current liabilities			
Bank loans and overdrafts		**6,969**	7,763
Obligations under finance leases		**267**	291
Deferred tax liabilities		**471**	87
		7,707	8,141
NET ASSETS		**106,591**	108,397
CAPITAL AND RESERVES			
Share capital		**28,085**	28,000
Reserves		**77,607**	79,630
Total equity attributable to equity shareholders of the Company		**105,692**	107,630
Minority interests		**899**	767
TOTAL EQUITY		**106,591**	108,397

Notes:
(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of presentation

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 (the "Stock Exchange"). The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment property, leasehold land and buildings, investment in equity securities and derivative financial instruments are stated at their fair value.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Financial guarantees issued (Amendments to HKAS 39, Financial instruments: Recognition and measurement: Financial guarantee contracts)

In prior years, financial guarantees issued by the Company in respect of the banking facilities of its subsidiaries were disclosed as contingent liabilities in accordance with HKAS 37, Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon. The annual fee receivable by the Company in respect of the issue of the guarantees is recognised in the Company's income statement on an accrual basis. No guarantees were issued in respect of any third party borrowings.

With effect from 1 April 2006, in order to comply with amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

This change in accounting policy has no material financial effect on the Group's consolidated and Company financial statements.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments, which are effective for accounting periods beginning on or after 1 January 2007, may result in new or amended disclosures in the financial statements:

HKFRS 7	Financial instruments: disclosures
Amendments to HKAS 1	Presentation of financial statements: capital disclosures

4. Turnover and segmental information

The principal activities of the Group are trading of vehicles, machinery, equipment, yachts, spare parts and provision of engineering services.

Turnover represents the sales value of goods supplied to customers, service income and commission income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007	2006
	$'000	*$'000*
Sales of goods	**186,344**	159,125
Service income	**15,333**	11,215
Commission income	**12,747**	19,306
	214,424	189,646

An analysis of the Group's revenue and results for the year by business and geographical segments respectively is as follows:

Business segments

The Group comprises the following main business segments:

Sales and distribution activities

– The trading of airport ground support equipment, railway maintenance equipment, coaches, trucks and yachts.

Provision of engineering services and sales of spare parts

– The provision of engineering services and sales of spare parts.

	Sales and distribution		Provision of engineering services and sales of spare parts		Unallocated		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**164,464**	145,528	**49,960**	44,118	**–**	–	**214,424**	189,646
Other revenue from external customers	**–**	–	**–**	–	**4,380**	3,990	**4,380**	3,990
Total	**164,464**	145,528	**49,960**	44,118	**4,380**	3,990	**218,804**	193,636
Segment results	**2,176**	10,681	**2,318**	3,444			**4,494**	14,125
Unallocated operating income and expenses							**(5,447)**	(2,350)
(Loss)/profit from operations							**(953)**	11,775
Finance costs							**(1,749)**	(1,693)
Taxation							**99**	(1,501)
(Loss)/profit after tax							**(2,603)**	8,581
Depreciation and amortisation for the year	**1,937**	779	**128**	221	**1,583**	2,245		
Write down of inventories	**780**	–	**1,157**	600	**–**	–		
Impairment losses on trade receivables	**214**	78	**317**	–	**–**	–		

	Sales and distribution		Provision of engineering services and sales of spare parts		Unallocated		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment assets	**161,672**	149,933	**21,568**	31,951			**183,240**	181,884
Unallocated assets							**41,721**	38,586
Total assets							**224,961**	220,470
Segment liabilities	**91,427**	87,701	**11,703**	12,605			**103,130**	100,306
Unallocated liabilities							**15,240**	11,767
Total liabilities							**118,370**	112,073
Capital expenditure incurred during the year	**11,545**	132	**191**	761	**2,095**	2,214		

Geographical segments

The Group's business is managed on a worldwide basis, but participates in four principal economic environments.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		Other parts of the PRC		The United States of America		Europe		Others	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**28,609**	31,381	**159,548**	134,335	**2,572**	6,802	**23,689**	14,917	**6**	2,211
Segment assets	**166,019**	179,811	**58,942**	38,792	**–**	–	**–**	–	**–**	1,867
Capital expenditure incurred during the year	**3,005**	1,765	**10,826**	1,342	**–**	–	**–**	–	**–**	–

