



ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 328)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2008

PERFORMANCE HIGHLIGHTS

	2008	2007
– Revenue (HK\$)	4,364m	5,096m
– Profit attributable to equity holders (HK\$)	213m	306m
– Final dividend per share	HK14 cents	HK24 cents
– Full year dividend per share	HK23 cents	HK33 cents

The directors of Alco Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2008

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Revenue	3	4,363,889	5,095,894
Cost of goods sold	5	(3,905,694)	(4,548,098)
Gross profit		458,195	547,796
Other income	4	29,851	17,639
Selling expenses	5	(153,233)	(136,291)
Administrative expenses	5	(104,554)	(100,061)
Other operating expenses	5	(5,723)	(6,240)
Operating profit		224,536	322,843
Finance income		23,082	32,791
Finance costs		(8,009)	(19,584)
Profit before income tax		239,609	336,050
Income tax expense	6	(26,257)	(30,266)
Profit attributable to equity holders of the Company		213,352	305,784
Earnings per share attributable to equity holders of the Company			
– basic	7	HK38.1 cents	HK54.5 cents
– diluted	7	HK38.1 cents	HK54.5 cents
Dividends	8	128,689	185,115

CONSOLIDATED BALANCE SHEET

As at 31st March 2008

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		345,180	312,799
Investment properties		70,492	46,830
Leasehold land and land use rights		58,991	59,189
Intangible assets		83,863	6,184
Held-to-maturity financial assets		46,800	111,400
Deposits for investment		23,833	–
		<hr/> 629,159	<hr/> 536,402
Current assets			
Inventories		1,333,283	401,844
Trade and other receivables	9	569,970	305,278
Cash and cash equivalents		358,669	892,794
		<hr/> 2,261,922	<hr/> 1,599,916
Current liabilities			
Trade and other payables	10	756,952	545,669
Trust receipt loans		440,975	–
Current income tax liabilities		18,656	3,474
Borrowings		63,108	648
		<hr/> 1,279,691	<hr/> 549,791
Net current assets		982,231	1,050,125
Total assets less current liabilities		<hr/> 1,611,390	<hr/> 1,586,527
Capital and reserves attributable to equity holders of the Company			
Share capital		55,867	56,084
Reserves		1,521,185	1,499,679
Total equity		<hr/> 1,577,052	<hr/> 1,555,763
Non-current liabilities			
Borrowings		2,483	2,905
Deferred income tax liabilities		31,855	27,859
		<hr/> 34,338	<hr/> 30,764
Total equity and non-current liabilities		<hr/> 1,611,390	<hr/> 1,586,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. The adoption of new/revised HKFRS

The following new standard, amendment to standard and interpretations are relevant to the Group’s operation and are mandatory for the financial year ended 31st March 2008:

HKAS 1 (Amendment) “Presentation of Financial Statements – Capital Disclosures”, which introduces additional disclosure requirements to provide information about the level of capital and the Group’s objectives, policies and processes for managing capital.

HKFRS 7 “Financial Instruments: Disclosures”, which requires disclosures on the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments.

HK(IFRIC) – Interpretation 9 “Reassessment of Embedded Derivatives”, which requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, with reassessment only if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

HK(IFRIC) – Interpretation 10 “Interim Financial Reporting and Impairment”, which prohibits the impairment losses recognised in an interim period on goodwill, investments in financial assets carried at cost to be reversed at a subsequent balance sheet date.

The above new standard, amendment to standard and interpretations had no material effect on the Group’s accounting policies except that there were additional disclosures requirement by HKAS 1 (Amendment) and HKFRS 7.

The following new standard, amendments to standards and interpretation are relevant to the Group’s operation but are not effective for the year ended 31st March 2008 and have not been early adopted by the Group:

HKAS 1 (Revised) “Presentation of Financial Statements” (effective for annual periods beginning on or after 1st January 2009), which requires all owner changes in equity to be presented in a statement of changes in equity.

HKAS 23 (Revised) “Borrowing costs” (effective for annual periods beginning on or after 1st January 2009), which requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

HKAS 27 (Revised) “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1st July 2009) requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

HKFRS 3 (Revised) “Business Combination” (effective for annual periods beginning on or after 1st July 2009), which brings more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly.

