



K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 173)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2007

ANNUAL RESULTS HIGHLIGHTS

The Board of Directors (the “*Board*”) of K. Wah International Holdings Limited (the “*Company*”) is pleased to announce the consolidated results of the Company and its subsidiaries (together the “*Group*”) for the year ended 31 December 2007 as follows:

- Revenue was HK\$4,800 million (2006: HK\$276 million)
- Operating profit was HK\$2,806 million (2006: HK\$1,071 million)
- Profit for the year was HK\$2,630 million (2006: HK\$702 million)
- Profit attributable to shareholders was HK\$2,451 million (2006: HK\$230 million)
- Earnings per share was 100.27 HK cents (2006: 9.54 HK cents)

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting to be held on 27 May 2008 (the “*2008 AGM*”) a final cash dividend for the year ended 31 December 2007 of 3 HK cents per share, totaling HK\$73,771,000, payable on 4 July 2008 to the shareholders whose names appear on the registers of members of the Company at the close of business on 27 May 2008 (2006: a final scrip dividend of 2.5 HK cents per share totaling HK\$60,868,000). Together with the interim cash dividend of 2.5 HK cents per share and the special interim cash dividend of 25 HK cents per share (2006: interim scrip dividend of 1 HK cent per share), total dividends per share for the year ended 31 December 2007 is 30.5 HK cents (2006 total: 3.5 HK cents).

CONSOLIDATED PROFIT AND LOSS STATEMENT
For The Year Ended 31 December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	4	4,799,504	275,956
Cost of sales		(3,622,726)	(159,761)
Gross profit		1,176,778	116,195
Other operating income		190,115	134,721
Administrative expenses		(148,411)	(126,605)
Other operating expenses	5	(138,155)	(10,890)
Gain on disposal of non-current investments		1,373,782	-
Change in fair value of investment properties		351,871	957,958
Operating profit	6	2,805,980	1,071,379
Finance costs	7	(110,751)	(71,891)
Share of profits of jointly controlled entities		155,478	9,275
Share of losses of associated companies		(6)	-
Profit before taxation		2,850,701	1,008,763
Taxation charge	8	(220,621)	(307,019)
Profit for the year		2,630,080	701,744
Attributable to:			
Shareholders		2,451,142	229,703
Minority interests		178,938	472,041
		2,630,080	701,744
Dividends			
Interim paid		61,368	24,187
Special interim paid		614,673	-
Proposed final		73,771	60,868
	9	749,812	85,055
Earnings per share	10	HK cents	HK cents
Basic		100.27	9.54
Diluted		99.12	9.47
Dividend per share		HK cents	HK cents
Interim		2.5	1.0
Special interim		25.0	-
Proposed final		3.0	2.5

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		52,732	54,297
Investment properties		3,679,112	3,367,669
Leasehold land and land use rights		67,390	69,780
Jointly controlled entities		700,920	575,502
Associated companies		(4)	-
Non-current investments		1,191,008	4,477,084
Other non-current assets		7,099	9,592
		<u>5,698,257</u>	<u>8,553,924</u>
Current assets			
Development properties		4,800,680	5,309,940
Amounts due from jointly controlled entities		2,454,691	-
Amounts due from associated companies		652,790	-
Debtors and prepayments	11	328,228	283,504
Tax recoverable		2,762	46,590
Cash and bank balances		2,444,742	741,060
		<u>10,683,893</u>	<u>6,381,094</u>
Total assets		<u>16,382,150</u>	<u>14,935,018</u>
EQUITY			
Share capital		245,869	242,995
Reserves		8,256,702	7,221,368
Shareholders' funds		<u>8,502,571</u>	<u>7,464,363</u>
Minority interests		1,056,774	856,817
Total equity		<u>9,559,345</u>	<u>8,321,180</u>
LIABILITIES			
Non-current liabilities			
Borrowings		3,297,252	1,914,731
Deferred taxation liabilities		527,379	524,085
		<u>3,824,631</u>	<u>2,438,816</u>
Current liabilities			
Amounts due to jointly controlled entities		56,286	76,507
Creditors and accruals	12	883,928	2,890,998
Current portion of borrowings		1,282,246	1,196,256
Tax payable		161,041	11,261
Dividend payable		614,673	-
		<u>2,998,174</u>	<u>4,175,022</u>
Total liabilities		<u>6,822,805</u>	<u>6,613,838</u>
Total equity and liabilities		<u>16,382,150</u>	<u>14,935,018</u>

