



GREAT CHINA HOLDINGS LIMITED

大中華集團有限公司

(Incorporated in Hong Kong under the Companies ordinance)

(Stock Code: 0141)

ANNOUNCEMENT OF 2006 FINAL RESULTS

The Board of Directors (the “Board”) of Great China Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31st December, 2006. The financial information (“financial information”) contained in this preliminary announcement is extracted from the Group’s draft consolidated financial statements as at 31st December, 2006 and for the year then ended and follows the requirements of the Listing Rules relating to preliminary announcements of year-end results. The Group’s draft consolidated financial statements for the year ended 31st December, 2006 have been reviewed by the Audit Committee of the Company.

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31st December, 2006 have been agreed by the Group’s auditors, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CONSOLIDATED INCOME STATEMENT

		2006	2005
	<i>Note</i>	<i>HK\$</i>	Restated <i>HK\$</i>
Sales	2	1,459,947,799	1,580,394,018
Cost of goods sold		(1,259,419,287)	(1,309,108,355)
Gross profit		200,528,512	271,285,663
Other gains, net	3	30,148,636	23,271,829
Selling expenses		(122,915,625)	(221,413,681)
Administrative expenses		(30,413,782)	(24,597,768)
Operating profit	4	77,347,741	48,546,043
Finance costs	5	(12,242,242)	(7,002,661)
Share of profit/(loss) of associates		65,105,499	41,543,382
		662,842	(4,481,624)
Profit before income tax		65,768,341	37,061,758
Income tax expense	6	(2,822,105)	(7,638,323)
Profit for the year		62,946,236	29,423,435
Attributable to:			
Equity holders of the Company		62,946,236	30,150,799
Minority interest		–	(727,364)
		62,946,236	29,423,435
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	7	24.05 cents	11.52 cents
– diluted	7	24.05 cents	11.52 cents
Dividends	8	5,233,698	5,233,698

CONSOLIDATED BALANCE SHEET

		As at 31st December,	
		2006	2005
			Restated
	Note	HK\$	HK\$
Non-current assets			
Goodwill		22,308,000	–
Investment properties		601,162,530	565,473,500
Property, plant and equipment		11,561,058	10,992,553
Leasehold land and land use rights		10,839,943	10,856,207
Interests in associates		50,714,982	48,759,030
Loan to an associate		12,019,126	8,768,664
Available-for-sale financial assets		2,274,360	894,360
		<u>710,879,999</u>	<u>645,744,314</u>
Current assets			
Properties held for sale		41,944,473	63,744,665
Inventories		121,625,344	46,208,339
Trade and other receivables	9	125,295,838	98,917,652
Financial assets at fair value through profit or loss		74,765	762,840
Held-to-maturity financial assets		3,900,000	–
Amount due from an associate		42,758,062	40,710,751
Cash at bank and in hand		53,029,116	34,125,759
		<u>388,627,598</u>	<u>284,470,006</u>
Total assets		<u><u>1,099,507,597</u></u>	<u><u>930,214,320</u></u>

		As at 31st December,	
		2006	2005
			Restated
	Note	HK\$	HK\$
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		52,336,982	52,336,982
Other reserves		32,377,272	21,601,238
Retained earnings			
– Proposed final dividend		2,616,849	2,616,849
– Others		480,422,679	422,710,141
Total equity		567,753,782	499,265,210
LIABILITIES			
Non-current liabilities			
Borrowings, secured		145,624,531	153,468,878
Deferred income tax liabilities		71,650,132	68,315,307
		217,274,663	221,784,185
Current liabilities			
Trade and bills payables	10	120,229,322	74,824,483
Current income tax liabilities		1,496,192	1,204,070
Borrowings, secured		49,647,423	43,093,969
Other payables and accrued expenses		137,736,168	85,453,869
Rental deposits received		5,370,047	4,588,534
		314,479,152	209,164,925
Total liabilities		531,753,815	430,949,110
Total equity and liabilities		1,099,507,597	930,214,320
Net current assets		74,148,446	75,305,081
Total assets less current liabilities		785,028,445	721,049,395