5. Other revenue and other net income/(loss)

	2007	2006
	$'000	*$'000*
Other revenue		
Gross rental income from investment properties	**1,739**	1,740
Interest income	**2,252**	1,343
Royalty income	**–**	390
Dividend income from listed securities	**22**	20
Others	**367**	497
	4,380	3,990
Other net income/(loss)		
Net exchange gain/(loss)	**514**	(2,059)
Net (loss)/gain on sale of fixed assets	**(317)**	482
Net gain on sale of trading securities	**106**	1
Net unrealised gain on trading securities carried at fair value	**62**	27
	365	(1,549)

6. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	2007	2006
	$'000	*$'000*
(a) Finance costs:		
Interest on bank advances and bank borrowings repayable within five years	**1,172**	1,248
Interest on bank advances and bank borrowings repayable after five years	**485**	392
Finance charges on obligations under finance leases	**92**	53
	1,749	1,693
(b) Staff costs:		
Contributions to defined contribution retirement plans	**1,319**	969
Equity-settled share-based payment expenses	**327**	–
Salaries, wages and other benefits	**21,305**	18,488
	22,951	19,457

	2007	2006
	$'000	*$'000*
(c) Other items:		
Amortisation of land lease premium	**20**	27
Depreciation		
– assets held for use under finance leases	**377**	433
– other assets	**3,251**	2,785
Impairment losses on trade and other receivables	**531**	78
Increase in provision for warranty	**24**	64
Auditors' remuneration		
– audit services	**885**	796
– other services	**45**	44
Net (gain)/loss on forward foreign exchange contracts	**(927)**	329
Operating lease charges in respect of properties:		
– minimum lease payments	**2,678**	1,862
Rentals receivable from investment properties less direct outgoings of $79,000 (2006: $132,000)	**(1,660)**	(1,608)
Cost of inventories	**169,132**	137,970

7. Income tax

	2007	2006
	$'000	*$'000*
Current tax-Hong Kong Profits Tax		
Provision for the year	**107**	82
Under-provision in respect of prior years	**–**	2
	107	84
Current tax-PRC		
Provision for the year	**271**	139
Deferred tax		
Origination and reversal of temporary differences	**(477)**	1,278
	(99)	1,501

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006:17.5%) of the estimated assessable profits for the year. PRC taxation is charged at the appropriate current rate of taxation ruling in the PRC.

8. Dividends

	2007	2006
	$'000	*$'000*
Final dividend proposed after the balance sheet date of nil per ordinary share (2006: 1 cent per ordinary share)	**–**	2,800

The directors do not recommend the payment of a final dividend for the year ended 31 March 2007 (2006: a dividend of 1 cent per ordinary share was declared amounting to $2,800,000).

9. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $2,735,000 (2006: profit of $8,496,000) and the weighted average number of 280,154,000 ordinary shares (2006: 280,000,000 ordinary shares) in issue during the year.

	2007	2006
	Number of shares	Number of shares
	'000	*'000*
Issued ordinary shares at 1 April	**280,000**	280,000
Effect of share options exercised	**154**	–
Weighted average number of ordinary shares at 31 March	**280,154**	280,000

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the years ended 31 March 2007 and 2006 is the same as the basic (loss)/earnings per share as all the potential ordinary shares are anti-dilutive.

10. Trade and other receivables

	2007	2006
	$'000	*$'000*
Trade receivables	**37,547**	34,285
Retentions receivable	**13,793**	6,411
Prepayments, deposits and other receivables	**28,703**	18,279
Amount due from related company	**274**	256
Amounts due from jointly controlled entities	**2,094**	409
	82,411	59,640

All of the trade and other receivables (including amounts due from related company and jointly controlled entities), apart from certain retentions receivable are expected to be recovered within one year.

Retentions receivable are amounts which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts. The amount of these retentions expected to be recovered after more than one year is $5,350,000 (2006: $2,675,000).

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

	2007	2006
	$'000	*$'000*
Current	**25,660**	21,965
1 to 3 months overdue	**8,563**	8,866
More than 3 months overdue but less than 12 months overdue	**2,836**	1,969
More than 12 months overdue	**488**	1,485
	37,547	34,285

Normally, the Group grants 30 to 90 days credit term to its customers.

Included in trade and other receivables are the following amounts denominated in a currency other than functional currency of the entity to which they relate:

	2007	2006
	$'000	*$'000*
United States Dollar	**USD 5,509**	USD 3,798
Euro	**EUR 619**	EUR 712
Renminbi Yuan	**RMB 23,411**	RMB 11,283

11. Trade and other payables

	2007	2006
	$'000	*$'000*
Trade and bills payables	**60,859**	58,413
Sales deposits received	**23,252**	24,403
Other payables and accruals	**7,595**	4,013
Amounts due to related companies	**1,328**	328
	93,034	87,157

All trade and other payables are expected to be settled within one year.