HKFRS 8 “Operating segments” (effective for annual periods beginning on or after 1st January 2009), which requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes.

HK(IFRIC) - Interpretation 14 “HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction” (effective for annual periods beginning on or after 1st January 2008) provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset.

The Group believes that the adoption of the above new standard, amendments to standards and interpretation will not result in substantial changes to the Group’s accounting policies and have no material impact on the consolidated financial statements. The Group expects to adopt the above standard, amendments to standards and interpretation when they become effective.

3. Segment information

The Group is principally engaged in designing, manufacturing and selling of consumer electronic products and plastic products.

(a) Primary reporting format – business segment

The Group mainly operates in the People’s Republic of China (the “PRC”) and Hong Kong in two main business segments:

Consumer electronic products – Design, manufacture and sale of consumer electronic products

Plastic products – Manufacture and sale of plastic and packaging products

The Group’s inter-segment transactions mainly consist of plastic products between subsidiaries. The transactions were entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, deposits, inventories, receivables and operating cash and exclude items such as investment properties and held-to-maturity financial assets.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets.

The segment results and other segment items for the years ended 31st March 2008 and 2007 are as follows:

	2008				2007			
	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000
Segment revenue								
External sales	4,360,637	3,252	–	4,363,889	5,090,793	5,101	–	5,095,894
Inter-segment sales	–	157,592	(157,592)	–	–	173,863	(173,863)	–
	<u>4,360,637</u>	<u>160,844</u>	<u>(157,592)</u>	<u>4,363,889</u>	<u>5,090,793</u>	<u>178,964</u>	<u>(173,863)</u>	<u>5,095,894</u>
Segment results	224,633	(97)		224,536	323,085	(242)		322,843
Finance income				23,082				32,791
Finance costs				(8,009)				(19,584)
Profit before income tax				239,609				336,050
Income tax expense				(26,257)				(30,266)
Profit attributable to equity holders of the Company				<u>213,352</u>				<u>305,784</u>
Capital expenditure	181,946	4,840		186,786	66,520	27,943		94,463
Depreciation of property, plant and equipment	52,342	13,372		65,714	53,651	14,189		67,840
Amortisation of leasehold land and land use rights	436	12		448	368	12		380
Amortisation and write-off of intangible assets	10,673	–		10,673	10,573	–		10,573
Write-off of property, plant and equipment	–	–		–	17,907	1,279		19,186

The segment assets and liabilities as at 31st March 2008 and 2007 are as follows:

	2008				2007			
	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000	Consumer electronic products HK\$'000	Plastic products HK\$'000	Elimination HK\$'000	Group HK\$'000
Segment assets	2,692,987	80,802	-	2,773,789	1,884,106	93,982	-	1,978,088
Unallocated corporate assets				117,292				158,230
Total assets				<u>2,891,081</u>				<u>2,136,318</u>
Segment liabilities	1,187,700	10,227	-	1,197,927	534,364	11,305	-	545,669
Unallocated corporate liabilities				116,102				34,886
Total liabilities				<u>1,314,029</u>				<u>580,555</u>

(b) *Secondary reporting format – geographical segment*

The segment revenue for the years ended 31st March 2008 and 2007 are as follows:

	2008 HK\$'000	2007 HK\$'000
North America	3,241,502	3,556,457
Europe	691,792	1,099,795
Asia	334,879	268,456
Others	95,716	171,186
	<u>4,363,889</u>	<u>5,095,894</u>

The analysis of revenue by geographical segment is based on the destination to which the shipments are made. No analysis of the contribution by geographical segment has been presented as the ratios of profit to revenue achieved for the above geographical segments are not substantially out of line with the Group's overall ratio of profit to revenue. Primarily all of its assets and capital expenditure for the years ended 31st March 2008 and 2007 were located or utilised in the PRC and Hong Kong.