NOTES

1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) under the historical cost convention as modified by the revaluation of investment properties and non-current investments, which are carried at fair values.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2006.

2. Adoption of Hong Kong Financial Reporting Standards

In 2007, the Group has adopted the new standards, amendments and interpretations issued by the HKICPA that are effective for the accounting periods of the Group beginning on or after 1 January 2007. However, the adoption of these new standards, amendments and interpretations does not have any significant effect on the accounting policies or results and financial position of the Group, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures relating to financial instruments and capital management in the financial statements.

3. Segment information

The Group is principally engaged in property development and investment in Hong Kong, Mainland China and Singapore. In Japan, the Group carries on trading of plant and machinery. There are no other significant identifiable separate businesses. In accordance with the internal financial reporting and operating activities of the Group, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments. Segment assets primarily consist of property, plant and equipment, other non-current assets, properties, amounts due from jointly controlled entities and associated companies, debtors and prepayments and mainly exclude non-current investments, cash and bank balances and tax recoverable. Segment liabilities comprise mainly creditors and accruals and amounts due to jointly controlled entities. There are no sales or trading transactions between the business segments.

3. Segment information (Cont'd)

(A) BUSINESS SEGMENTS

	Properties HK\$000	Trading HK\$000	Unallocated HK\$000	Total HK\$000
Year ended 31 December 2007				
Revenue	4,595,884	203,620	-	4,799,504
Operating profit	1,287,336	4,054	1,514,590	2,805,980
Finance costs				(110,751)
Share of profits of jointly controlled entities	155,478	-	-	155,478
Share of losses of associated companies	(6)	-	-	(6)
Profit before taxation				2,850,701
Taxation charge				(220,621)
Profit for the year				2,630,080
Capital expenditure	(3,956)	(570)	-	(4,526)
Depreciation	(3,169)	(233)	-	(3,402)
Amortisation	(9,989)	-	-	(9,989)
Gain on disposal of non-current investments	-	-	1,373,782	1,373,782
Change in fair value of investment properties	351,871	-	-	351,871
Year ended 31 December 2006				
Revenue	203,075	72,881	-	275,956
Operating profit	998,981	893	71,505	1,071,379
Finance costs				(71,891)
Share of profits of jointly controlled entities	9,275	-	-	9,275
Profit before taxation				1,008,763
Taxation charge				(307,019)
Profit for the year				701,744
Capital expenditure	(4,269)	(67)	-	(4,336)
Depreciation	(3,061)	(104)	-	(3,165)
Amortisation	(5,877)	-	-	(5,877)
Change in fair value of investment properties	957,958	-	-	957,958
Gain on disposal of other investments	-	-	4,879	4,879

3. Segment information (Cont'd)

(B) GEOGRAPHICAL SEGMENTS

	Revenue HK\$'000	Operating profit/ (loss) HK\$'000
Year ended 31 December 2007		
Hong Kong	2,712,077	2,119,588
Mainland China	1,869,707	622,541
Singapore	14,100	59,717
Japan	203,620	4,134
	<u>4,799,504</u>	<u>2,805,980</u>
Year ended 31 December 2006		
Hong Kong	10,780	(34,097)
Mainland China	177,785	1,091,324
Singapore	14,510	13,234
Japan	72,881	918
	<u>275,956</u>	<u>1,071,379</u>

4. Revenue

	2007 HK\$'000	2006 HK\$'000
Sale of properties	4,383,262	6,263
Rental income	212,622	196,812
Sale of goods	203,620	72,881
	<u>4,799,504</u>	<u>275,956</u>

5. Other operating expenses

Other operating expenses included donations of HK\$113,713,000 (2006: HK\$4,442,000) to charitable organizations.

