



# CAPITAL ESTATE LIMITED

## 冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

### RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST JULY, 2007

The board of directors (the “Board”) of Capital Estate Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st July, 2007, together with comparative figures for the previous financial year as follows:

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST JULY, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
<b>Continuing operations</b>			
Revenue	5	154,700	72,867
Direct costs on property rental		(935)	(1,680)
Gross profit		153,765	71,187
Other income		8,407	5,650
Increase (decrease) in fair value of investment properties		3,260	(19,768)
Administrative expenses		(56,069)	(16,223)
Share of profit of associates		1,599	—
Finance costs	6	(498)	(568)
Profit before taxation		110,464	40,278
Taxation	7	(22,770)	(11,539)
Profit for the year from continuing operations		87,694	28,739
<b>Discontinued operation</b>			
Profit for the year from discontinued operation		493	243
Impairment loss on goodwill		(780)	—
Loss on disposal of subsidiaries constituting the discontinued operation		(2,099)	—
		(2,386)	243
Profit for the year	8	85,308	28,982

	<i>NOTE</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		<b>85,140</b>	28,900
Minority interests		<b>168</b>	82
		<u><b>85,308</b></u>	<u>28,982</u>
Earnings per share	9		
<b>From continuing and discontinued operations</b>			
Basic		<u><b>1.044 HK cents</b></u>	<u>0.838 HK cents</u>
Diluted		<u><b>1.040 HK cents</b></u>	<u>0.837 HK cents</u>
<b>From continuing operations</b>			
Basic		<u><b>1.075 HK cents</b></u>	<u>0.833 HK cents</u>
Diluted		<u><b>1.071 HK cents</b></u>	<u>0.832 HK cents</u>

**CONSOLIDATED BALANCE SHEET**  
**AT 31ST JULY, 2007**

	<i>NOTES</i>	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		<b>37,828</b>	34,568
Property, plant and equipment		<b>3,731</b>	814
Prepaid lease payments		<b>7,265</b>	—
Deferred tax assets		—	49
Goodwill		—	4,193
Interests in associates		<b>392,499</b>	—
Available-for-sale investments		<b>56,250</b>	116,250
		<b>497,573</b>	155,874
<b>Current assets</b>			
Properties held for sale		<b>206</b>	206
Derivative financial instruments		—	283
Trade and other receivables	<i>10</i>	<b>12,987</b>	13,455
Prepaid lease payments		<b>908</b>	—
Investments held for trading		<b>266,127</b>	101,826
Certificate of deposit		—	8,996
Promissory note receivables		—	4,000
Taxation recoverable		—	75
Pledged bank deposit		<b>630</b>	614
Bank balances and cash		<b>151,464</b>	237,318
		<b>432,322</b>	366,773
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>6,401</b>	12,803
Derivative financial instruments		<b>775</b>	1,163
Taxation payable		<b>34,308</b>	11,595
Bank borrowings — due within one year		<b>1,039</b>	903
Bank overdrafts		—	84
		<b>42,523</b>	26,548
Net current assets		<b>389,799</b>	340,225
Total assets less current liabilities		<b>887,372</b>	496,099
<b>Non-current liability</b>			
Bank borrowings — due after one year		<b>4,937</b>	5,920
		<b>882,435</b>	490,179

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Capital and reserves		
Share capital	107,598	338,717
Reserves	774,837	150,244
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	882,435	488,961
Minority interests	—	1,218
	<hr/>	<hr/>
	<b>882,435</b>	<b>490,179</b>
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*NOTES:*

**1. GENERAL**

The Company is a public listed limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Unit 1901, 19/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

**2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)**

In the current financial year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which have become effective for the Group’s financial year beginning 1st August, 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment and 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) — INT10	Interim Financial Reporting and Impairments <sup>3</sup>
HK(IFRIC) — INT11	HKFRS 2 — Group and Treasury Share Transaction <sup>4</sup>
HK(IFRIC) — INT12	Service Concession Arrangement <sup>5</sup>
HK(IFRIC) — INT13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC) — INT14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>5</sup>