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

31st December, 2006

1. CHANGES IN ACCOUNTING POLICIES

(a) Changes in accounting policies as a result of amendments to published standards effective in 2006

The adoption of HKAS 39 (Amendment), "The fair value option" has restricted the circumstances in which a financial asset or liability may be designated as at fair value through profit or loss and has resulted in a change in accounting policy relating to the recognition of financial asset at fair value through profit or loss. The date of de-designation of financial asset at fair value through profit or loss is deemed to be its date of initial recognition, which is 1st January, 2005. At the date of de-designation, the fair value of the financial asset at fair value through profit or loss was HK\$862,360. The adoption of this amendment resulted in an increase in retained earnings and a decrease in available-for-sale financial assets revaluation reserve at 1st January, 2005 by

HK\$2,007,696 and the details of the adjustments to the balance sheets at 31st December, 2006 and 2005 and income statements for the year ended 31st December, 2006 and 2005 are as follows:

	As at	
	31st December, 2006	31st December, 2005
	<i>HK\$</i>	<i>HK\$</i>
Decrease in financial assets at fair value through profit or loss	2,274,360	894,360
Increase in available-for-sale financial assets	2,274,360	894,360
Increase in retained earnings	595,696	1,975,696
Decrease in available-for-sale financial assets revaluation reserve	595,696	1,975,696
	For the year ended	
	31st December, 2006	31st December, 2005
	<i>HK\$</i>	<i>HK\$</i>
Decrease in fair value gains on financial assets at fair value through profit or loss	1,380,000	32,000

(b) Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1st March, 2006 or later periods that the Group has not early adopted.

The management is currently assessing the impact of these new standards and interpretations on the Group's operations.

- HKAS 1 (Amendment) – Capital Disclosures
- HKFRS 7 – Financial Instruments: Disclosures
- HKFRS 8 – Operating Segments
- HK(IFRIC)-Int 7 – Applying the Restatement Approach under HKAS 29 – Financial Reporting in Hyperinflationary Economies
- HK(IFRIC)-Int 8 – Scope of HKFRS 2
- HK(IFRIC)-Int 9 – Reassessment of embedded derivatives
- HK(IFRIC)-Int 10 – Interim Financial Reporting and Impairment
- HK(IFRIC)-Int 11 – HKFRS 2 – Group and Treasury Share Transactions
- HK(IFRIC)-Int 12 – Service Concession Arrangements

2. SALES AND SEGMENT INFORMATION

The Group is principally engaged in general trading, property investment and real estate agency services.

Analysis of sales by category is as follows:

	GROUP	
	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Sales		
Sales of goods	1,419,826,179	1,541,815,786
Sales of properties	12,360,150	14,042,954
Rental income from investment properties	25,467,454	24,028,944
Agency fee income	2,294,016	506,334
	<u>1,459,947,799</u>	<u>1,580,394,018</u>

Primary reporting format – business segments

At 31st December, 2006, the Group is organised on a worldwide basis into two main business segments:

- (1) General trading – trading of animal feed (mainly fishmeal and tapioca chips)
- (2) Property investment – rental income from investment properties, sale proceeds of properties held for sale and provision of real estate agency services

	General trading 2006 HK\$	Property investment 2006 HK\$	Group 2006 HK\$
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The segment results for the year ended 31st December, 2006 are as follows:

Sales	<u>1,419,826,179</u>	<u>40,121,620</u>	<u>1,459,947,799</u>
Segment results	<u>38,138,771</u>	<u>40,940,084</u>	79,078,855
Unallocated corporate expenses			<u>(1,731,114)</u>
Operating profit			77,347,741
Finance costs			(12,242,242)
Share of profit of associates			<u>662,842</u>
Profit before income tax			65,768,341
Income tax expense			<u>(2,822,105)</u>
Profit for the year			<u>62,946,236</u>

Other segment terms included in the income statement are as follows:

Depreciation of property, plant and equipment	147,590	887,728	1,035,318
Amortisation of leasehold land and land use rights	–	16,264	16,264
Amortisation of properties held for sale – leasehold land and land use rights	–	77,950	77,950
Impairment charge of properties held for sale – buildings	–	1,074,461	1,074,461
Impairment of trade and other receivables	2,616,641	303,035	2,919,676
Write-downs of inventories to net realisable value	11,035,418	–	11,035,418

The segment assets and liabilities at 31st December, 2006 and capital expenditure for the year then ended are as follows:

Segment assets	298,962,149	658,403,124	957,365,273
Interests in associates		50,714,982	50,714,982
Unallocated assets			<u>91,427,342</u>
Total assets			<u>1,099,507,597</u>
Segment liabilities	157,493,318	132,412,549	289,905,867
Unallocated liabilities			<u>241,847,948</u>
Total liabilities			<u>531,753,815</u>
Capital expenditure	<u>1,605,085</u>	<u>36,500</u>	<u>1,641,585</u>

The segment results for the year ended 31st December, 2005 are as follows:

	General trading 2005 HK\$	Property investment 2005 HK\$	Group 2005 Restated HK\$
Sales	<u>1,541,815,786</u>	<u>38,578,232</u>	<u>1,580,394,018</u>
Segment results	<u>23,159,942</u>	<u>44,886,479</u>	68,046,421
Unallocated corporate expenses			<u>(19,500,378)</u>
Operating profit			48,546,043
Finance costs			(7,002,661)
Share of loss of associates			<u>(4,481,624)</u>
Profit before income tax			37,061,758
Income tax expense			<u>(7,638,323)</u>
Profit for the year			<u>29,423,435</u>

Other segment terms included in the income statements are as follows:

Depreciation of property, plant and equipment	126,783	1,003,693	1,130,476
Amortisation of leasehold land and land use rights	–	27,243	27,243
Amortisation of properties held for sale			
– leasehold land and land use rights	–	81,414	81,414
Impairment charge of leasehold land and land use rights	–	102,211	102,211
Impairment charge of properties held for sale – buildings	–	799,500	799,500
Impairment of trade and other receivables	–	2,034,348	2,034,348
Write-downs of inventories to net realisable value	1,639,934	–	1,639,934

The segment assets and liabilities at 31st December, 2005 and capital expenditure for the year then ended are as follows:

Segment assets	170,245,232	691,287,496	861,532,728
Interests in associates		48,759,030	48,759,030
Unallocated assets			<u>19,922,562</u>
Total assets			<u>930,214,320</u>
Segment liabilities	145,858,684	122,188,657	268,047,341
Unallocated liabilities			<u>162,901,769</u>
Total liabilities			<u>430,949,110</u>
Capital expenditure	<u>–</u>	<u>757,796</u>	<u>757,796</u>

Secondary reporting format – geographical segments

The Group operates in three main geographical areas:

Hong Kong	–	rental income from investment properties
Mainland China	–	trading of animal feed, rental income from investment properties, sale of properties held for sale and provision of real estate agency services
Other countries	–	trading of animal feed and sale of properties held for sale

	Sales 2006 HK\$	Segment results 2006 HK\$	Total assets 2006 HK\$	Capital expenditure 2006 HK\$
Hong Kong	14,346,316	34,043,571	435,243,539	7,978
Mainland China	1,407,175,477	39,434,546	613,430,099	1,633,607
Other countries	38,426,006	5,600,738	118,977	–
	<u>1,459,947,799</u>	<u>79,078,855</u>	<u>1,048,792,615</u>	<u>1,641,585</u>

Unallocated corporate expenses

(1,731,114)

77,347,741

Interests in associates

50,714,982

Total assets

1,099,507,597

	Sales 2005 HK\$	Segment results 2005 Restated HK\$	Total assets 2005 HK\$	Capital expenditure 2005 HK\$
Hong Kong	13,625,693	49,981,517	414,758,292	35,583
Mainland China	1,535,498,475	17,636,823	457,889,916	722,213
Other countries	31,269,850	428,081	8,807,082	–
	<u>1,580,394,018</u>	<u>68,046,421</u>	<u>881,455,290</u>	<u>757,796</u>

