



PLAYMATES HOLDINGS LIMITED
彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

ANNOUNCEMENT OF ANNUAL RESULTS
YEAR ENDED 31 DECEMBER 2007

RESULTS

The Directors of Playmates Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 as follows:

Consolidated Income Statement

For the year ended 31 December 2007

	Note	2007 US\$'000 (Note 9)	2007 HK\$'000	2006 HK\$'000
Turnover	2	127,698	996,049	1,197,083
Cost of sales		(66,652)	(519,888)	(600,608)
Gross profit		61,046	476,161	596,475
Marketing expenses		(31,535)	(245,976)	(296,536)
Selling, distribution and administration expenses		(33,132)	(258,426)	(269,592)
Revaluation surplus on investment properties		42,261	329,637	238,475
Restructuring expenses	3	(2,429)	(18,950)	—
Operating profit		36,211	282,446	268,822
Non-operating income/(expenses)				
Interest expense and bank charges		(1,338)	(10,440)	(7,755)
Other revenue		2,039	15,906	13,079
Net gain on investments		7,088	55,288	37,118
		44,000	343,200	311,264
Share of profits less losses of associated companies		439	3,426	3,458
Profit before taxation	3	44,439	346,626	314,722
Taxation charge	4	(3,890)	(30,340)	(54,353)
Profit for the year		40,549	316,286	260,369
Attributable to:				
Equity holders of the Company		40,494	315,853	260,369
Minority interest		55	433	—
		40,549	316,286	260,369
Dividends	5	29,360	229,006	130,952
		US\$	HK\$	HK\$
Earnings per share	6			
Basic		0.19	1.50	1.39
Diluted		0.19	1.49	1.38

Consolidated Balance Sheet

As at 31 December 2007

	Note	2007 US\$'000 (Note 9)	2007 HK\$'000	2006 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties		197,410	1,539,800	1,198,700
– Other property, plant and equipment		4,891	38,149	37,117
– Prepaid premium on leasehold land held for own use under an operating lease		6,230	48,597	48,102
		<u>208,531</u>	<u>1,626,546</u>	1,283,919
Goodwill		766	5,976	5,976
Interest in associated companies		3,217	25,090	34,836
Deferred tax assets		11,792	91,976	80,152
		<u>224,306</u>	<u>1,749,588</u>	1,404,883
Current assets				
Inventories		4,278	33,368	49,470
Trade receivables	7	23,050	179,792	353,999
Other receivables, deposits and prepayments		10,278	80,172	65,492
Taxation recoverable		407	3,177	2,023
Financial assets at fair value through profit or loss		72,813	567,943	331,204
Cash and bank balances		48,105	375,215	170,015
		<u>158,931</u>	<u>1,239,667</u>	972,203
Current liabilities				
Bank loans		20,548	160,275	107,542
Trade payables	8	9,747	76,027	92,585
Other payables and accrued charges		20,566	160,415	163,906
Provisions		4,589	35,798	49,260
Taxation payable		751	5,856	1,317
		<u>56,201</u>	<u>438,371</u>	414,610
Net current assets		<u>102,730</u>	<u>801,296</u>	557,593
Total assets less current liabilities		<u>327,036</u>	<u>2,550,884</u>	1,962,476
Non-current liabilities				
Bank loans		–	–	276
Deferred tax liabilities		19,757	154,109	94,090
		<u>19,757</u>	<u>154,109</u>	94,366
Net assets		<u>307,279</u>	<u>2,396,775</u>	<u>1,868,110</u>
Capital and Reserve				
Share capital		28,529	222,523	187,108
Reserves		254,843	1,987,780	1,587,448
Proposed dividends		23,654	184,502	93,554
Total equity attributable to equity holders of the Company		<u>307,026</u>	<u>2,394,805</u>	1,868,110
Minority interests		<u>253</u>	<u>1,970</u>	–
Total equity		<u>307,279</u>	<u>2,396,775</u>	<u>1,868,110</u>

Notes:

1. Basis of preparation

The consolidated 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, accounting principles generally accepted in Hong Kong. These financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, except that investment properties and financial assets at fair value through profit or loss are stated at fair value.

The accounting policies adopted in the current year are consistent with those of the previous year except the Group has adopted the HKAS 1 (Amendment): Capital Disclosure and HKFRS 7 - Financial Instruments - Disclosure. The adoption of these standards did not have significant effects on the financial statements of the Group and the Company.