- 1 Effective for annual periods beginning on or after 1st January, 2007
- 2 Effective for annual periods beginning on or after 1st January, 2009
- 3 Effective for annual periods beginning on or after 1st November, 2006
- 4 Effective for annual periods beginning on or after 1st March, 2007
- 5 Effective for annual periods beginning on or after 1st January, 2008
- 6 Effective for annual periods beginning on or after 1st July, 2008

### 3. CHANGE IN PRESENTATION OF FINANCIAL STATEMENTS

In the current year, the Group has changed its presentation of revenue and direct cost in the consolidated income statement in respect of its financial investments. In prior years, such revenue comprised proceeds from sale of investments held for trading and derivative financial instruments. In the current year, revenue of the Group included the net gain (rather than proceeds) from such investments and derivative financial instruments and dividend income. The Group has determined that this change in presentation would provide more useful and relevant information to users of its financial statements. The comparative amounts in the consolidated income statement have been reclassified accordingly.

The effects of the change in presentation is set out below:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proceeds from sale of investments held for trading (previously included in revenue)	<b>749,508</b>	398,525
Proceeds from sale of derivative financial instruments (previously included in revenue)	<b>20,657</b>	4,383
Direct cost on investments held for trading sold (previously classified as direct cost)	<b>(703,656)</b>	(401,248)
Changes in fair value of investments held for trading (now included in net gain on investments held for trading)	<b>82,850</b>	66,739
Changes in fair value of derivative financial instruments (now included in net gain on derivative financial instruments)	<b>105</b>	(765)
Dividend income from investments held for trading (previously included in other income, now included in revenue)	<b>4,669</b>	4,822
	<b><u>154,133</u></b>	<u>72,456</u>

### 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

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

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is organised into four operating divisions — property rental, financial investment, property sale and estate agency. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property rental — leasing of properties

Financial investment — trading of listed securities and derivative financial instruments

Property sale — sale of properties held for sale

Estate agency — provision of estate agency services

During the year ended 31st July, 2007, the Group disposed of its two subsidiaries, Consecutive Profits Limited and Century 21 Hong Kong Limited which are engaged in estate agency service operations.

Segment information about these businesses is presented below:

	Continuing operations				Sub-total HK\$'000	Discontinued operation	Consolidated HK\$'000
	Property rental HK\$'000	Financial investment HK\$'000	Property sale HK\$'000	Others HK\$'000		Estate agency HK\$'000	
INCOME STATEMENT							
For the year ended 31st July, 2007							
REVENUE							
External sales	567	150,533	—	3,600	154,700	4,879	159,579
SEGMENT RESULT	2,769	149,596	—	—	152,365	599	152,964
Unallocated corporate income							10,905
Unallocated corporate expenses							(53,907)
Share of (loss) profit of associates	—	—	(57)	1,656	1,599	—	1,599
Loss on disposal of subsidiaries						(2,099)	(2,099)
Impairment loss on goodwill						(780)	(780)
Finance costs							(498)
Profit before taxation							108,184
Taxation							(22,876)
Profit for the year							85,308

	Continuing operations					Discontinued operation	Consolidated HK\$'000
	Property rental HK\$'000	Financial investment HK\$'000	Property sale HK\$'000	Unallocated HK\$'000	Sub-total HK\$'000	Estate agency HK\$'000	
INCOME STATEMENT							
For the year ended 31st July, 2006							
REVENUE							
External sales	411	72,456	—	—	72,867	5,533	78,400
SEGMENT RESULT	(21,448)	72,593	—	—	51,145	288	51,433
Unallocated corporate income							1,135
Unallocated corporate expenses							(11,434)
Finance costs							(568)
Profit before taxation							40,566
Taxation							(11,584)
Profit for the year							28,982

### Geographical segments

The Group's current operations are mainly located in Hong Kong and Macau. The Group's property rental businesses are carried out in Hong Kong. Financial investment division, property sale division and estate agency division are all located and carried out in Hong Kong.