6. Operating profit

	2007 HK\$'000	2006 HK\$'000
Operating profit is stated after crediting:		
Interest income from banks	24,913	13,547
Interest income from mortgage loans	863	1,166
Interest income from other loan	20,323	-
Excess of fair value of net assets acquired over cost of additional interest in a subsidiary	41,208	-
Net exchange gains	94,552	56,788
Dividend income from listed investments	-	716
Gain on disposal of other investments	-	4,879
	<u>189,869</u>	<u>64,345</u>
and after charging :		
Cost of inventories sold	189,869	64,345
Depreciation (net of capitalisation)	3,402	3,165
Amortisation for leasehold land and land use rights (net of capitalisation)	9,989	5,877
	<u>193,260</u>	<u>73,387</u>

7. Finance costs

	2007 HK\$'000	2006 HK\$'000
Interest expenses		
Bank loans, overdrafts and others	230,365	181,485
Finance cost of convertible bonds	1,863	2,414
Capitalised as cost of properties under development	(121,477)	(112,008)
	<u>110,751</u>	<u>71,891</u>

8. Taxation charge

	2007 HK\$'000	2006 HK\$'000
Current		
Hong Kong profits tax	53,034	2,933
Overseas	197,407	1,473
Deferred	(29,820)	302,613
	<u>220,621</u>	<u>307,019</u>

8. Taxation charge (Cont'd)

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the year after setting off available tax losses brought forward. Taxation assessable on profits generated overseas has been provided at the rates of taxation prevailing in the countries in which the Group operates.

The Corporate Income Tax Law of Mainland China (the “*new CIT Law*”) has become effective since 1 January 2008. Under the new CIT Law, for Group’s subsidiaries in Mainland China originally entitling a tax rate of 33%, the tax rate will decrease to 25% effective on 1 January 2008. The carrying amount of deferred taxation as at 31 December 2007 has been adjusted accordingly.

Land appreciation tax in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including, lease charges of land use rights and all property development expenditures, which is included in the profit and loss statement as taxation charge.

9. Dividends

	2007 HK\$'000	2006 HK\$'000
Interim cash dividend of 2.5 HK cents (2006: scrip dividend with a cash option of 1 HK cent) per share	61,368	24,187
Special interim cash dividend of 25 HK cents (2006: nil) per share	614,673	-
Proposed final cash dividend of 3 HK cents (2006: scrip dividend with a cash option of 2.5 HK cents) per share	73,771	60,868
	<u>749,812</u>	<u>85,055</u>
The dividends have been partially settled by cash as follows:		
Interim	61,368	8,074
Final	-	12,072
	<u>61,368</u>	<u>20,146</u>

The Board of Directors recommended the payment of a final cash dividend in respect of 2007 of 3 HK cents (2006: 2.5 HK cents) per share. This dividend will be accounted for as an appropriation of revenue reserves in the year ending 31 December 2008.

10. Earnings per share

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

	2007 HK\$'000	2006 HK\$'000
Profit attributable to shareholders	2,451,142	229,703
Effect of dilutive potential ordinary shares		
Interest on convertible bonds, net of tax	<u>1,536</u>	<u>1,992</u>
Profit for calculation of diluted earnings per share	<u>2,452,678</u>	<u>231,695</u>
	Number of shares	
	2007	2006
Weighted average number of shares for calculating basic earnings per share	2,444,603,000	2,407,931,000
Effect of dilutive potential ordinary shares		
Convertible bonds	21,277,000	30,629,000
Share options	<u>8,628,000</u>	<u>7,613,000</u>
Weighted average number of shares for calculating diluted earnings per share	<u>2,474,508,000</u>	<u>2,446,173,000</u>

