FONG'S INDUSTRIES COMPANY LIMITED
立信工業有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 641)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2006

The Board of Directors (the "Board") of Fong's Industries Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended December 31, 2006 together with the comparative figures for last year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000*
Revenue	2	**2,380,036**	2,012,252
Cost of sales		**(1,697,437)**	(1,450,290)
Gross profit		**682,599**	561,962
Interest income		**18,489**	2,576
Other income		**52,291**	39,108
Gain on fair value change of the derivative components of convertible loan notes		**11,001**	–
Selling and distribution costs		**(92,871)**	(90,121)
General and administrative expenses		**(305,236)**	(239,668)
Other expenses		**(60,623)**	(50,216)
Loss on fair value change of financial instruments		**(2,527)**	–
Finance costs	3	**(49,817)**	(17,242)
Share of results of an associate		**8,893**	2,054
Share of results of jointly controlled entities		**46,740**	32,253
Profit before tax		**308,939**	240,706
Income tax expense	4	**(48,906)**	(22,510)
Profit for the year		**260,033**	218,196
Attributable to:			
Equity holders of the parent		**260,033**	218,653
Minority interests		**–**	(457)
		260,033	218,196
Earnings per share	5		
Basic		**46.5 HK cents**	39.0 HK cents
Diluted		**44.8 HK cents**	N/A

CONSOLIDATED BALANCE SHEET

At December 31, 2006

	2006 *HK$'000*	2005 *HK$'000*
Non-current assets		
Property, plant and equipment	**288,002**	255,889
Prepaid lease payments	**11,639**	11,665
Intellectual property rights	**21,934**	24,826
Interests in an associate	**42,431**	33,142
Interest in jointly controlled entities	**81,312**	60,751
Deposits for acquisition of property, plant and equipment	**9,958**	–
Deferred tax assets	**5,525**	4,268
	460,801	390,541
Current assets		
Inventories	**778,372**	367,973
Trade and other receivables	**404,475**	226,685
Dividend receivable from a jointly controlled entity	**–**	7,500
Prepaid lease payments	**341**	332
Amount due from a jointly controlled entity	**2,475**	8,703
Derivative financial instrument	**27**	–
Tax recoverable	**691**	7,725
Structured deposits	**127,890**	–
Bank balances, deposits and cash	**580,464**	312,704
	1,894,735	931,622
Current liabilities		
Trade and other payables	**329,464**	221,165
Amount due to a jointly controlled entity	**1,701**	–
Warranty provision	**13,264**	12,299
Derivative financial instrument	**244**	–
Tax liabilities	**23,339**	6,012
Borrowings – due within one year	**54,613**	87,015
	422,625	326,491
Net current assets	**1,472,110**	605,131
	1,932,911	995,672
Capital and reserves		
Share capital	**55,842**	56,038
Reserves	**959,244**	817,229
Equity attributable to equity holders of the parent	**1,015,086**	873,267
Minority interests	**1,290**	1,290
Total equity	**1,016,376**	874,557
Non-current liabilities		
Borrowings – due after one year	**122,500**	120,000
Deferred tax liabilities	**1,190**	1,115
Embedded derivative components of convertible loan notes	**25,798**	–
Convertible loan notes	**767,047**	–
	916,535	121,115
	1,932,911	995,672

NOTES TO THE FINANCIAL STATEMENTS

1. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which are either effective for accounting periods beginning on or after December 1, 2005 or January 1, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. Revenue and Business Segments

Revenue is measured at fair value of the consideration received and receivable and represents amounts receivable for goods sold to outside customers, less returns and allowances.

For management purposes, the Group is currently organised into three operating divisions-manufacture and sale of dyeing and finishing machines, trading of stainless steel supplies and manufacture and sale of stainless steel casting products. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2006

	Manufacture and sale of dyeing and finishing machines *HK$'000*	Trading of stainless steel supplies *HK$'000*	Manufacture and sale of stainless steel casting products *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	**1,312,912**	**809,195**	**257,929**	**–**	**2,380,036**
Inter-segment sales	**58,116**	**383,171**	**31,792**	**(473,079)**	**–**
Total	**1,371,028**	**1,192,366**	**289,721**	**(473,079)**	**2,380,036**
RESULTS					
Segment results	**95,663**	**145,275**	**35,222**	**–**	**276,160**
Interest income					**18,489**
Gain on fair value change of the derivative components of convertible loan notes					**11,001**
Loss on fair value change of financial instruments					**(2,527)**
Finance costs					**(49,817)**
Share of results of an associate					**8,893**
Share of results of jointly controlled entities	**46,740**				**46,740**
Profit before tax					**308,939**
Income tax expense					**(48,906)**
Profit for the year					**260,033**

Inter-segment sales are charged at terms agreed between relevant parties.