Unallocated corporate
expenses

(19,500,378)

Operating profit

48,546,043

Interests in associates

48,759,030

Total assets

930,214,320

3. OTHER GAINS, NET

	2006	2005
	<i>HK\$</i>	Restated <i>HK\$</i>
Interest income	5,958,218	997,640
Fair value gains on investment properties	22,158,274	31,824,000
Gain on disposal of investment properties	18,420	–
Loss on disposal of property, plant and equipment	(91,089)	(66,522)
Loss on foreign exchange forward contracts	–	(11,355,856)
Other financial assets at fair value through profit or loss:		
– fair value losses (unrealised)	–	(17,160)
– fair value gains (realised)	204,985	210,176
Net foreign exchange gains	981,628	1,168,858
Others	918,200	510,693
	<u>30,148,636</u>	<u>23,271,829</u>

4. OPERATING PROFIT

Operating profit is stated after charging the following:

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Cost of inventories sold	1,243,147,384	1,307,444,976
Depreciation of property, plant and equipment	1,035,318	1,130,476
Amortisation of leasehold land and land use rights	16,264	27,243
Amortisation of properties held for sale – leasehold land and land use rights	77,950	81,414
Impairment charge of leasehold land and land use rights	–	102,211
Impairment charge of properties held for sale – buildings	1,074,461	799,500
Employee benefit expense (excluding directors’ emoluments) Wages and salaries	10,464,389	8,510,432
Retirement benefit costs – defined contribution plan	142,742	108,836
Direct operating expenses arising from investment properties that generate rental income	3,192,855	2,277,670
Auditors’ remuneration	900,000	798,371
Impairment of trade and other receivables	2,919,676	2,034,348
Write-downs of inventories to net realisable value	11,035,418	1,639,934

5. FINANCE COSTS

	2006	2005
	<i>HK\$</i>	<i>HK\$</i>
Interest expenses on bank borrowings:		
– wholly repayable within 5 years	4,394,257	1,354,862
– not wholly repayable within 5 years	7,847,985	5,647,799
	<u>12,242,242</u>	<u>7,002,661</u>

6. INCOME TAX EXPENSE

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Current income tax:		
Hong Kong profits tax	270,000	–
Overseas taxation	–	708,839
Deferred income tax	2,552,105	6,929,484
	<u>2,822,105</u>	<u>7,638,323</u>

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

7. EARNINGS PER SHARE

Basic

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

	2006 <i>HK\$</i>	2005 Restated <i>HK\$</i>
Profit attributable to the equity holders of the Company	62,946,236	30,150,799
Weighted average number of ordinary shares in issue	261,684,910	261,684,910
Basic earnings per share	0.2405	0.1152

Diluted

Diluted earnings per share is the same as the basic earnings per share since the Company has no dilutive potential ordinary share.

8. DIVIDENDS

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Interim dividend paid of HK\$0.01 (2005: HK\$0.01) per ordinary share	2,616,849	2,616,849
Proposed final dividend of HK\$0.01 (2005: HK\$0.01) per ordinary share	2,616,849	2,616,849
	<u>5,233,698</u>	<u>5,233,698</u>

The dividends paid in 2006 and 2005 were both HK\$5,233,698 (HK\$0.02 per share). A final dividend in respect of the year ended 31st December, 2006, of HK\$0.01 per ordinary share, amounting to a total dividend of HK\$2,616,849 is to be proposed at the Annual General Meeting on 18th May, 2007. The consolidated balance sheet does not reflect this dividend payable.

9. TRADE AND BILLS RECEIVABLES

The majority of the Group's sales are on letter of credit or documents against payment. The credit terms given to customers vary and are generally based on the financial strength of individual customer. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers is performed periodically.