11. Debtors and prepayments

	2007 HK\$'000	2006 HK\$'000
Trade debtors, net of provision	125,175	12,713
Other debtors, net of provision	31,291	70,447
Prepayments and deposits	<u>171,762</u>	<u>200,344</u>
	<u>328,228</u>	<u>283,504</u>

Trade debtors mainly comprise receivables for sales of goods and rental. Rental from tenants is due and payable in advance. The terms for sales of goods vary and are determined with reference to the prevailing marketing conditions.

The aging analysis of the trade debtors of the Group based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	2007 HK\$'000	2006 HK\$'000
Within one month	123,689	5,923
Two to three months	1,179	2,492
Four to six months	249	2
Over six months	<u>58</u>	<u>4,296</u>
	<u>125,175</u>	<u>12,713</u>

12. Creditors and accruals

	2007 HK\$'000	2006 HK\$'000
Trade creditors	559,432	160,331
Other creditors	38,670	18,993
Amounts due to minority shareholders	83,988	107,026
Accrued operating expenses	63,718	17,586
Advanced proceeds on sale of properties	66,988	2,521,869
Deposits received	71,132	65,193
	<u>883,928</u>	<u>2,890,998</u>

The aging analysis of the trade creditors of the Group based on the dates of the invoices is as follows:

	2007 HK\$'000	2006 HK\$'000
Within one month	506,973	157,736
Two to three months	2,474	2,376
Four to six months	174	77
Over six months	49,811	142
	<u>559,432</u>	<u>160,331</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Revenue and profit attributable to shareholders for the year ended 31 December 2007 were HK\$4,800 million and HK\$2,451 million respectively, compared to HK\$276 million and HK\$230 million for last year. The significant increase in revenue was mainly due to the recognition of sales of Westwood Phase I in Shanghai and The Great Hill and J Residence in Hong Kong. The increase in profit on the other hand can be attributable to two factors: the increase in profit from the sales of development properties projects and the profit of HK\$1,374 million arising from the disposal of a substantial part of our holdings in Galaxy Entertainment Group Limited (“*GEG*”).

Mainland China

Most of the Group’s property development projects in Shanghai and Guangzhou were under construction or development and works were progressing well. On the investment side, demand for Grade-A office in Shanghai remained strong with near 100% occupation rate for the Group’s K. Wah Centre in Shanghai, bringing in good rental income and satisfactory investment return for the Group.

(A) Current Major Development Properties (total gross floor area (“*GFA*”) of approximately 2,000,000 square metres)

(i) Shanghai Westwood, No. 701 Guangzhong Road, Da Ning International Community (100% owned)

The luxurious condominium project is divided into three phases, having a total GFA of approximately 380,000 square metres. Phase I was completed and all the residential units were sold. Construction of Phase II is now underway and completion is expected in 2009. Pre-sale of Phase II will be rolled out in 2008. We have also started the development plan for Phase III.

(ii) Shanghai - Lot A&B No.68 Jianguo Xi Road, Xuhui District (100% owned)

The project is located in Shanghai's traditionally up-scale prestigious residential area. The GFA of this project is approximately 140,000 square metres, which the Group plans to develop into an integrated development with luxury residential apartments, high-class commercial facilities and a suite-hotel styled service apartment. Construction work is underway in accordance with schedule.

(iii) Shanghai - Phase III, Yanjiazhai, Jingan District (99% owned)

Total GFA of this luxurious residential project is approximately 100,000 square metres. It is located at Urumqi Road, Jingan District close to the vibrant central business district of Nanjing West Road. Construction works have been commenced and the development is expected to be completed by 2010.