2005

	Manufacture and sale of dyeing and finishing machines *HK$'000*	Trading of stainless steel supplies *HK$'000*	Manufacture and sale of stainless steel casting products *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	1,162,714	646,466	203,072	–	2,012,252
Inter-segment sales	64,297	265,978	22,827	(353,102)	–
Total	1,227,011	912,444	225,899	(353,102)	2,012,252
RESULTS					
Segment results	129,295	64,192	27,578	–	221,065
Interest income					2,576
Finance costs					(17,242)
Share of results of an associate					2,054
Share of results of a jointly controlled entity	32,253				32,253
Profit before tax					240,706
Income tax expense					(22,510)
Profit for the year					218,196

Inter-segment sales are charged at terms agreed between relevant parties.

3. Finance Costs

	2006 *HK$'000*	2005 *HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**12,178**	11,930
Obligations under finance leases	**–**	29
Effective interest expense on convertible loan notes	**29,089**	–
Bank charges	**6,640**	4,051
Issue cost of convertible loan notes in respect of the embedded derivative components	**1,217**	–
Factoring charges	**693**	1,232
	49,817	17,242

4. Income Tax Expense

	2006 *HK$'000*	2005 *HK$'000*
Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profits:		
Current year	**41,875**	21,621
Under (over) provision in prior years	**211**	(404)
Overseas income tax:		
Current year	**7,627**	10,283
Under (over) provision in prior years	**375**	(8,537)
	50,088	22,963
Deferred tax	**(1,182)**	(453)
	48,906	22,510

Overseas income tax is calculated at rates prevailing in the respective jurisdictions.

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions and part of the income tax was exempted from PRC income tax.

In 2005, a subsidiary obtained approval from the PRC tax authority for granting a concessionary tax rate on taxable profits in 2002 and 2003. An overprovision of overseas income tax in prior years of approximately HK$8,500,000 was thus reversed in last year.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the parent is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the parent	**260,033**	218,653
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	**29,089**	–
Gain on fair value change on convertible loan notes	**(11,001)**	–
Earnings for the purposes of diluted earnings per share	**278,121**	218,653

Number of shares

	2006	2005
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**559,525**	560,378
Effect of dilutive potential ordinary shares:		
Convertible loan notes	**61,799**	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**621,324**	

6. DIVIDENDS/SPECIAL DIVIDEND

	2006	2005
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend of 8 HK cents (2005: 8 HK cents) per share	**44,688**	44,830
Final dividend of 5 HK cents (2005: 7 HK cents) per share	**28,019**	39,227
	72,707	84,057
Special interim dividend of 3 HK cents (2005: 3 HK cents) per share	**16,758**	16,811
Special final dividend of 7 HK cents (2005: 7 HK cents) per share	**39,226**	39,226
	55,984	56,037

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of 8 HK cents per share and a special dividend of 7 HK cents per share for the year ended December 31, 2006 (2005: final dividend of 5 HK cents and special dividend of 7 HK cents) to shareholders whose names appear on the register of members on May 25, 2007. Together with the interim dividend of 8 HK cents per share and special dividend of 3 HK cents per share (2005: interim dividend of 8 HK cents and special dividend of 3 HK cents) paid on November 2, 2006, the total dividend for the full year will be 26 HK cents per share (2005: 23 HK cents).

Subject to the approval of shareholders at the forthcoming annual general meeting, dividend warrants are expected to be despatched to shareholders on or before June 6, 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 21, 2007 to May 25, 2007, both days inclusive in order to determine those shareholders entitled to the proposed final and special dividends.

In order to qualify for the final dividend/special dividend, all share certificates accompanied by the duly completed transfer forms must be lodged with the Hong Kong Branch Registrars of the Company, Secretaries Limited of the 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on May 18, 2007.

CHAIRMAN'S STATEMENT

For the year under review, the Group achieved a 18% growth in consolidated revenue to approximately HK$2,380 million (2005: HK$2,012 million) and a 19% increase in profit attributable to shareholders to approximately HK$260 million (2005: HK$219 million) despite the delays in the turnaround of the European divisions and the addition of Goller Textilmaschinen GmbH for the textile machinery division during the year. In particular, the Group's overall results were aided by the strong performances in its other divisions of stainless steel trading, stainless steel casting and the Joint Venture of Monforts Fong's Textile Machinery Co. Limited.

