EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美（國際）控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2368)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the comparative figures for the corresponding year in 2006 and the relevant explanatory notes as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
REVENUE		**519,103**	519,310
Cost of sales		**(387,006)**	(393,677)
Gross profit		**132,097**	125,633
Other income and gains		**8,085**	7,634
Selling and distribution costs		**(5,117)**	(5,139)
Administrative expenses		**(48,583)**	(36,047)
PROFIT BEFORE TAX	4	**86,482**	92,081
Tax	5	**(8,763)**	(14,670)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**77,719**	77,411
DIVIDENDS	6		
Interim		**25,620**	25,620
Proposed final		**25,620**	25,620
		51,240	51,240
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**18.2**	18.1
Diluted		**N/A**	N/A

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET
31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**202,895**	197,010
Prepaid land lease payments		**66,056**	58,093
Prepayments and deposits for property, plant and equipment		**854**	12,141
Total non-current assets		**269,805**	267,244
CURRENT ASSETS			
Inventories		**52,002**	31,445
Accounts and bills receivable	*8*	**58,593**	51,845
Prepayments, deposits and other receivables		**5,886**	3,293
Pledged deposits		**5,518**	10,105
Cash and cash equivalents		**252,648**	215,117
Total current assets		**374,647**	311,805
CURRENT LIABILITIES			
Accounts and bills payable	*9*	**29,662**	13,285
Accrued liabilities and other payables		**25,798**	16,422
Tax payable		**13,922**	17,202
Total current liabilities		**69,382**	46,909
NET CURRENT ASSETS		**305,265**	264,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**575,070**	532,140
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,252**	1,802
Net assets		**573,818**	530,338
EQUITY			
Issued capital		**4,270**	4,270
Reserves		**543,928**	500,448
Proposed final dividend		**25,620**	25,620
Total equity		**573,818**	530,338

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for building, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 and 31 March 2006.

(b) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

In prior years, financial guarantees provided by the Company to various banks in connection with the bank loans and other banking facilities granted to its subsidiaries were disclosed as contingent liabilities. Upon the adoption of this amendment, the scope of HKAS 39 has been revised to require financial guarantee contracts issued that are not considered insurance contracts to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The Group had assessed all the relevant financial guarantee contracts and concluded that this amendment has had no material impact on these financial statements.

(ii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(iii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on these financial statements.

3. SEGMENT INFORMATION

An analysis of the Group's revenue and segment results by geographical segments is as follows:

	Revenue		**Segment results**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**297,097**	255,083	**77,008**	66,689
Japan	**115,353**	161,243	**28,930**	36,127
South Korea	**33,079**	44,302	**7,427**	10,184
Hong Kong	**14,621**	15,902	**3,858**	3,610
Others	**58,953**	42,780	**14,874**	9,023
	519,103	519,310	**132,097**	125,633
Interest and other unallocated income			**8,085**	7,634
Unallocated expenses			**(53,700)**	(41,186)
Profit before tax			**86,482**	92,081
Tax			**(8,763)**	(14,670)
Profit for the year attributable to equity holders of the Company			**77,719**	77,411

No information was disclosed in respect of the Group's business segments as the Group is solely engaged in the manufacture and trading of sportswear and garments.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**387,006**	393,677
Auditors' remuneration	**1,100**	1,030
Depreciation	**26,310**	20,914
Amortisation of prepaid land lease payments	**1,698**	1,117
Employee benefits expenses (excluding directors' remuneration):		
Wages and salaries	**97,237**	84,168
Pension scheme contributions (defined contribution schemes)	**3,717**	2,338
Less: Forfeited contributions	**(85)**	(114)
Net pension scheme contributions	**3,632**	2,224
Total employee benefits expenses	**100,869**	86,392
Minimum lease payments under operating leases in respect of land and buildings	**2,250**	3,097
Write-off of items of property, plant and equipment	**819**	–
Foreign exchange differences, net	**4,022**	1,558

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

汕頭市鷹美製衣有限公司 ("EN (Shantou)"), Shantou SEZ Far East (International) Garments Factory Co., Ltd. ("FE (Shantou)"), 裕美(汕頭)製衣有限公司 ("YM (Shantou)") and 裕鷹(汕頭)製衣有限公司 ("YY (Shantou)") are entitled to be exempted from corporate income tax in the People's Republic of China (the "PRC") for the first two profit-making years and a 50% reduction in the corporate income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in Mainland China, EN (Shantou), FE (Shantou), YM (Shantou) and YY (Shantou) may set off losses incurred by them in a financial year against profits made by them in the succeeding financial year or years, subject to a maximum of five financial years.