Segment information about these geographic markets is presented below:

	Revenue by geographical market	
	2007 HK\$'000	2006 HK\$'000
Hong Kong	155,979	78,400
Macau	3,600	—
	<u>159,579</u>	<u>78,400</u>

## 6. FINANCE COSTS

	Continuing operations		Discontinued operation		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>
Interest on:						
Borrowings wholly repayable within five years:						
Bank borrowings	49	36	—	—	49	36
Convertible notes	—	44	—	—	—	44
	<u>49</u>	<u>80</u>	<u>—</u>	<u>—</u>	<u>49</u>	<u>80</u>
Borrowings not wholly repayable within five years:						
Bank borrowings	449	488	—	—	449	488
	<u>498</u>	<u>568</u>	<u>—</u>	<u>—</u>	<u>498</u>	<u>568</u>

## 7. TAXATION

	Continuing operations		Discontinued operation		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>
The charge comprises:						
Current tax	22,770	11,539	173	88	22,943	11,627
Deferred tax	—	—	(67)	(43)	(67)	(43)
	<u>22,770</u>	<u>11,539</u>	<u>106</u>	<u>45</u>	<u>22,876</u>	<u>11,584</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.



## 8. PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging (crediting):						
Directors' remuneration	<b>11,785</b>	9,673	—	—	<b>11,785</b>	9,673
Other staff costs, excluding directors						
Salaries and other benefits	<b>1,262</b>	917	<b>2,200</b>	2,534	<b>3,462</b>	3,451
Retirement benefit scheme contributions	<b>36</b>	29	<b>97</b>	114	<b>133</b>	143
Share-based payment expense	<b>33,321</b>	—	—	—	<b>33,321</b>	—
Total employee benefit expenses	<b>46,404</b>	10,619	<b>2,297</b>	2,648	<b>48,701</b>	13,267
Auditors' remuneration						
Current year	<b>1,039</b>	803	<b>28</b>	22	<b>1,067</b>	825
Underprovision in prior years	<b>310</b>	164	—	—	<b>310</b>	164
Depreciation	<b>148</b>	103	<b>417</b>	536	<b>565</b>	639
Release of prepaid lease payments	<b>227</b>	—	—	—	<b>227</b>	—
Share of tax of associates (included in share of profits of associates)	<b>466</b>	—	—	—	<b>466</b>	—
Bank and other interest income	<b>(8,407)</b>	(5,650)	—	—	<b>(8,407)</b>	(5,650)

## 9. EARNINGS PER SHARE

### From continuing and discontinued operations

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>
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to equity holders of the Company	85,140	28,900
Interest on convertible notes	—	44
	<u>85,140</u>	<u>28,944</u>
Earnings for the purpose of diluted earnings per share	<u>85,140</u>	<u>28,944</u>
	2007	2006
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,154,358,748	3,448,593,919
Effect of dilutive potential ordinary shares:		
— convertible notes	—	8,829,697
— share options	35,115,778	—
	<u>35,115,778</u>	<u>8,829,697</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>8,189,474,526</u>	<u>3,457,423,616</u>

The weighted average number of ordinary shares for both years for the purpose of calculating the basic and diluted earnings per share have been adjusted to reflect the effects of the share sub-division and bonus element of the rights issue in December 2005 and in April 2007, respectively. The computation of diluted earnings per share does not assume the conversion of certain share options and warrants since their exercise would result in an increase in earnings per share from continuing operations.

### From continuing operations

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to equity holders of the Company	85,140	28,900
Less: Loss (profit) for the year attributable to equity holders of the Company from discontinued operation	2,554	(161)
	<u>87,694</u>	<u>28,739</u>
Earnings for the purpose of basic earnings per share from continuing operations	87,694	28,739
Interest on convertible notes	—	44
	<u>87,694</u>	<u>28,783</u>
Earnings for the purpose of diluted earnings per share from continuing operations	<u>87,694</u>	<u>28,783</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The basic and diluted (loss) earnings per share from discontinued operations based on the above data are as follows:

	<b>2007</b>	2006
From discontinued operations		
— Basic (loss) earnings per share	<b><u>(0.031) HK cents</u></b>	<u>0.005 HK cents</u>
— Diluted (loss) earnings per share	<b><u>(0.031) HK cents</u></b>	<u>0.005 HK cents</u>

## 10. TRADE AND OTHER RECEIVABLES

At 31st July, 2007, the balance of trade and other receivables of the Group included trade receivables of HK\$41,000 (2006: HK\$2,824,000). An aged analysis of trade receivables is as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 to 60 days	<b>31</b>	662
61 to 90 days	—	208
91 days or above	<b>10</b>	1,954
	<b><u>41</u></b>	<u>2,824</u>

The Group allows an average credit period of 30 days to its trade customers.