Looking ahead, firstly, it is clear stringent laws and regulations as well as awareness of environmental protection in most countries worldwide, including such major markets as China and India, will be enforced onto the textile industry. Although this has caused some volatility in machinery sales during the year under review, we nevertheless expect that the demand for the latest and more technologically environmentally friendly dyeing and finishing machines will increase to support the sales growth of our core businesses.

Secondly, it appears that the global textile price deflation over the recent years as a result of unraveling of the quota system has run its course and that global textile prices have now stabilized and there are even signs of increase in certain regions. Consequently, the textile industry worldwide, and in particularly Asia, is expected to be much healthier and profitable which should help induce continued investments of textile machinery in the foreseeable future.

Thirdly, during the past years, the gradual consolidation in the dyeing and finishing machinery industry has been taking place due to the inability of smaller players to match the ever-increasing demand for product quality, technology, price and scale. In contrast, the Group has seized market opportunities that arose by capitalizing on its strong balance sheet and thus making acquisitions and to further invest in R & D. And to further ensure the medium to long term R & D capabilities of the Group, during the year the Group donated HK$15 million to the Hong Kong University of Science and Technology to support the University and as well as to further strengthen our mutual research projects by establishing the "Fong's Institute of Advanced Materials and Processing". The donation will be matched 2 to 1 by the Government under the Third Matching Grant Scheme.

In addition, the Group will further leveraged on its resources and strategy in offering a one-stop-shop business model which covers research and development and manufacturing and sales of a wide spectrum of textile machinery ranging from yarn treatment to dyeing and finishing. Our strong and well established brands of "FONG'S", "THEN", "GOLLER" and "XORELLA" coupled with an extensive client base and sales and service network have enabled us to maintain and to further expand our market leadership position in the textile machinery industry over the years.

And given that the Group anticipates the continued growth of our businesses, the Board has decided that a new production plant located within Guangdong Province will be actively planned and constructed once an appropriate site can be secured. Consequently, as part of this planning, on 10 May 2006 the Company successfully issued HK$800 million zero coupon convertible bonds due in 2011.

The directors are confident of the Group's future development and growth. We are committed to seizing the opportunities in the industry to solidify our leadership and to achieving new business heights through continuous innovation and bringing added value to both customers and shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Dyeing and Finishing Machine Manufacturing

Fong's National Engineering Company, Limited, Fong's National Engineering (Shenzhen) Co., Ltd., THEN Maschinen GmbH, THEN Maschinen (HK) Ltd, Goller Textilmaschinen GmbH, Goller (HK) Limited, Xorella AG and Xorella Hong Kong Limited

The revenue of this division achieved an increase of 13% to approximately HK$1,313 million (2005: HK$1,163 million) for the year under review and accounted for 55% (2005: 58%) of the Group's consolidated revenue. However, the segment results decreased 26% to approximately HK$96 million (2005: HK$129 million) as a result of the delays in the turnaround of the European operations and the addition of Goller Textilmaschinen GmbH into this division.

In particular, the European operations (Goller, THEN, and Xorella) achieved sales of approximately HK$324 million (2005: HK$249 million) but incurred losses of approximately HK$75 million (2005: Losses of HK$33 million) during the year.

As described in our Interim Report 2006, the Group has been carrying out a series of improvement measures in re-building the sales force, streamlining the operations, optimizing the inventory levels, and improving the manufacturing efficiencies of the above European operations. It is believed that with the ongoing implementation of the above various strategies of these European operations, the Group will see benefits from the synergy effects in the very near future.

In addition, during the year:

The textile machinery division added the well established brand of Goller with its series of continuous washing, bleaching, dyeing and mercerizing range of textile machinery into the Group's product portfolio via the asset acquisition transaction during April 2006:

Xorella Hong Kong Limited launched a 51%/49% joint venture with Plexus Cotton Limited of the UK in April 2006. The new joint venture company Plexxor Co. Limited will be engaged in the marketing and sale of a new patented vacuum bale system. Three vacuum bale systems have since been sold and are currently under installation in various locations around the world. Upon the successful start up of these systems, it is anticipated that these references will generate further sales in the coming year.

Xorella Hong Kong Limited and Xorella AG had become wholly-owned subsidiaries of Group following our acquisitions of the 20% equity interests from the minority shareholders in December, 2006.