2. Turnover and segment information

The Group is principally engaged in the design, development, marketing and distribution of toys and family entertainment activity products, property investment and management and restaurant operation. Turnover during the year is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover		
Sales of toys	909,030	1,127,997
Rental income from investment properties	52,701	39,425
Property management income	10,092	10,266
Restaurant income	24,226	19,395
	996,049	1,197,083

Business segments

An analysis of the Group's turnover and results by business segments is as follows:

	Year ended 31 December 2007			
	Toy business <i>HK\$'000</i>	Property investment and associated business <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue				
Turnover	909,030	87,019	–	996,049
Inter-segment revenue (<i>Note (iii)</i>)	–	360	(360)	–
	<u>909,030</u>	<u>87,379</u>	<u>(360)</u>	<u>996,049</u>
Results				
Segment results	(68,385)	365,206	–	296,821
Inter-segment transactions	(360)	360	–	–
	<u>(68,745)</u>	<u>365,566</u>	<u>–</u>	<u>296,821</u>
Unallocated costs				<u>(14,375)</u>
Operating profit				<u>282,446</u>

	Year ended 31 December 2006			
	Toy business HK\$'000	Property investment and associated business HK\$'000	Elimination HK\$'000	Group HK\$'000
Revenue				
Turnover	1,127,997	69,086	–	1,197,083
Inter-segment revenue (<i>Note (iii)</i>)	–	674	(674)	–
	<u>1,127,997</u>	<u>69,760</u>	<u>(674)</u>	<u>1,197,083</u>
Results				
Segment results	28,647	262,407	–	291,054
Inter-segment transactions	(674)	674	–	–
	<u>27,973</u>	<u>263,081</u>	<u>–</u>	<u>291,054</u>
Unallocated costs				<u>(22,232)</u>
Operating profit				<u>268,822</u>

Notes:

- (i) **Toy business** refers to the design, development, marketing and distribution of toys and family entertainment activity products.
- (ii) **Property investment and associated business** refers to the leasing of commercial, industrial and residential premises to generate rental income, the provision of property management services and the operation of restaurants.
- (iii) Inter-segment revenue eliminated on consolidation represents inter-company rental charges on properties owned by the Group. Inter-segment transactions are conducted at arm's length.

Geographical segments

The geographical analysis of the Group's turnover is as follows:

	2007 HK\$'000	2006 HK\$'000
Americas		
– U.S.A.	607,169	847,355
– Others	62,395	81,408
Europe	203,291	154,278
Asia Pacific	121,454	110,501
Others	1,740	3,541
	<u>996,049</u>	<u>1,197,083</u>

3. Profit before taxation

The profit before taxation is stated after charging/(crediting) the following:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cost of inventories sold	434,258	522,981
Product development costs	24,668	22,073
Royalties paid	93,370	102,488
Direct operating expenses arising from investment properties that generate rental income	2,490	2,809
Direct operating expenses arising from investment properties that did not generate rental income	2,193	1,094
Provision for customer concession	12,304	14,823
Unutilised provision for customer concession	(1,301)	(1,656)
Provision for customer and supplier claims	42,661	52,288
Unutilised provision for customer and supplier claims	(2,097)	(3,133)
Depreciation of fixed assets	8,196	7,554
Staff costs, including directors' remuneration	106,925	107,421
Operating leases expense on office and warehouse facilities	9,991	12,313
Loss on disposal of fixed assets	97	69
Restructuring expenses (<i>Note</i>)	18,950	–
Interest on bank loans and overdrafts, wholly repayable within five years	5,488	2,243
Interest income	(13,045)	(11,759)
Dividend income from investments	(2,861)	(1,320)
Net realised gain on investments	(28,269)	(4,555)
Net unrealised gain on investments	(27,019)	(32,563)

Note: Include mainly legal and professional fees incurred for the Group's reorganisation of the toy business.

4. Taxation charge

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Overseas taxation is provided on the profits/losses of the overseas subsidiaries in accordance with the tax laws of the countries in which these entities operate.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	7,135	3,622
Overseas taxation	–	62
Overseas tax refund (<i>Note</i>)	(22,879)	–
Over provision in prior years	<u>(2,111)</u>	<u>(3,735)</u>
	<u>(17,855)</u>	<u>(51)</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>48,195</u>	<u>54,404</u>
	<u>30,340</u>	<u>54,353</u>

Note: These relate to the examination by the U.S. Tax Authority of certain returns of the U.S. subsidiaries of the Group.

The California Franchise Tax Board (“FTB”) had completed its examination of the state tax returns of the Group for the tax years 1988 through 1990 and had proposed adjustments to the Group’s apportionment of income to the State of California for these tax years.