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

	2007	2006
	$'000	*$'000*
Due within 1 month or on demand	**33,689**	18,729
Due after 1 month but within 3 months	**10,876**	12,453
Due after 3 months but within 6 months	**5,332**	6,601
Due after 6 months but within 1 year	**8,280**	8,155
	58,177	45,938
Bills payable	**2,682**	12,475
	60,859	58,413

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2007	2006
	$'000	*$'000*
United States Dollar	**USD 6,887**	USD 6,612
Euro	**EUR 557**	EUR 1,539
Renminbi Yuan	**RMB 26,386**	RMB 17,570
Swiss Franc	**CHF 202**	CHF 18

12. Interest in jointly controlled entities

Included in the consolidated financial statements are the following items that represent the Group's interests in the assets and liabilities, revenues and expenses of the jointly controlled entities:

	2007	2006
	$'000	*$'000*
Non-current assets	**177**	–
Current assets	**1,819**	3
Current liabilities	**(3,235)**	(484)
Net liabilties	**(1,239)**	(481)
Income	**1**	–
Expenses	**(762)**	(486)
Loss for the year	**(761)**	(486)

DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2007 (2006: HK1 cent per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 August 2007 to Wednesday, 22 August 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on Wednesday, 22 August 2007, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Standard Registrars Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 16 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 31 March 2007, the Group's turnover amounted to HK$214,424,000, representing a rise of 13% as compared with last year. Loss attributable to equity shareholders of the Company was HK$2,735,000 (2006: profit of HK$8,496,000). The loss was mainly attributable to the increase of operating expenses and decrease of gross profit.

Gross profit margin for the year ended 31 March 2007 decreased by 2% when excluding commission income effect of HK$12,747,000 (2006: HK$19,306,000) compared to that of last year. Despite the increase in turnover, the decrease in gross profit was mainly due to lower selling price for certain contracts in order to tackle the aggressive competition from our competitors to win a bigger share of our market.

Due to the efficient cash management and higher interest rates, the Group recorded a higher interest income of HK$2,252,000 when compared to that of last year of HK$1,343,000.

Distribution costs and administrative expenses increased about 24% and 23% respectively as compared to last year. The increase in distribution costs and administrative expenses was mainly attributable to the increase in operating expenses of delegation expenses, depreciation, rental and staff costs to cope with the expansion of the business.

Finance costs was increased by 3% amounting to HK$1,749,000 for the year ended 31 March 2007. The increase is mainly due to the increase in average interest rate during the year under review.

Business Review

During the year under review, the Group continued to derive most of its revenue from the railway maintenance equipment business. The driving force of the growth of the turnover was mainly due to the strong demand for railway maintenance equipment and the dredging equipment. Given the prospective investment in the PRC railway network, this resulted in more demand for extra maintenance equipment. The Group is the exclusive sales and service agents of manufacturers from Europe and USA. We have supplied the advanced technology maintenance equipment to the PRC railway system such as the rail flaw detection car and the track inspection car during the year.

Armed with our experiences and sales network in China, we formed a joint venture with VOSTA LMG B.V. during the year under review. Coupled with VOSTA's know-how and design capabilities in dredgers and dredging equipment technology, we have already won several attractive contracts in China to supply high value dredging equipment to ship builders and large dredging companies in the PRC.

As mentioned in 2006, in order to compensate the lack of contribution from the warranty services for buses in Hong Kong, the Group had established a subsidiary in Beijing, the PRC in 2006 as the exclusive agent of commercial vehicle engines and the related technical consultation services for public buses in Beijing.

The Group also offered a wide range of airport ground support equipment. During the year, we have supplied airport ground support equipment to various airports in the PRC.

The Group also benefited from the appreciation of the value of the premises located in Hong Kong and the PRC. The change in fair value of investment properties was reflected in the profit and loss account.

Prospects

The Directors believe that with the sustained growth of the PRC market, the Group's prospects are very promising. The continuous extension of the PRC railway network, rapid growth of the transportation industry and the additional dredging equipment required for the waterways expansions is the growth momentum for the Group in the coming year. In order to meet safety requirements, it is critical that advanced technology of railway maintenance equipment and waterway dredging equipment should be procured. The Directors believe that the train speed increases of the PRC railway network and infrastructure construction requires a corresponding increase in demand for the maintenance equipment. We will continue to identify the latest technology of railway maintenance equipment in order to meet the train speed increase of the PRC railway network which in turn demands safe and efficient services.