## 11. TRADE AND OTHER PAYABLES

At 31st July, 2007, the balance of trade and other payables of the Group included trade payables of HK\$1,305,000 (2006: HK\$618,000). An aged analysis of trade payables is as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 to 60 days	<b>1,159</b>	246
61 to 90 days	—	92
91 days or above	<b>146</b>	280
	<b><u>1,305</u></b>	<u>618</u>

## **REVIEW OF THE RESULTS**

The Group's turnover for the year ended 31st July, 2007 was HK\$154.7 million (2006: HK\$72.9 million). Net profit after tax attributable to equity holders of the Company for the year ended 31st July, 2007 amounted to HK\$85.1 million (2006: HK\$28.9 million).

The improvement in results was mainly attributable to the increase in gains from the trading of marketable securities and derivatives financial instruments.

## **DIVIDEND**

The Directors do not recommend the payment of any dividends for the year ended 31st July, 2007.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group continued to maintain a very liquid position. At 31st July, 2007, the Group had cash of HK\$151.5 million (2006: HK\$237.3 million) and marketable securities totalling HK\$266.1 million (2006: HK\$101.8 million). Total bank borrowings were HK\$6.0 million at 31st July, 2007 (2006: HK\$6.8 million), of which HK\$1.0 million (2006: HK\$0.9 million) were repayable within one year, HK\$4.6 million (2006: HK\$4.3 million) within two to five years and HK\$0.4 million (2006: HK\$1.6 million) over 5 years. The bank borrowings were all denominated in Hong Kong dollars and were mainly on a floating rate basis at Hong Kong best lending rates. In August 2007, the bank borrowings were early repaid to the extent of HK\$5.9 million.

## **EXCHANGE RATE EXPOSURE**

Most assets, liabilities and transactions of the Group are denominated in Hong Kong dollars, except for the Group's investment properties in Japan, and certain foreign currency derivatives held for trading. The fluctuations of foreign currencies did not have a significant impact on the performance of the Group.

## **BUSINESS REVIEW**

During the year ended 31st July, 2007, the principal activities of the Group remained to be property investment and development, provision of estate agency services, financial investment and related activities.

In Macau, according to the statistics published by Macau's Census and Statistics Department, the number of visitor arrivals has escalated to over 17 million in the first eight months of 2007, up by 21.8% over the same period of last year. Focusing on Macau's robust economy and blooming tourism, the Group has seized various opportunities and increased its presence in the property and hotel sectors through active investment and acquisitions.

In May 2007, the Group increased its equity interest in Tin Fok Holding Company Limited ("Tin Fok") in Macau from 10% to 32.50% by acquiring a further 22.50% interest for a consideration of HK\$160 million. Tin Fok, now an associated company of the Group, continues to operate and own 100% interest in Hotel Fortuna, Macau, the popular three-star hotel within close proximity to business and shopping in the San Hau Ngor district. According to its audited accounts for the year ended 31st December, 2006, Tin Fok achieved a turnover of approximately HK\$174.2 million in 2006, up 51.3% from HK\$115.1 million in 2005, and its hotel occupancy rate was approximately 83.9%. Tin Fok continued to perform satisfactorily. For the ensuing period ended 31st July 2007, Tin Fok's turnover was in excess of HK\$130 million and its hotel occupancy rate was above 90%.

On 29th June, 2007, the Group acquired 49% of the issued quota capital of Sun Fat Investment and Industry Company Limited for a consideration of HK\$161.7 million. On 5th November, 2007, the Group acquired a further 50% interest in Sun Fat for HK\$158.3 million, thereby increasing its total shareholdings in Sun Fat to 99%. The principle asset of this subsidiary is its 100% ownership of a piece of land in Coloane, Macau, which consists of a site area of approximately 10,154 square meters with a valuation of HK\$330 million as at 8th June, 2007. The land is currently vacant pending the approval of a development plan to develop 48 residential houses and related facilities with a total gross floor area of approximately 19,394 square meters.

The Group continues to hold a 5% interest in Sociedade de Investimento Imobiliario Pun Keng Wan, SARL in Macau, which owns the piece of land located at Avenida Commercial de Macau - Baia de Praia Grande, Zona A "Lote 9". The Macau company is awaiting the approval of the building plans to commence the development of the 57-storey luxurious residential building on the site.