The Group has settled all their tax liabilities regarding the tax case in 2006. However, the Group continued to pursue its refund claim through litigation with the FTB. In July 2007, the Group and the FTB agreed in principle to an out-of-court settlement, which resulted in a refund of tax, interest and penalties of approximately HK\$22,879,000.

5. Dividends

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim dividend paid of HK\$0.20, restated (2006: HK\$0.20, restated) per share	44,504	37,398
Final dividend proposed of HK\$0.25 (2006: HK\$0.30, restated) per share	<u>55,931</u>	<u>56,132</u>
	100,435	93,530
Special dividend in specie proposed of HK\$0.57 (2006: HK\$nil) per share (<i>Note</i>)	128,571	–
Special dividend paid of HK\$nil (2006: HK\$0.20, restated) per share	<u>–</u>	<u>37,422</u>
	<u>229,006</u>	<u>130,952</u>

Note: At a meeting held on 17 December 2007, the Directors proposed a conditional special dividend in specie of the shares of Playmates Toys Limited (“PTL”), a wholly owned subsidiary of the Company and the holding company of the Group’s toy business, to effect the spin-off and separate listing of PTL. The distribution, represents approximately 45% of the entire issued share capital of PTL, amounts to approximately HK\$128,571,000. Pursuant to the special resolution passed on 25 January 2008, the shareholders of the Company approved the spin-off of the toy business by way of distribution in specie.

At a meeting held on 10 March 2008, the Directors proposed a final dividend of HK\$0.25 per share on the basis of 223,724,956 shares in issue as at the date of this meeting. These proposed dividends are not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2008.

The interim dividend per share for 2007 and the dividends per share for 2006 were restated to reflect the share consolidation effected on 25 January 2008. The nominal value of each of the issued and paid-up share of the Company was reduced from HK\$0.10 to HK\$0.01 (the “Reduced Share”) by cancelling paid up capital to the extent of HK\$0.09 on each issued share of the Company. This was then followed by the consolidation of ten Reduced Shares into one consolidated share of HK\$0.10 each.

6. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit attributable to shareholders for the purpose of calculating basic and diluted earnings per share	<u>315,853</u>	<u>260,369</u>
	Number of shares (Note)	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>210,842,400</u>	186,940,700
Number of potential ordinary shares issuable under share options	<u>1,371,900</u>	<u>1,447,500</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>212,214,300</u>	<u>188,388,200</u>

Note: The weighted average number of ordinary shares for the periods presented has been adjusted to reflect share consolidation as mentioned in note 5 above.

7. Trade receivables

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term of 60 days on average. The following is an aging analysis of trade receivables at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0-30 days	178,256	342,867
30-60 days	261	4,291
Over 60 days	<u>1,275</u>	<u>6,841</u>
	<u>179,792</u>	<u>353,999</u>

8. Trade payables

The following is an aging analysis of trade payables at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0-30 days	34,166	54,760
30-60 days	41,391	37,380
Over 60 days	<u>470</u>	<u>445</u>
	<u><u>76,027</u></u>	<u><u>92,585</u></u>

9. US dollars equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 31 December 2007.

10. Comparative figures

In accordance with the change in the Group's internal financial reporting, the Group has determined the operation of restaurants to be included in the property investment and associated business segment. As a result, certain comparative figures have been re-classified to conform to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Group turnover for the year ended 31 December 2007 was HK\$996 million (2006: HK\$1,197 million). Operating profit was HK\$282 million (2006: HK\$269 million), and net profit attributable to shareholders was HK\$316 million (2006: HK\$260 million). Basic earnings per share was HK\$1.50 (2006: HK\$1.39).

Property Investments and Associated Businesses

For the year under review, each of the property investment and associated businesses including (a) leasing business, (b) property management business, and (c) food and beverage business recorded significant growth. Turnover increased by approximately 26% to HK\$87 million (2006: HK\$69 million). Total segment results including property revaluation surplus increased by approximately 39% to HK\$366 million (2006: HK\$263 million).

(a) Property Portfolio Investments

The Group's principal property portfolio investments includes (i) The Toy House at 100 Canton Road, Tsimshatsui, (ii) a number of properties at Hillview, 21-23A MacDonnell Road, Hong Kong, and (iii) the Playmates Factory Building at 1 Tin Hau Road, Tuen Mun.