4. Other income

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Fair value gains on investment properties	23,662	10,770
Rental income from investment properties	3,881	3,643
Sale of moulds	454	941
Others	1,854	2,285
	<u>29,851</u>	<u>17,639</u>

5. Expenses by nature

Expenses included in cost of goods sold, selling expenses, administrative expenses and other operating expenses are analysed as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Amortisation of intangible assets	7,981	6,386
Amortisation of leasehold land and land use rights	448	380
Depreciation of property, plant and equipment	65,714	67,840
Employee benefit expenses (including directors' emoluments)	337,898	326,557
	<u>337,898</u>	<u>326,557</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profit 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.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	22,331	30,876
– Over-provision in prior years	(70)	(305)
Deferred income tax	3,996	(305)
	<u>26,257</u>	<u>30,266</u>

7. Earnings per share

Basic

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

	2008	2007
Profit attributable to equity holders of the Company (HK\$'000)	<u>213,352</u>	<u>305,784</u>
Weighted average number of ordinary shares in issue (thousands)	<u>560,403</u>	<u>561,152</u>
Basic earnings per share (HK cents)	<u>38.1</u>	<u>54.5</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

There were no dilutive potential ordinary shares during the years ended 31st March 2008 and 2007. Therefore, the diluted earnings per share are the same as basic earnings per share.

8. Dividends

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, paid, of HK9 cents (2007: HK9 cents) per ordinary share	50,476	50,513
Final dividend, proposed, of HK14 cents (2007: HK16 cents) per ordinary share	78,213	89,735
No final special dividend proposed (2007: HK8 cents per ordinary share)	–	44,867
	<u>128,689</u>	<u>185,115</u>

9. Trade and other receivables

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	544,180	291,006
Prepayments and deposits	25,790	14,272
	<u>569,970</u>	<u>305,278</u>

The credit terms given to customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

The fair value of the trade and other receivables approximate to their carrying value.

At 31st March 2008 and 2007, the ageing analysis of the trade receivables based on invoice date is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 – 30 days	337,191	209,323
31 – 60 days	159,990	79,160
61 – 90 days	45,479	48
Over 90 days	1,520	2,475
	<u>544,180</u>	<u>291,006</u>

10. Trade and other payables

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables	478,998	288,436
Other payables and accruals	277,954	257,233
	<u>756,952</u>	<u>545,669</u>

At 31st March 2008 and 2007, the ageing analysis of the trade payables based on invoice date is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 – 30 days	243,775	214,665
31 – 60 days	124,987	48,979
61 – 90 days	85,870	23,904
Over 90 days	24,366	888
	<u>478,998</u>	<u>288,436</u>

DIVIDENDS

The Board of Directors have recommended the payment of a final dividend of HK14 cents (2007: HK16 cents) per ordinary share and no final special dividend is proposed (2007: HK8 cents per ordinary share) for the year ended 31st March 2008 to the shareholders whose names appear on the register of members of the Company on 21st August 2008.

Subject to shareholders' approval at the forthcoming Annual General Meeting, the final dividend is expected to be paid on 10th September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19th August 2008 to Thursday, 21st August 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 18th August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

On behalf of the Board of Directors, I am pleased to present the financial results of the Group for the year ended 31st March 2008. During the review period the Group recorded turnover of HK\$4.4 billion (2007: HK\$5.1 billion), while profit attributable to shareholders of the Company totalled HK\$213 million (2007: HK\$306 million). Earnings per share amounted to HK38.1 cents (2007: HK54.5 cents).

Despite experiencing adverse market conditions during the latest financial period, the Board of Directors remain committed to sustaining a stable dividend payout ratio to the interest of our stakeholders. Accordingly, the payment of a final dividend of HK14 cents has been recommended which, including an interim dividend of HK9 cents per share, amounts to HK23 cents for the financial year (2007: HK33 cents), thus maintaining a payout ratio of 60%.

The final dividend will be paid out on 10th September 2008 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

The past financial year presented enormous challenges for our Group, as well as those in the audio-visual manufacturing segment. Among the difficulties that directly affected the Group's turnover was an ongoing shortage of small size LCD panels. This shortage in turn drove LCD panel prices upward by as much as 30% during the year, thereby impacting on the material cost of our DVD players and digital picture frames. Significantly compromising the competitiveness of such products, a 30% drop in sales was recorded by the

first half of the financial year. To counter this slump, we began to aggressively process the numerous orders placed by our customers despite having to pay higher prices for LCD panels. Reflecting the shrewdness of this decision, we were able to narrow the turnover decline to 14% by year end.