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

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Less than 30 days	94,973,013	79,948,815
30-60 days	–	9,866
61-90 days	–	9,134
Over 90 days	6,220,899	598,685
	<u>101,193,912</u>	<u>80,566,500</u>

10. TRADE AND BILLS PAYABLES

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

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Less than 30 days	119,793,548	74,398,503
30-60 days	13,923	28,034
Over 90 days	421,851	397,946
	<u>120,229,322</u>	<u>74,824,483</u>

11. COMMITMENTS

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Capital commitments relating to acquisition of property, plant and equipment, investment properties and properties held for sale: Contracted but not provided for	<u>1,065,715</u>	<u>1,628,725</u>

BUSINESS REVIEW

The Group's turnover for the year ended 31st December, 2006 was approximately HK\$1,460 million which remained stable with that of 2005. Profit for the year was approximately HK\$63 million (2005: HK\$29 million), representing a rise of around 114% from 2005.

General Trading

During the year, the General Trading segment achieved a substantial growth in operating profits, representing more than 60% increase in operating profit.

Fishmeal Products

The strong world economy, especially for China, was a supporting factor for the rise in the demand for fishmeal. As the supply of fishmeal is relatively stable, the trend of increased prices of fishmeal simply reflected the continued increase in demand in the past few years.

After the increasing trend of fishmeal price in the first three quarters, fishmeal price settled at relatively high level, though well off their peaks, in the last quarter of 2006. However, trading volume decreased at high price levels in 2006 because trade participants in China became more cautious and end-users reduced their consumption. The effect of increase in price was offset by the decrease in demand resulting in the Group's sales of fishmeal staying at approximate same level of that of last year.

During the year, the Group actively participated in profitable fishmeal distribution channels in the PRC. Despite vigorous fluctuations in fishmeal price, our trading team has well positioned ourselves in the marketplace to purchase inventories at relatively low costs to achieve satisfactory operating profit in 2006.

Oil prices showed a downward trend in the second half of 2006. During the year, the sea freight charges from South America to China, especially for the container freight charges, recorded a remarkable downward adjustment, which contributed to the decrease selling expenses in 2006.

In August 2006, the Group acquired the remaining 5% interest in a subsidiary engaged in fishmeal trading business at a consideration of US\$2.86 million; thus, the Group has 100% control over the subsidiary. Details of this transaction is set out in the circular to shareholders dated 7th September, 2006.

Tapioca Products

We noted an upward tendency for tapioca chip prices towards the end of 2006, though such prices have remained relatively stable for most of the time in 2006. However, due to fierce competition, the profit margin of our tapioca products was further squeezed. In addition, sea freights from South East Asia to China have gone up, especially in the last quarter of 2006 which further increased our tapioca division's distribution cost. Due to above adverse factors, our tapioca division did not contribute much to the Group's operating result in 2006.

Property Investment in Hong Kong

As detailed in two circulars to shareholders dated 20th June, 2006 and 18th October, 2006, respectively, our Group entered into agreements for the disposal of a residential property in Lantau Island in Hong Kong and another residential property in Canada with attributable profits of approximately HK\$3 million. The Group has successfully renewed the tenancy agreements of some of its investment properties at market rates in 2006 to enhance the property rental income. This helps to increase the Group's rental income by approximately 11% compared with that of last year.

The recovery of the economy in Hong Kong has led to a full scale recovery in retail business and the increase in rental rate of commercial units located in prime shopping districts was readily accepted by existing and potential commercial tenants, this also helped the valuation of these properties. In 2006, there is a gain of around HK\$22 million (2005: revaluation gain of approximately HK\$32 million) from revaluation of investment properties in Hong Kong.

Property Investment in China (excluding Hong Kong)

The Chinese government has put forward and implemented a number of remedial policies aiming at adjusting the property market that was considered somewhat overheated. After some market adjustment, the property market prices in most major cities have stabilized in the second half of 2006.

Generally speaking, the rental income in 2006 generated from investment properties in the PRC maintained a stable yield as compared with that of 2005. During the year, the Group began to market the upper floor Merry Tower apartments in the third quarter of 2006. Due to macro-factors mentioned above, no sale has been recorded so far but the Group will continue to market these apartments.