(i) The Toy House

Rental income generated by The Toy House before intra-group elimination was HK\$38 million (2006: HK\$30 million). The increment was mainly attributable to the overall higher rental levels achieved for both new leases and renewals. During the year, a reputable beauty and skin treatment specialist set up its first centre in Kowloon at The Toy House. Further, a leading beauty spa and salon has selected the building to open a branch which is scheduled to open during the second quarter of 2008 which will further expand the spectrum of spa and beauty services provided at The Toy House. During the year, two major retail tenancies were renewed with favourable rental growth. The management will continue to optimize the tenant mix and maintain a high standard of professional retail management of this principal investment property.

(ii) Hillview

Rental income generated by the residential properties at Hillview was HK\$11 million (2006: HK\$6 million). The significant growth was mainly attributable to higher occupancy, higher rental rate resulting from the ongoing refurbishment and upgrading works carried out to these properties and a strong demand for luxury residential accommodation during the year.

(iii) Playmates Factory Building

Rental income generated by Playmates Factory Building was HK\$8 million (2006: HK\$7 million). The increment was primarily driven by increased rents for new leases and renewals. The commencement of operation of the Hong Kong-Shenzhen Western Corridor on 1 July 2007 will further enhance the value of this property as it is located in the area that will become a vital link in the regional logistic networks.

The Group has adopted the fair value method for its investment properties. As at the year end, the Group's investment properties were revalued by an independent professional surveyor. A valuation surplus of approximately HK\$330 million was reported in the consolidated income statement of the Group.

(b) *Property Management Income*

The property management function of the Group is operated through Prestige Property Management Limited, an indirect wholly owned subsidiary of the Company. Prestige Property Management Limited is engaged in managing The Toy House, Playmates Factory Building and Hillview, and provides a full range of services including collecting rental and management fees, attending to repair and maintenance requirements, providing building security control and preparing budgets and accounts.

Income generated from property management business before intra-group elimination for the year was HK\$12 million (2006: HK\$11 million). Management fees were maintained at a relatively stable level as compared to last year as we had taken effective cost control measures to reduce the effects from escalating operating costs.

(c) *Food & Beverage Business*

Income from the food and beverage business for the year was HK\$24 million (2006: HK\$19 million). The increment was mainly attributable to the high quality, good value reputation established among a growing customer base and the favourable location of the restaurants in a major leisure and recreational destination for up-market consumers.

As the local economy continues to grow and consumer confidence remains high, the management is optimistic that 2008 will be another bumper year for its food and beverage business.

Despite the recent volatility in the global financial markets, with the continued growth of the local and regional economy, the management remains optimistic about the Group's performance and the outlook in its property investment and associated businesses for 2008. The Group will continue to actively look for investment opportunities and further enhance the value and income generated from its property investment portfolio.

Toy Business

Playmates Toys turnover for the year ended 31 December 2007 was HK\$909 million (2006: HK\$1,128 million). Operating loss was HK\$69 million (2006: operating profit was HK\$28 million).

In the second half of 2007, the toy industry was affected by several high profile product recalls resulting from concerns over product safety. Despite the fact that Playmates Toys has always been committed to full compliance with industry standard testing and thus maintained an excellent safety record for over four decades; U.S. sales were significantly affected by general market concerns over those widely publicized product recalls. The major impact on Playmates Toys U.S. business was felt in the fourth quarter, the prime holiday season, which normally accounts for approximately 50% of annual sales. Toy manufacturers and retailers, as well as certain government bodies, have responded in various ways, principally by instigating more stringent and more frequent testing requirements. Accordingly, Playmates Toys has implemented additional testing procedures and is working with its suppliers to meet its continued commitment to provide high quality, safe toys.

The toy industry experienced another year of negative growth in 2007. U.S. toy retail sales were down by 2% compared to 2006. Global sales for Playmates Toys were down by 19% compared to 2006; due to lower U.S. sales, which were only partially offset by strong growth in the other non-U.S. markets. Although U.S. sales were below anticipated levels, sales in the non-U.S. markets continued to grow, as 2007 was another year of expansion of our extensive distributor network and saw the development of new markets; with emerging markets figuring prominently in the growth of our business outside the U.S. During the fourth quarter of the year, in response to the negative general market concerns in the U.S. over the product recalls, Playmates Toys focused on reducing inventory exposure at the expense of forgoing potential incremental sales opportunities. These efforts resulted in our continuing brands experiencing a clean sell through and being well positioned for 2008.