Just as the shortage of LCD panels affected our turnover, numerous factors further conspired to erode the Group's margin. In addition to the rise in panel prices, the cost for resins and metals also climbed measurably, thereby driving production costs upwards. Rising labour costs, brought on by legislation surrounding minimum wages and welfare contributions, placed yet an added burden on the Group's margin. Cost of production also climbed on account of higher electricity rate, a direct result of surging oil prices. Though the cost of electricity was relatively stable owing to government controls, blackouts were common, often leading to power cuts that were two days per week. For ensuring the Group's production schedules are met, we have long relied on our own power generators, though here too the rise in diesel oil prices by more than 35% placed an extra strain. During the review period, appreciation of the Renminbi by approximately 10% against the Hong Kong dollar also meant increased production costs.

To address these concerns required a thorough review of all aspects of our operation, the result of which has been assiduous efforts at controlling overheads where possible. Accordingly, increased automation has enabled the Group to further reduce its workforce by 16% without compromising on our commitment to meeting the highest quality standards. In addition to minimising human input where feasible, we have ensured that investments in automation provide quantifiable benefits. Two sets of latest super high speed SMT machines purchased by the Group reflects this prerequisite, duly enhancing our SMT capability markedly.

Complementing production, we have sought to continuously refine our product line-up by going beyond simply reducing the number of lower-end offerings. Specifically, we have sought to raise the commonality of parts and components, thus enhancing efficiency of assembly, capitalising on economies of scale, and reducing substantially the risk of parts obsolescence.

Our entry into the LCD TV market has proven to be a success with models featuring 17-inch and 19-inch screens enjoying particular popularity during the review period. We have continued to introduce models with larger screens that are able to generate greater margin for the Group, and have begun processing orders for 42-inch models. Aside from LCD TVs, LCD related products such as portable DVD and digital picture frames have remained a strong source of revenue as well.

Prospects

The business environment in the coming financial period looks set to more difficult. A major concern looming over most manufacturers will be the implementation of new labour laws in China, which took effect as of January 2008. In Dongguan, minimum wage will rise from RMB 690 to RMB 770 in April 2008, and along with various provisions, elevate labour costs by further 18% per head. The recent faster-than-expected appreciation of the Renminbi against Hong Kong dollar adds to the burden. Most significantly, consumer spending in the United States – a principal market for our products – tapered noticeably as a result of the sub-prime mortgage crisis and the soaring oil price.

Minority interest in Korean TFT LCD manufacturer

Recognising that the securing of reliable component suppliers is paramount for protecting the wellbeing of the Group, particularly in regards to small-size TFT LCD panels – a key component required by the Group, we acquired minority interest in a Korean manufacturer that is principally engaged in the development and manufacture of such panels. This investment will thereby allow us to address the chronic shortage of TFT LCD panels.

Development of High Definition products

The Group foresees a further reduction in the world's demand of basic DVD player. In place of this business, we plan to increase our development on High Definition products including Blu-ray player. With many regions of the world beginning to move away from the current analogue signal to High Definition transmissions, we foresee growing demand for these HD products, especially in markets where the Group has long standing customers.

New audio products

Just as growth momentum is expected in the High Definition product segment, so too is our view towards iPod related products. Based on our years of expertise in developing and manufacturing audio products, and taking into account strong sales generated by many of the Group's audio models featuring iPod docking capability, we envisage this product category to continue growing in the coming year, particularly in light of Apple's launch of its 3G iPhone in several markets. Accordingly, during 2008, more iPhone and iPod related audio models will be added to the Group's portfolio so as to further increase our market share in this product segment.

During the year, the Group has also sought to capture opportunities in the Electronic Manufacturing Service business. Hence we renovated our Chang An facility and successfully attracted several new customers who specialise in commercial and industrial products. We believe this product segment is more resilient to changes in business cycle and provide the dual benefits of enhancing revenue while diversifying the Group's customer base.

LIQUIDITY AND FINANCIAL RESOURCES

Total equity and total equity per share as at 31st March 2008 were HK\$1,577 million and HK\$2.82 respectively.

The Group's cash position remained healthy. As at 31st March 2008, our cash on hand and deposits totaled at HK\$359 million. The ratio of total debts (net of cash) to shareholders' equity was 9%.