With regards to the raw material costs of stainless steel, due to the acute shortage of nickel in the world market, stainless steel prices have increased by 100% in the course of the second half of 2006. On a larger perspective, stainless steel prices have increased by four folds since 2003. Fortunately, the Group has been well hedged against such an abrupt stainless steel price increases and in addition the Group has implemented a series of price increases over the course of the last several years for its textile machinery business.

Nevertheless, according to nickel industry reports, the nickel shortage situation is not likely to abate any time soon. Consequently, should stainless steel prices continue to remain at these elevated levels, the Group may have to again consider raising machinery prices in the second half of 2007 in order to mitigate the effects of the stainless steel prices.

Furthermore, the Group will continue to focus on the various cost controls and reduction and to further leverage its bargaining power with its suppliers due to the division's purchasing scale so as to maintain reasonable profit margins.

Lastly, Fong's National Engineering Company, Limited and Fong's National Engineering (Shenzhen) Co., Ltd. are in the process of switching to a new ERP system during 2007. Upon its successful implementation, it is foreseeable that this new ERP system will be extended to all companies in this division to further enhance operational cost savings and efficiencies in the future.

Looking ahead, the Group remains optimistic and excited for the outlook in the coming year and also in the medium and long term as the domestic consumption in Asia as a whole is accelerating to become a major driver for the demand of textiles despite the foreseeable slow down in terms of export growth from Asia in the coming years as the Group is now well positioned to further take advantage of this scenario.

Stainless Steel Trading
Fong's Steels Supplies Company Limited

This stainless steel trading segment achieved an out performance year of good sales and profit growth as a result of the large increase in stainless steel prices during the year. For the year ended December 31, 2006, its revenue reached approximately HK$809 million (2005: HK$646 million) and accounted for 34% (2005: 32%) of the Group's consolidated revenue. The segment results grew 126% to approximately HK$145 million (2005: HK$64 million)

The management will maintain a conservative approach in conducting this trading business. It will also continue to adopt a prudent policy in selecting customers and tighten the credit control policy towards customers in order to minimize the risk associated with accounts receivables. Stainless steel prices are likely to stabilize at the present level and remain high in the near future, the management has been actively managing the inventory level based on its forecasts of stainless steel prices with an aim to minimize its risks given the volatile stainless steel market.

Stainless Steel Casting
Tycon Alloy Industries (Hong Kong) Co., Ltd. and Tycon Alloy Industries (Shenzhen) Co., Ltd.

Despite rising costs in both auxiliary and raw materials, this segment had a satisfactory performance with increases in both sales and profit for the year under review. The revenue amounted to approximately HK$258 million (2005: HK$203 million), representing an increase of 27% over last year. It accounted for 11% (2005 10%) of the Group's consolidated revenue. The segment results increased 28% to approximately HK$35 million (2005: HK$28 million). These results were mostly attributable to the increase in sales volume through capacity expansion and tight control on costs.

Raw material price continues to be a major challenge to Tycon. Nevertheless, the Management is confident that this issue could be overcome through more stringent cost control & improved operational efficiency. The Group expects that this stainless steel casting business will have a reasonable growth in the coming year.

Jointly Controlled Entity
Monforts Fong's Textile Machinery Co. Limited ("Monforts Fong's")

During the year under review, Monforts Fong's achieved satisfactory results. The revenue was approximately HK$469 million (2005: HK$434 million), representing an increase of 8% over that of last year and the Group's share of profit after tax increased to approximately HK$47 million (2005: HK$32 million), representing an increase of 47%.

The substantial increase in profitability compared to the revenue has mainly been attributed to the extra contribution derived from the increased sales volumes, effective cost control in both manufacturing and overhead costs as well as a more profitable product mix.

Since the start of the joint venture in the end of 1999, over 500 stenters have been installed in the China market. The Monforts Fong's stenter has now successfully established itself as the market leader in China and the stenter equipment of choice by virtually all leading textile customers in the China market. It is expected that this success will continue as the joint venture's market position further takes root and the growth in the China textile industry will continue also.

Associates
Foshan East Asia Company Limited (a 30% owned associate)

During the year under review, the sales revenue of woven color fabrics conducted by Foshan East Asia Company Limited increased 18% to approximately HK$226 million (2005: HK$192 million) and the Group's share of profit after tax was approximately HK$8.9 million (2005: HK$2.1 million), representing an increase of 333% over last year.

It is anticipated that this associate company will continue to maintain its profit contribution to the Group.