Playmates Toys recorded an operating loss of HK\$69 million for the year. Profitability was significantly affected by the decline in U.S. sales and strong cost pressures from China manufacturers. Escalating raw materials, labor and other input costs combined with the introduction of new testing requirements in China resulted in increased product cost, and negatively impacted our gross profit. Margins were also adversely affected by the higher proportion of lower margin sales to international distributors when compared to the reduced level of direct to customer sales, at higher domestic margins in the U.S.. This shift in the mix of sales resulted in lower overall gross margins. Increased non-recurring professional expenses associated with the spin-off of Playmates Toys Limited and its public listing further burdened profitability.

Playmates Toys growth strategy continues to focus on portfolio expansion and category diversification, while simultaneously exploring new strategic opportunities. In 2007, several major new licenses were acquired and two new products lines were developed in the targeted youth electronics category that will contribute to growth in future. Playmates Toys is actively engaged in expanding its presence beyond toy merchandising. Its longer term strategy calls for building on established partnerships in specific emerging regions outside the U.S., including the growing potential in China and Eastern Europe, to more fully exploit growth in toys sales and non toy merchandising opportunities. A further building block will be the creation, acquisition and development of intellectual property to support merchandising efforts. Supplementing internal growth strategy, Playmates Toys looks to identify and acquire complementary product lines and companies that can contribute to overall growth.

Treasury Investments

The Group carries out portfolio investments as part of its treasury activities which involve investments in different types of securities instruments of various terms. As at 31 December 2007, the aggregate value of the Group's investment portfolio was approximately HK\$568 million (2006: HK\$331 million). Net contribution from these investments was approximately HK\$58 million for 2007 (2006: HK\$38 million). Future contribution from treasury investments is uncertain in view of the recent volatility of the global capital markets. However, the management is aware of such volatility and will carefully monitor the market situation.

FINANCIAL ANALYSIS

The toy business is inherently seasonal in nature. In general, sales in the second half-year are much higher than those in the first half. As a result, a disproportionately high balance of trade receivables is generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 31 December 2007, trade receivables related to toy operation were HK\$179,272,000 (2006: HK\$353,212,000) and inventories were at a seasonal low level of HK\$33,274,000 or 3.7% of turnover (2006: HK\$49,353,000 or 4.4% of turnover).

The property investment and associated business generated a relatively steady income stream throughout the year. Approximately 86% of the total gross floor area of the Group's investment properties were leased out as at 31 December 2007. Accounts receivables were minimal as at the year end.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 31 December 2007 was 5.4% compared to 4.5% at 31 December 2006. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.8 at 31 December 2007 compared to 2.3 at 31 December 2006.

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. After considering the operating cash flow and liquidity requirements, a portion of cash on hand may be invested from time to time in various types of financial instruments including fixed income, equity, derivatives and managed funds with a view to enhance overall return. The selection and allocation of such yield enhancement investments are regularly reviewed to ensure that an acceptable risk-and-return profile is maintained and the liquidity requirements of the Group are served. As at 31 December 2007, the Group's cash and bank balances were HK\$375,215,000 (2006: HK\$170,015,000), and the amount invested in various securities was HK\$567,943,000 (2006: HK\$331,204,000).

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring high standards of corporate governance. The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the year ended 31 December 2007 except for the deviation from provision A.2.1 of the Code in respect of segregation of the roles of chairman and chief executive officer.

The Chairman and chief executive officer of the Company is Mr. Chan Chun Hoo, Thomas. This deviates from provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board comprises three Executive Directors (one of whom is the Chairman) and five Non-executive Directors. Of the five Non-executive Directors, three are Independent Non-executive Directors. Mr. Chan Chun Hoo, Thomas focuses on Group strategy and is responsible for chairing and managing the efficient operation of the Board and ensuring that all key issues are considered by the Board in a timely manner; whereas responsibilities for running of the business operation of the Group are delegated to different

designated senior executives. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 April 2008 to 5 May 2008, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on 28 April 2008.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 10 March 2008

As at the date hereof, the Board of Directors of the Company comprises the following Directors:

Mr. Chan Chun Hoo, Thomas (Chairman and Executive Director), Mr. Cheng Bing Kin, Alain (Executive Director), Mr. Ip Shu Wing, Charles (Non-executive Director), Mr. Lee Peng Fei, Allen (Independent Non-executive Director), Mr. Lo Kai Yiu, Anthony (Independent Non-executive Director), Mr. To Shu Sing, Sidney (Executive Director), Mr. Tsim Tak Lung (Deputy Chairman and Non-executive Director), Mr. Yu Hon To, David (Independent Non-executive Director).

* *For identification purpose only*