In July 2007, the Group disposed of its indirect interest in Century 21 Hong Kong Limited, the subsidiary which operates in estate agency franchising, for a consideration of HK\$4 million. The disposal allows the Group to focus on its strategy to expand its property portfolio.

Meanwhile, the Group has successfully raised approximately HK\$215.0 million after expenses by way of rights issue in April 2007. The rights issue has provided the Group with long term equity funding, and strengthened the Group's financial capabilities for future investment activities.

## **PROSPECTS**

With the opening of more world-class casinos and convention centres, and the establishments of large-scale entertainment complexes and resorts, the outlook of Macau's economy remains positive. The Group is confident that its investments in the property and hospitality sectors in Macau will be fruitful and rewarding, and will realize satisfactory return to both the Group and its shareholders in the foreseeable future.

Looking ahead, the Group will continue to identify and secure suitable investment projects in Macau in order to capitalize on its rapid economic growth. The Group will also explore actively opportunities in Mainland China, especially the neighbouring Guangdong Province.

## **REWARD FOR EMPLOYEES**

The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature.

## **PLEDGE OF ASSETS**

At 31st July, 2007, investment properties of HK\$27,800,000 (2006: HK\$24,700,000) and bank deposit of HK\$630,000 (2006: HK\$614,000) of the Group had been pledged to banks to secure credit facilities to the extent of HK\$10,600,000 (2006: HK\$10,600,000) granted to the Group, of which HK\$5,976,000 (2006: HK\$6,798,000) was utilised by the Group.

## **CONTINGENT LIABILITIES**

At 31st July, 2007, the Company has outstanding guarantees issued in favour of a bank in respect of banking facilities made available to a subsidiary which were utilised amounting to HK\$5,903,000 (2006: HK\$6,906,000).

## **POST BALANCE SHEET EVENT**

In November 2007, the Group acquired a 50% additional interests in Sun Fat through a wholly owned subsidiary, Silver Pro Limited, for a consideration of HK\$158,300,000. The consideration was satisfied by cash totalling HK\$79,490,000 and by the issue of 555,000,000 new shares of HK\$0.01 each in the capital of the Company to the vendor at an issue price of HK\$0.142 each. Upon the completion of the acquisition in November 2007, the Group has an effective interest in 99% of the quoted capital of Sun Fat and Sun Fat becomes an indirect non-wholly owned subsidiary of the Company. The principal asset of Sun Fat is its 100% ownership in a piece of land in Coloane, Macau.

## **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**

During the year ended 31st July, 2007, the Company complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

1. Under Code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Chairman of the Board, Mr. Chu Nin Yiu, Stephen, provides overall leadership for the Board and takes the lead to ensure the Board acts in the best interest of the Company. The Company does not have a chief executive officer and the day-to-day management of the Company's business is shared among the executive directors. The Company will endeavour to ensure that there is a clear division of these responsibilities at the board level to maintain a balance of power and authority.

2. Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation at annual general meetings in accordance with Article 103(A) of the Company's Articles of Association.

## **MODEL CODES 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 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the year.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st July, 2007 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

The Audit Committee was established with written terms of reference in compliance with the Code. The Audit Committee comprises Mr. Li Sze Kuen, Billy (Chairman), Mr. Wong Kwong Fat and Mr. Leung Kam Fai, all of whom are independent non-executive directors.

The Audit Committee has reviewed the audited results of the Group for the year ended 31st July, 2007.

## **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

A results announcement containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

## **ANNUAL GENERAL MEETING**

The 2007 Annual General Meeting of the Company will be held on Monday, 24th December, 2007. The Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

## **BOOK CLOSURE**

The register of members will be closed from Wednesday, 19th December, 2007 to Monday, 24th December, 2007, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Monday, 24th December, 2007, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712 — 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:00 p.m. on Tuesday, 18th December, 2007.

By order of the Board  
**Chu Nin Yiu, Stephen**  
*Executive Chairman*

Hong Kong, 22nd November, 2007

*As of the date of this announcement, the Board comprises Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael as executive directors and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai as independent non-executive directors.*