According to the confirmation obtained by the Group from the PRC tax bureau, the first profit-making year of both EN (Shantou) and FE (Shantou) was the year ended 31 December 2002, and the first profit-making year of YY (Shantou) was the year ended 31 December 2005.

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current tax charge for the year:		
Hong Kong	**5,229**	4,534
Elsewhere	**782**	2,573
Underprovision of current tax in respect of prior years	**3,599**	6,748
Deferred	**(847)**	815
Total tax charge for the year	**8,763**	14,670

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	**25,620**	25,620
Proposed final – HK6 cents (2006: HK6 cents) per ordinary share based on 427,000,000 (2006: 427,000,000) shares in issue	**25,620**	25,620
	51,240	51,240

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company for the year of HK$77,719,000 (2006: HK$77,411,000), and 427,000,000 (2006: 427,000,000) ordinary shares in issue during the year.

No diluted earnings per share is presented for both current and last year as there are no dilutive potential ordinary shares in existence during these years.

8. ACCOUNTS AND BILLS RECEIVABLE

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. The credit period is generally for a period of 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are regularly reviewed by the management of the Group. Trade receivables are non-interest-bearing and their carrying amount approximate to their fair values.

An aged analysis of the accounts and bills receivable as at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**57,845**	45,075
31 to 60 days	**608**	6,100
61 to 90 days	**102**	14
Over 90 days	**38**	656
	58,593	51,845

9. ACCOUNTS AND BILLS PAYABLE

An aged analysis of the accounts and bills payable as at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**28,788**	12,533
91 to 180 days	**302**	524
181 to 365 days	**553**	50
Over 365 days	**19**	178
	29,662	13,285

The trade payables are non-interest-bearing and are normally settled on 45-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the manufacture of sportswear for men, women and children on an OEM (an acronym for "original equipment manufacturer", which produces or customises products according to the design supplied by others) basis. The Group mainly manufactures products under international brandnames such as **Nike**, **adidas** and **Puma**. During the year under review, the major markets of the Group's products continued to be Japan, South Korea, Mainland China and Hong Kong.

During the year under review, the Group continued to focus on the expansion, transformation and consolidation of the Group's business. On one hand, an additional production plant (the "Production Plant") in Shantou, the PRC which has come into operation since the last quarter of 2005 enables the Group to take up new orders and to manufacture product categories that are more technically demanding, and hence providing the Group with new opportunities to broaden its customer base. On the other hand, adverse factors such as increasing production costs, appreciation of Renminbi and higher labour cost are having negative impact on the Group's profitability.

To enhance its competitiveness, the Group has continued its focus on the core values of design and development of innovative products, product diversification, expansion of the customer base, and penetration into new markets. The management takes this "Value Creation" strategy with the best effort and resources available.

ODM Business and Research and Development Centre

With an increasing emphasis and resources being deployed in the design and research and development of its products, the Group aims to improve its profitability by extending the business into an ODM business (an acronym for "original design manufacturer", which owns and/or designs in-house products that are branded by the customers). The management believes that the provision of value-added services to our customers is the best way to improve the diminishing profit margin of the Group. To facilitate that, the Group has established a research and development centre known as "Commercialisation Centre" in the Production Plant which is well-equipped with advanced computer and production equipment such as 3D Pattern Design System, Tensile Test Machine and Laser Cutting Machine. In addition, a research and development team has been established with expertise in the apparel industry with a view to advance the Group's production technology, to expand the product range and to develop innovative designs and high-valued products using innovative materials and advanced technology for our customers. The Commercialisation Centre has commenced operation since July 2006. With the advancement of our production technology, the Group is now more capable in engaging in the production of high-valued products such as seam-seal and multi dress and expanding our product range (in particular the knitted products which at present only constitutes a small proportion of our sales). During the year under review, the Group had successfully developed the production of down jackets and related orders had been received. The management expects that the Commercialisation Centre would give rise to steady sales growth and improve the profitability of the Group in the near future.

New Sales Team

In order to diversify its sources of income, the Group has devoted great effort in broadening its customer base and opening up new markets. At present, most of our sales are derived from a few branded sportswear customers and are confined mainly to the Asian markets. To minimize the risk of a narrow customer base, a new sales team had been set up during the year under review. The new sales team has extensive experience and expertise in sales and marketing and the apparel manufacturing industry. It will focuses on expanding our customer base, exploring new markets with particular emphasis in the United States ("US") and Europe and diversifying the existing product lines to new categories such as tape sealed garment, welded garment and outer wear. With the Commercialisation Centre, advanced production technology as well as unique product design would greatly enhance the capability of the Group in penetrating into the US and European markets. It is expected that the new sales team will contribute to the sales of the Group in the coming years.