(iv) Guangzhou – Yingbin Road, Hua Dou District (100% owned)

This site is close to the New Baiyun International Airport with total GFA of approximately 323,000 square metres. The project is planned for the development of a composite hotel, offices and premium residential towers. Completion for the hotel and offices is expected in 2009.

(v) Guangzhou – Xinhua Zhen, Hua Dou District (99.99% owned)

This project has a total permissible floor area of approximately 1,147,000 square meters and will be developed in phases. One of the plots in this project (GFA of approximately 200,000 square metres) has already been in the planning stage for residential-cum-hotel development. The rest of the land in this project has been planned mostly for residential development.

(vi) Guangzhou – Jianshebei Road, Hua Dou District (100% owned)

This newly acquired land is located in the downtown area of Hua Dou with total GFA of approximately 46,000 square metres and is about 20-minute drive from the New Baiyun International Airport. It has also been in the planning stage for residential development.

On 31 December 2007, a wholly-owned subsidiary of the Group has successfully bid for a piece of land, being plot 185, at Minheng District in Shanghai for Renminbi 711,500,000, under which the Group has paid a deposit of Renminbi 40,000,000. The permissible buildable floor area of this land – residential and commercial – is approximately 171,290 square metres on present estimation.

(B) Investment Property

Shanghai K. Wah Centre, Huaihai Zhong Road, Shanghai (39.6% effective interest)

This flagship investment property with totaling approximately 72,000 square metres together with the two ancillary buildings, is located at Huaihai Zhong Road which is a thriving downtown commercial area in the inner ring area of Shanghai. The offices are fully leased with a strong stable income stream to the Group.

Hong Kong

The Great Hill and J Residence were both completed in the fourth quarter of 2007 and satisfactory profits from the sales were recognized in this year. In the office sector, the leasing market remained strong. During the year, the Group achieved satisfactory occupancy and rental rates for its investment properties.

For the future business developments, the Group invested over HK\$3 billion in a number of joint residential projects in Hong Kong with reputable property developers and these projects will be due for completion within the next three to four years.

(A) Current development properties

(i) *The Great Hill, Tung Lo Wan Hill Road, Shatin (100% owned)*

The development of the project was completed in November 2007, contributed 114 apartments and 8 detached houses to the market. Over 55 % of the units have been sold.

(ii) *J Residence, Johnston Road, Wan Chai (a joint development with the URA)*

This is a joint development project with the Urban Renewal Authority. The development of the project was completed in November 2007 and most of the residential units have already been sold. The three-storey commercial area of the project – the J Senses – with total GFA of approximately 3,400 square metres has drawn good market response with over 90% of the area being leased during pre-lease.

(iii) *No.6 Shiu Fai Terrace, Stubbs Road (100% owned)*

The Group has unified the title of the property and has commenced redevelopment works on the project. It is expected to be developed into a 12-storey luxury residential tower with targeted completion date by 2010.

(iv) *Tai Po Town Lot No. 188, Tai Po (25% owned)*

In March 2007, the Group with other property developers acquired the land for residential development purpose with total GFA of approximately 69,700 square metres in a public land auction. Foundation work will soon commence and the project is expected to be completed by 2010.

(v) *Kowloon Inland Lot No. 11073, West Kowloon (15% owned)*

In May 2007, the Group with other property developers acquired the land for residential development purpose with total GFA of approximately 60,500 square metres in a public land auction. Foundation work has been commenced and the development is expected to be completed by 2011.

(vi) *Tai Po Town Lot No. 186, Tai Po (15% owned)*

In September 2007, the Group with other property developers acquired the land for residential development purpose with total GFA of approximately 66,500 square metres in a public land auction. Foundation work will soon commence.

(vii) *Aberdeen Inland Lot No. 451, Welfare Road, Aberdeen (35% owned)*

The Group with other property developers acquired this site in October 2007 in a public land auction. The Project will be developed into six residential towers with total GFA of approximately 60,000 square metres on present estimation. Planning and design work has already commenced.