To enjoy bulk purchase discounts offered by suppliers during low season and to minimize the adverse effect on materials shortage, in March 2008, we strategically formulated our purchase plan of raw materials to cater for the coming season. As a result our inventory position at 31st March 2008 increased to HK\$1,333 million (2007: HK\$402 million). Correlated with this, trade payables, amounted to HK\$479 million (2007: HK\$288 million), also recorded an increase.

Trade receivables balance as at 31st March 2008 was HK\$544 million. We have been adopting a prudent credit policy, and credit terms granted are generally based on the financial strengths of individual customers.

In view of the shortage of the supply of small size TFT-LCD panels during the period, we sought a steady supply of panels in long run. In November 2007, we formed a consortium with two other independent parties, Varitronix International Limited and Prime View International Co. Ltd. to submit a formal bid for an acquisition of approximately 95% interest of equity and certain amount of corporate bonds of BOE Hydis Technology Co. Ltd. ("BOE Hydis"), a company incorporated in Korea, which is principally engaged in the business of developing, manufacturing and supplying of TFT-LCD products, at a total consideration of approximately HK\$2,047 million. Our 11% share of the total consideration amounted to approximately HK\$225 million. During the year ended 31st March 2008, we have paid from our internal resources approximately HK\$24 million as deposits for the acquisition.

We finance our operations using internal funds and banking facilities. As at 31st March 2008, we were granted banking facilities of HK\$2,152 million, of which HK\$507 million were utilised. Among the used facilities, HK\$504 million are repayable within one year and HK\$3 million are repayable within five years.

Capital expenditure on fixed assets during the year was HK\$98 million (2007: HK\$82 million), which was spent mainly on enhancing various advanced production facilities. As at 31st March 2008, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery approximately amounting to HK\$334,000 (2007: HK\$859,000).

Our exposure to foreign exchange risk is limited as nearly all of our sales, purchases and borrowings are denominated in United States dollar and Hong Kong dollar. Since Hong Kong dollar is pegged to United States dollar, we do not have significant currency risks and it is our policy not to engage in speculative activities.

EMPLOYEES

As at 31st March 2008, the Group had approximately 9,600 employees in Hong Kong and the PRC. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. We also provide other benefits including medical insurance, provident fund and education subsidies to all eligible staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

In January 2008, the Company paid an aggregate amount of approximately HK\$5,720,000 to repurchase 1,920,000 shares of HK\$0.10 per share, at prices that ranged from HK\$2.67 to HK\$3.15 per share, on The Stock Exchange of Hong Kong Limited. These shares were then cancelled.

In February 2008, the Company paid an aggregate amount of approximately HK\$734,000 to repurchase 254,000 shares of HK\$0.10 per share, at prices that ranged from HK\$2.89 to HK\$2.92 per share, on The Stock Exchange of Hong Kong Limited. These shares were then cancelled.

Save as disclosed above, neither the Company nor its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31st March 2008 and the Company has not redeemed any of its shares during the same financial year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for deviation from the Code provision A.4.1.

Under the Code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term. However, according to the Bye-laws of the Company, independent non-executive directors of the Company will retire by rotation every year and their appointments will be reviewed when they are due for re-election. In the opinion of the Company, this meets the same objective as the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors, all the directors confirmed that they had complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions with the Company for the 12 months ended 31st March 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the financial statements of the Group for the year ended 31st March 2008.

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr WONG Po Yan, *G.B.M., J.P.*, the Hon LI Wah Ming, Fred, *J.P.* and Mr LAU Wang Yip, Derrick.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website at www.irasia.com/listco/hk/alco/index.htm. The annual report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

LIST OF DIRECTORS

As at the date of this announcement, the Board of Directors comprises three executive directors, namely Mr LEUNG Kai Ching, Kimen, Mr LEUNG Wai Sing, Wilson and Mr KUOK Kun Man, Andrew and three independent non-executive directors, namely Mr WONG Po Yan, The Hon LI Wah Ming, Fred and Mr LAU Wang Yip, Derrick.

On behalf of the Board
LEUNG Kai Ching, Kimen
Chairman

Hong Kong, 10th July 2008