Cost Control

The year under review was a challenging year for traditional manufacturing businesses. Fluctuating oil and materials prices worked against manufacturers worldwide. Increasing production costs including labour costs and other overhead expenses, coupled with vigorous competition, posed tremendous pressure on the Group's profit. In response, the Group has adopted effective cost control measures to minimize our production costs by planning a logistic centre in Taiwan. As most of the material purchases of the Group are made from Taiwan, in January 2005, we established a liaison office in Taiwan to ensure efficient scheduling of material purchases and timely delivery of materials by vendors with stable quality. With the operation of the liaison office becoming mature, we are planning to take further step to optimize the supply chain and logistic flow by setting up a logistic centre and warehouse in Taiwan for the purpose of lowering the logistic costs, scheduling the delivery of materials based on production plans, and minimizing the wastage of handling costs and import tax incurred for spare materials and remaining materials due to order amendment.

Acquisition

On 14 March 2007, the Group entered into a non-binding memorandum of understanding (the "MOU") with an independent third party to acquire the entire equity interests in a Taiwan company and a PRC company whose principal businesses are manufacture and trading of sportswear (the "Proposed Acquisition").

It has been the Group's long-term strategy to expand its sales to new geographical markets such as the US and Europe. We believes that such acquisition will not only allow the Group to diversify its customer base and increase the sales of its products by leveraging the acquired companies' network in those territories (such as the US and Europe) where the Group did not historically have a strong footprint but also strengthen its presence in the international sportswear market which will position the Group to compete more effectively with other major global sportswear manufacturers. We also expect the Group will benefit from many operational synergies and efficiencies through the combination of the acquired companies' business with our existing business.

Financial Review

Results Performance

For the year ended 31 March 2007, both the revenue and the net profit of the Group of approximately HK$519 million and approximately HK$78 million respectively were similar to those of last year of approximately HK$519 million and approximately HK$77 million respectively. Gross profit of the Group increased to approximately HK$132 million, representing an increase of approximately 5%. With the management's best devotion of industrial expertise and cost control, the Group was able to improve the gross profit margin from approximately 24% for the year ended 31 March 2006 to approximately 25% for the year ended 31 March 2007. The profit before tax of the Group dropped by approximately 6% to approximately HK$86 million for the year ended 31 March 2007. Since the tax provision for the year ended 31 March 2007 decreased by approximately 40% to approximately HK$9 million, the net profit and the net profit margin of the Group of approximately HK$78 million and approximately 15% respectively for the year ended 31 March 2007 remained nearly the same as those of last year.

Despite an increase in gross profit by approximately HK$6 million during the year, a substantial increase of approximately HK$13 million in administrative expenses during the year completely offset the improvement in the gross profit margin. The increase in administrative expenses during the year was attributable to (i) an increase in staff costs due to setting up of a Research and Development Team and a New Sales Team; (ii) an increase in depreciation owing to the commencement of operation of the Production Plant since the last quarter of 2005 (which has effect throughout the financial year ended 31 March 2007 instead of having impact only in the second half of the previous financial year); and (iii) appreciation of Renminbi resulting in a greater exchange loss.

Earnings per share of the Group for the year ended 31 March 2007 was HK18.2 cents compared to HK18.1 cents last year. The Board recommended payment of a final dividend of HK6 cents per share for the year ended 31 March 2007. Together with the interim dividend of HK6 cents per share already paid, the total dividend for the year was HK12 cents per share.

Liquidity and Financial Resources

During the year under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operation with internally generated resources and banking facilities provided by its bankers. As at 31 March 2007, the Group had cash and cash equivalents amounted to approximately HK$253 million which are mainly denominated in Hong Kong dollars, Renminbi and US dollars. (31 March 2006: approximately HK$215 million). As at 31 March 2007, the Group had no outstanding borrowings (31 March 2006: nil). As at 31 March 2007, the Group had aggregate banking facilities of approximately HK$137 million (31 March 2006: approximately HK$160 million) which were secured by (i) pledged deposits of the Group; (ii) corporate guarantees executed by the Company; and (iii) unlimited corporate guarantees executed by three subsidiaries of the Company.

The management believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable terms. There is no material effect of seasonality on the Group's borrowing requirements.

As at 31 March 2007, the Group's gearing ratios represented by the Group's total liabilities as a percentage of the Group's total assets amounted to approximately 11.0% (31 March 2006: approximately 8.4%).