(B) Other properties in Hong Kong

(i) *Skyline Commercial Centre, Wing Lok Street, Sheung Wan (100% owned)*

This 24-storey centrally located office building has approximately 3,900 square metres of office space and ground floor shops. It is almost fully occupied and is contributing steady rental income to the Group.

(ii) *Kingsfield Centre, Shell Street, North Point (100% owned)*

This 26-storey office building (approximately 1,900 square metres of office space) has been enjoying high occupancy and is contributing steady rental income to the Group.

Major Properties in Singapore

San Centre, Chin Swee Road (100% owned)

This 12-storey office building (approximately 5,800 square metres with carparks) has maintained satisfactory occupancy with stable income.

Investment in Galaxy Entertainment Group Limited

During the year, the Group disposed of 452,500,000 GEG shares to the Permira Fund at the price of HK\$8.42 per share, or approximately HK\$3.8 billion gross proceeds. After the disposal, the Group's shareholding in GEG was reduced from 18.7% to 4.1%. The Group recorded a profit of HK\$1.37 billion from the disposal. The value of the remaining GEG shares was around HK\$1,191 million (HK\$7.33 per share) as at 31 December 2007.

OUTLOOK

Despite the monetary tightening and restrictions on foreign investment, the medium and long term outlook for the real estate market in Mainland China remains positive. The Group is cautiously optimistic about its business prospect in Mainland China, on the back of the supremacy of the locality of the Group's projects and the strong brand recognition by the local community which the Group has nurtured successfully in the past decade in the Mainland.

For 2008, the Hong Kong residential property market should remain good, both in terms of the volume activities and transacted value. The capital values of office space also continued to firm up. During 2007, the Group joined hands with household-name developers to acquire land in Hong Kong with a total 257,000 square metres GFA. These land additions will ensure that the sustainability of the earning prospect of the Group. In view of the continuous improvements of the economy of Hong Kong and the low interest rate environment in the near term, as well as the continuous growth in urban affluence in Mainland China, the Group is cautiously optimistic on the property market of Hong Kong and Mainland China and will continue to explore value investments in these markets.

REVIEW OF FINANCE

(1) Financial Position

The financial position of the Group remained strong. Total funds employed increased by 23% to HK\$14 billion at 31 December 2007 from HK\$11 billion at 31 December 2006.

The number of the issued shares of the Company increased as a result of the exercise of share options during the year. The dilution effect, however, was offset by the profit earned for the year.

(2) Group Liquidity, Financial Resources and Gearing Ratio

The liquidity position of the Group was strong during the year. As of 31 December 2007, total bank borrowings amounted to HK\$4,545 million, and cash and bank balances were HK\$2,445 million to give a net debt of HK\$2,100 million, mainly attributable to the sale proceeds received during the year.

Of the (long-term) bank borrowings, more than 80% had maturities over a period of one year and above.

The Group successfully arranged a 5 years syndicated loan of HK\$1,800 million in September 2007. In addition to the aggregate cash balances and the total undrawn banking facilities of the Group at 31 December 2007, the total amount of funds available for the expansion and operations amounted to HK\$6 billion.

The gearing ratio, defined as the ratio of total loans less cash balances to total assets, was reduced to a satisfactory level of 15% at 31 December 2007 as compared to 17% for last year.

The Group's liquidity position and gearing ratio stayed at a healthy level and the Group has sufficient funds to meet its commitments and operational requirements.

(3) *Treasury Policies*

The Group continues to adopt a conservative approach regarding foreign exchange exposure, which is managed to minimize risk. The majority of the Group's borrowings are in Hong Kong dollars. Forward foreign exchange contracts are utilized when suitable opportunities arise and when considered appropriate, to hedge against foreign exchange exposures. Interest rate swap contracts are also utilized when considered appropriate to avoid the impact of any undue interest rate fluctuation on the operation. During the year, the Group has not engaged in the use of these derivative products.