Human Resources
As at December 31, 2006, the Group had a total of approximately 4,500 employees (2005: 3,300) spreading among China, Hong Kong, Macau, Germany, Switzerland, Thailand, India, Turkey, and Central – South America. For the year under review, staff costs, including directors' remuneration were approximately HK$197 million (2005: HK$174 million).

Employees are remunerated based on their performances, experience and prevailing industry practice. The Group's remuneration policies and packages were reviewed by its management on a regular basis. Bonus and rewards may also be awarded to employees based on performance evaluation, with an aim to encourage and reward staff to achieve better performance. Other employee benefits available for eligible employees include retirement benefits scheme and share option scheme.

To equip with the workforces to face the challenges ahead, the Group will continue to offer training programmes to staff in different levels and positions on an ongoing basis. The aim of these programmes is to cultivate a dynamic corporate culture and develop effective communication and customer service skills among staff members. Moreover, system controls will also be reinforced to ensure high operational efficiency and performance.

Liquidity and Capital Resources

On May 10, 2006, the Company issued HK$800 million zero coupon convertible bonds due 2011. The convertible bonds will carry rights to convert into new shares of the Company at the conversion price of HK$8.37 per share, subject to adjustments. (As at December 31st, 2006, the adjusted conversion price is HK$8.02 per share.)

The net proceeds after deducting the relevant expenses amounted to approximately HK$773 million. The Group will utilize the above said proceeds for the establishment of new production facilities within the nearby Guangdong region, possible future acquisitions of business or potential joint ventures relating to its core business and to finance the Group's general working capital. As at December 31, 2006, the balances of the proceeds, which have not yet been utilized, were being placed in banks as short-term deposits. The directors may review and vary the purpose for which the proceeds are used in light of what they consider to be the optimal use of the proceeds from time to time.

Following the issue of the convertible bonds, the financial position of the Group has further been strengthened and improved. As at December 31, 2006, there was a gearing ratio of 38% and the current ratio was 4.5.

As at December 31, 2006, bank and other borrowings amounted to approximately HK$177 million. 95% of the bank borrowings were sourced from Hong Kong and remaining were sourced from Germany. 95% of the borrowings were denominated in Hong Kong dollars and the remaining was denominated in Euro. The bank borrowings of the Group are predominantly subject to floating interest rates.

At as December 31, 2006, the cash and bank balance amounted to approximately HK$580 million of which 54% were denominated in Hong Kong dollars, 18% in Renminbi, 14% in US dollars, 12% in Euro and 2% in Japanese Yen.

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign exchange risks. Certain trade receivables and trade payables of the Group are denominated in foreign currencies. The exposure to foreign exchange risks of the Group during the year under review was not significant. Currently, the Group does not have a foreign currency hedging policy. However, the directors will monitor the Group's overall foreign exchange exposures and consider hedging significant foreign currency exposure should the need arises.

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

During the year ended December 31, 2006, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

Month of repurchase	No. of ordinary shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
June, 2006	362,000	4.85	4.85	1,756
July, 2006	1,384,000	4.875	4.725	6,696
August, 2006	30,000	4.87	4.87	146
November, 2006	186,000	5.06	5.04	941
	1,962,000			9,539

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on repurchase amounting to approximately HK$9,343,000 was charged against share premium. An amount of approximately HK$196,000 equivalent to the nominal value of the cancelled shares was transferred from retained profits to capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2006.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended December 31, 2006.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. All the Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the code of conduct regarding securities transactions by the Directors adopted by the Company during the year ended December 31, 2006.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Company for the year ended December 31, 2006.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk). The Annual Report 2006 will be dispatched to the shareholders and available on websites of the Company (http://www.fongs.com) and the Stock Exchange in due course.

NOTICE OF ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company will be held on May 25, 2007. Notice convening the meeting will be issued in due course.

On behalf of the Board
Fong Sou Lam
Chairman

As at the date of this announcement, the Board comprises eight Executive Directors, namely Mr. Fong Sou Lam, Mr. Wan Wai Yung, Mr. Fong Kwok Leung Kevin, Mr. Fong Kwok Chung Bill, Mr. Tsui Wai Keung, Dr. Tsui Tak Ming William, Ms. Poon Hang Sim Blanche and Mr. Tou Kit Vai and three Independent Non-executive Directors, namely Mr. Cheung Chiu Fan, Dr. Yuen Ming Fai and Dr. Keung Wing Ching.

Hong Kong, April 16, 2007

* *For identification purpose only*

Please also refer to the published version of this announcement in South China Morning Post.