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars that the Group is exposed to foreign exchange risk arising from the exposure of US dollars and Renminbi. As the foreign currencies risks generated from the sales and purchases can be set off with each other, the management believes its exposure to exchange rate risk is minimal. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign exchange exposures and will consider hedging the significant foreign currency exposures should the need arise.

Significant Investments

As at 31 March 2007, there was no significant investment held by the Group (31 March 2006: nil).

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2007 (31 March 2006: nil).

On 14 March 2007, the Group has entered into the MOU regarding the Proposed Acquisition. Further details of the Proposed Acquisition are set out in the paragraph headed "Post Balance Sheet Events" below.

Contingent Liabilities and Capital Commitments

As at 31 March 2007, the Group did not have any significant contingent liabilities (31 March 2006: nil).

The Group had the following capital commitments at the balance sheet date:

	As at 31 March 2007 *HK$'000*	As at 31 March 2006 *HK$'000*
Contracted, but not provided for:		
Purchases of computer equipment	**570**	1,861
Acquisition of Multi-purpose Building	**–**	5,346
	570	7,207
Authorised, but not contracted for:		
Leasehold improvements	**–**	2,223

As at 31 March 2007, the Company has given corporate guarantees to banks to the extent of approximately HK$137 million (31 March 2006: approximately HK$164 million) for banking facilities granted to certain subsidiaries of the Company.

Employees and Remuneration Policies

As at 31 March 2007, the Group employed a total of approximately 5,400 employees including directors (31 March 2006: approximately 4,900). Total employee benefits expenses including directors emoluments were approximately HK$105 million for the year under review (31 March 2006: approximately HK$90 million).

The employees are remunerated based on their work performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme for the employees of the Group in Hong Kong and to the central pension scheme for the employees of the Group in the PRC.

Future Plan and Prospects

After rapid growth in the past few years, the Group has entered into a consolidation and transformation stage. Although the commencement of operation of the Production Plant increases the productivity of the Group, the Group has to tackle problems arising from increasing labour costs, appreciation of Renminbi and increasing material costs.

In essence, the management aims at equipping the Group to engage in ODM business and producing more innovative and high-valued products with better pricing and profit margin. To achieve such goal, the Group will continue to commit its resources and effort in labour training, advancement of production technology, and research and development. The management will also continue to take this proactive approach in planning and to ensure the process is carried out as diligently planned, so that the investment would bring growth to the Group's business in the long run.

In addition, in order to expand our business to meet growing demand for sportswear while the production costs can be better managed, the Group will continue to expand its production capacity by acquiring further plant and machinery, especially making investment in the territories with supply of cheap labour and production facilities and provision of tax incentives.

POST BALANCE SHEET EVENTS

As mentioned in the paragraph headed "Acquisition" above, on 14 March 2007, the Group entered into the MOU with an independent third party regarding the Proposed Acquisition. Further details of the Proposed Acquisition are set out in the announcement of the Company dated 14 March 2007.

On 16 April 2007, pursuant to the MOU, the Group has entered into a sale and purchase agreement (the "Agreement") in relation to the Proposed Acquisition (the "Acquisition"). The consideration for the Acquisition is HK$113,380,800 and will be completely satisfied by the issuance of the Company's ordinary shares. At the date of approval of this results announcement, the Acquisition has not yet been completed. The Acquisition constitutes a discloseable transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further details of the Acquisition are set out in the announcement of the Company dated 17 April 2007 and the circular of the Company dated 7 May 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 October 2007 to 24 October 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Tengis Limited (to be renamed Tricor Tengis Limited with effect from 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 18 October 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

During the year ended 31 March 2007, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the following deviations:

A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

A.4.2 of the CG Code also stipulates every director should be subject to retirement by rotation at least once every three years. According to the articles of association of the Company, at each annual general meeting, one-third of the directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman of the Board and the managing director of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. At the annual general meeting of the Company held on 22 August 2006, the shareholders of the Company had passed a special resolution to approve the amendments to the Company's articles of association such that all directors, including the chairman of the board and the managing director of the Company, shall be subject to retirement by rotation at least once every three years whether or not they are appointed for a specific term. The amendments have brought the articles of association of the Company in line with the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of the Company's directors, the directors confirmed that they had complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2007, including the accounting principles adopted by the Group.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 13 July 2007

As at the date of this announcement, the board of directors of the Company comprises seven executive directors, namely, Mr. Chung Yuk Sing, Mr. Tsai Nai Kun, Mr. Kuo Tai Yu, Mr. Lin Pin Huang, Otto, Ms. Tsang Sau Fan, Mr. Ku Yu Sun, Edward, and Mr. Chen Zhen Hao and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui, Tony.