PROSPECTS

General Trading

An important factor underpinning the fishmeal prices is the limited worldwide supply, which is expected to remain tight in 2007. Unless a satisfactory substitute for fishmeal is found, the fishmeal prices are likely to stay at high levels in 2007. Similar to the case in 2006, high prices may cause a decrease in demand for fishmeal imported to China in 2007. The decrease in container freight charges rate relative to ship freight charges rate will encourage more small business entrants into the fishmeal market which will possibly increase price competition, thus the profit margin may be squeezed in the future.

On positive side, the global demand for aquatic products particular in China as a result of improving living standard in China in recent years is expanding, accordingly, the consumption of fishmeal is expected to increase dramatically in the future.

As tapioca is one of the major raw materials for producing ethanol in China (one of the world's third-largest fuel ethanol producer in 2006), the import of tapioca in China increased by more than 25% from South East Asia countries in 2006. We expect the import volume of tapioca chips in China will continue to increase constantly in the future. The Group will strengthen its marketing and operation capability in order to achieve better performance in the coming year.

Property Investment

For the past few years, property prices in China have caught the attention of the central government in China. It is widely believed that the central government will continue to regulate the property market. This will be an effective deterring force against any excessive rise in property prices. On the other hand, it is also widely believed that RMB will continue to appreciate. This will be a strong support for property prices in China because foreign capitals are attracted to invest in China in whatever possible way. We believe that the property prices in China will move up gradually in the coming year.

During the year, the Group has changed the use of one investment property in Shanghai from service apartments to commercial units. The Group is in active negotiation with a prospective tenant for a long term tenancy agreement on the above property. If concluded, the new tenancy agreement will bring to the Group significantly improved rental income from this property.

Our investment strategy will focus on investment in commercial properties held for long term purpose to achieve higher rental yield and better appreciation in capital value; and we may consider dispose of any non-core residential properties at satisfactory prices in the near future. Any investment opportunity manifested will be thoroughly considered and, if met with the Group's criteria, will certainly be seized. The Group remains optimistic about the economic growth in China and Hong Kong, and believes that its investments will bring reasonable long term returns to its shareholders.

FINANCIAL REVIEW AND ANALYSIS

As at 31st December, 2006, the Group's gearing ratio was 26% (2005: 31%) which is based on the Group's long term bank borrowings of HK\$146 million (2005: HK\$153 million) and shareholders' equity of HK\$568 million (2005: HK\$499 million). As at 31 December, 2006, total bank balances and cash on hand were HK\$53 million (2005: HK\$34 million).

As at 31st December, 2006, the total bank borrowings of the Group amounted to HK\$195 million (2005: HK\$197 million) and the maturity profile of the Group's bank borrowings falling due within one year was 18% and more than one year was 82%. The Group's borrowings were denominated in HK dollars, US dollars and Renminbi.

As at 31st December, 2006, the Group has available but not yet utilized banking facilities amounting to approximately HK\$317 million (2005: HK\$239 million). The aforesaid utilized and available facilities were secured by the following pledged assets approximately: certain leasehold land and land use rights with aggregate book value of HK\$10.5 million (2005: HK\$10.5 million), property, plant and equipment of HK\$6 million (2005: HK\$6.2 million), investment properties of HK\$580 million (2005: HK\$564 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31st December, 2006, the total number of employees of the Group was 118 (2005:108) with staff costs amounting to HK\$10,607,131 (2005: HK\$8,619,268). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account the comparable level of the market.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16th May, 2007 to 18th May, 2007, both days inclusive, during which period no share transfer will be effected. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Abacus Share Registrars Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, no later than 4:00 p.m. on 15th May, 2007.

CORPORATE GOVERNANCE

The Board has reviewed the Company corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the year ended 31st December, 2006.

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2006 Annual Report.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board
John Ming Tak HO
Managing Director

Hong Kong, 30th March, 2007

The directors of the Company as at the date of this announcement are: Mr Rustom Ming Yu HO (Chairman), Mr John Ming Tak HO (Managing Director) and Mr Kwok Wai POON as Executive Directors; and Mr Lawrence Kam Kee YU BBS MBE JP, Mr David Hon To YU and Mr Hsu Chou WU as Independent Non-executive Directors.

Please also refer to the published version of this announcement in The Standard.