(4) *Charges on Group Assets*

As of 31 December 2007, investment properties and land and buildings with carrying values of HK\$3,164 million (2006: HK\$3,230 million) and HK\$110 million (2006: HK\$110 million) respectively were pledged to banks to secure the Group's borrowing facilities.

(5) *Contingent Liabilities*

As of 31 December 2007, the Company has executed guarantees in favor of banks and financial institutions in respect of facilities granted to certain subsidiaries, a jointly controlled entity and associated companies amounting to HK\$6,045 million (2006: HK\$4,557 million), HK\$775 million (2006: nil) and HK\$1,009 million (2006: nil) respectively, of which HK\$3,232 million (2006: HK\$2,030 million), HK\$438 million (2006: nil) and HK\$642 million (2006: nil) have been utilized respectively.

The Company has also executed guarantees in favour of convertible bondholders in respect of the convertible bonds issued by a subsidiary. The outstanding amount of such convertible bonds was HK\$40 million (2006: HK\$40 million) at the end of the year.

The Company has executed a guarantee in favour of the HKSAR Government in respect of the performance obligation of an investee company under a contract with the HKSAR Government.

RETIREMENT OF DIRECTOR

Dr. Philip Wong Kin Hang, a Non-executive Director, will retire by rotation at the 2008 AGM according to the Bye-laws and corporate governance practices of the Company. Dr. Philip Wong Kin Hang has elected not to offer himself for re-election at the 2008 AGM so that he can devote more time for his personal affairs. Dr. Wong will retire at the conclusion of the 2008 AGM. Dr. Wong has confirmed that he has no disagreement with the Board and is not aware of any matters in respect of his retirement that need to be brought to the attention of the shareholders of the Company. The Board would like to express sincere appreciation to Dr. Wong for his support, devotion and invaluable contribution to the Company during his tenure of service.

CORPORATE GOVERNANCE

Throughout the year under review, save for Code provision A.4.2, the Company has complied with all the provisions in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on the Exchange (the “*Listing Rules*”). The Board believes that the underlying rationale for such a deviation, as mentioned under the section headed “COMPLIANCE WITH APPENDIX 14” in the Corporate Governance Report of its 2006 Annual Report and as alluded to in the section headed “Corporate Governance” in its 2007 Interim Report, still holds. The Board will continue to review and recommend such steps and action as appropriate in the circumstances of such deviation.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules (the “*Model Code*”). Having made specific enquiries with all its Directors, the Company confirms that during the year all its Directors have complied with the required standards as set out in the Model Code.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises one executive Director (as chairman) and two Independent Non-executive Directors of the Company, has met on 31 March 2008 and reviewed the relevant remuneration data, market conditions and also the individual performance in relation to the executive Directors under review and profitability of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company has met on 31 March 2008 and reviewed the Company's 2007 annual results.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares or convertible bonds during the year ended 31 December 2007.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 21 May 2008 to 27 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders must ensure that all transfers together with the relevant share certificates are lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 20 May 2008.

PUBLICATION OF FURTHER INFORMATION

This announcement will be published on the respective websites of the Company and the Exchange. PricewaterhouseCoopers have audited the Group's annual financial statements and their report will be included in the Company's 2007 Annual Report to the shareholders which will also be published on the respective websites of the Company and the Exchange.

DIRECTORS

As at the date of this announcement, the Executive Directors are Dr. Che-woo Lui (Chairman), Mr. Francis Lui Yiu Tung, Mr. Eddie Hui Ki On, Mr. Lennon Lun Tsan Kau and Ms. Paddy Tang Lui Wai Yu; the Non-executive Directors are Mr. Michael Leung Man Kin and Dr. Philip Wong Kin Hang; and the Independent Non-executive Directors are Sir David Akers-Jones, Dr. The Hon. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun, and Mr. Robert George Nield.

By Order of the Board
Chan Ming Tak Ricky
Company Secretary

Hong Kong, 2 April 2008

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