We are certain that the PRC economy will continue to prosper. The Group will grasp the developing opportunities and create added value to reward our shareholders.

Appreciation

The Directors and Management would like to take this opportunity to thank all the staff members for their hard work and dedication to the Group for the past year.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 March 2007 was 130 (2006: 109). The Group remunerates its employees based on their performance, work experience and the prevailing market price. The remuneration packages include basic salary, double pay, commission, staff insurance and mandatory provident fund. The Group operates a share options scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recongise their contribution to the success of the Group. The packages are reviewed annually by the management and the Remuneration Committee.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

The Group continued to maintain a liquid position. As at 31 March 2007, cash and bank balances including pledged fixed deposits of the Group were HK$55,467,000 (2006: HK$94,483,000). The cash and bank balances consisted of about 53% in US dollars, 16% in Renminbi, 14% in Hong Kong dollars, 14% in Euro, and 3% in other currencies.

As at 31 March 2007, the Group recorded total assets of HK$224,961,000 (2006: HK$220,470,000) were financed by liabilities of HK$118,370,000 (2006: HK$112,073,000), minority interests of HK$899,000 (2006: HK$767,000) and shareholders' equity of HK$105,692,000 (2006: HK$107,630,000). As at 31 March 2007, the current ratio was 1.47 (2006:1.65), calculated on the basis of current assets of HK$162,333,000 over current liabilities of HK$110,663,000.

The Group's bank borrowings amounted to HK$23,977,000 (2006: HK$24,057,000). The Group's borrowings, denominated in Hong Kong dollars, United States dollars and Euro, mainly comprise invoice financing loans and mortgage loans bearing floating interest rates. The Group's gearing ratio, based on the total borrowings to total assets, was 11% (2006: 11%).

Foreign exchange exposure and hedging

The Group's sales mainly conducted in United States dollars, Renminbi and Hong Kong dollars while the purchases conducted in Euro. As such, the Group is exposed to foreign exchange risk. The Group made use of forward contracts to hedge its foreign exchange exposure in order to reduce net exposure to currency fluctuations.

Charge on Assets

As at 31 March 2007, the Group's leasehold land and buildings and investment properties with an aggregate carrying value amounting to HK$30,600,000 (2006: HK$28,500,000) and bank deposits of HK$10,309,000 (2006: HK$9,032,000) were pledged with the banks to secure banking facilities granted to the Group. Included in pledged bank deposits of RMB3,944,000 (2006: RMB3,083,000) are pledged by the Group's wholly owned subsidiary in Zhuhai, the PRC.

CONTINGENT LIABILITIES

At 31 March 2007, the Company has undertaken to guarantee certain banking facilities granted to certain subsidiaries to the extent of HK$238,000,000 (2006: HK$221,000,000).

As at the balance sheet, the Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees issued is the facilities drawn down by the subsidiaries totalling HK$46,372,000 (2006: HK$58,872,000).

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2007.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") 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 year ended 31 March 2007 except for the following deviations:

1. The roles of Chairman and Chief Executive Office should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

   The Company does not have the position of Chief Executive Officer but have the position of Managing Director. The positions of the Chairman and Managing Director are held by Mr. Fong Kit Wah, Alan. There are no written terms on the general division of responsibilities between the Chairman and Managing Director. The Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. The Board believes that vesting the roles of both Chairman and Managing Director in the same person provides the Company with strong and consistent leadership allows for effective and efficient planning and implementation of business decisions and strategies.

2. The non-executive directors should be appointed for a specific term, subject to re-election.

   There is no service contract between the Company and the existing non-executive directors (including the independent non-executive directors). Although the non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years pursuant to the Company's Articles of Association.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and with the knowledge of the board of the Company as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2007.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors. The audit committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting process including the review of the financial statements for the year ended 31 March 2007.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Fong Kit Wah, Alan, Mr. Rourke James Grierson and Ms. Cheung Miu Sin as the executive directors, Mr. Yin Jie as the non-executive director and Mr. Wong Man Chung, Francis, Mr. Chan Ting Kwong and Ms. Fung Siu Wan, Stella as the independent non-executive directors.

By Order of the Board
Fong Kit Wah, Alan
Chairman and Managing Director

Hong Kong, 19 July 2007