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 2006

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 2006 together with the comparative figures for the corresponding year in 2005 and the relevant explanatory notes as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2006

	Notes	**2006** **HK$'000**	2005 HK$'000 (Restated)
REVENUE		**519,310**	451,446
Cost of sales		**(393,677)**	(322,886)
Gross profit		**125,633**	128,560
Other income and gains		**7,634**	7,111
Selling and distribution costs		**(5,139)**	(5,114)
Administrative expenses		**(36,047)**	(26,265)
Finance costs		**–**	(189)
PROFIT BEFORE TAX	*5*	**92,081**	104,103
Tax	*6*	**(14,670)**	(9,200)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**77,411**	94,903
DIVIDENDS	*7*		
Interim		**25,620**	15,300
Proposed final		**25,620**	25,620
		51,240	40,920
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**18.1**	28.1
Diluted		**N/A**	22.7

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

31 MARCH 2006

	Notes	2006 HK$'000	2005 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**197,010**	51,794
Prepaid land lease payments		**58,093**	29,868
Prepayments and deposits for property, plant and equipment		**12,141**	44,429
Available-for-sale investments/long term investments		**–**	4,527
Total non-current assets		**267,244**	130,618
CURRENT ASSETS			
Inventories		**31,445**	47,692
Accounts and bills receivable	*9*	**51,845**	38,557
Prepayments, deposits and other receivables		**3,293**	6,165
Pledged deposits		**10,105**	5,518
Cash and cash equivalents		**215,117**	322,876
Total current assets		**311,805**	420,808
CURRENT LIABILITIES			
Accounts and bills payable	*10*	**13,285**	16,209
Accrued liabilities and other payables		**16,422**	20,460
Tax payable		**17,202**	16,557
Total current liabilities		**46,909**	53,226
NET CURRENT ASSETS		**264,896**	367,582
TOTAL ASSETS LESS CURRENT LIABILITIES		**532,140**	498,200
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,802**	898
Net assets		**530,338**	497,302
EQUITY			
Issued capital		**4,270**	4,270
Reserves		**500,448**	467,412
Proposed final dividend		**25,620**	25,620
Total equity		**530,338**	497,302

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 certain buildings and available-for-sale investments, 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 following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

Except for those discussed below, the adoption of other HKFRSs above has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 and HK-Int 4 – Leases

In prior years, leasehold land and buildings held for own use were stated at valuation, less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17 and HK-Int 4, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

Accordingly, the Group has restated the comparative amounts to reflect the reclassification retrospectively for the earliest period presented in the financial statements. The effects of the above changes on the consolidated income statement are summarised in note 3 below.

(b) HKAS 32 and HKAS 39 – Financial Instruments

In prior years, the Group classified its investments in unlisted investment funds intended to be held on a long term basis as long term investments, which were held for non-trading purposes and were stated at their estimated fair values, on an individual basis, with gains and losses recognised as movements in the asset revaluation reserve. Upon the adoption of HKAS 39, these financial instruments held by the Group at 1 April 2005 in the amount of HK$4,527,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment.

The adoption of HKAS 39 has not resulted in any change in the measurement of these financial instruments.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES ON THE CONSOLIDATED INCOME STATEMENT

Effect of adopting HKAS 17 on Prepaid Land Lease Payments (adjustments taken effect retrospectively):

	HK$'000
Year ended 31 March 2006	
Decrease in cost of sales	**19**
Decrease in administrative expenses	**110**
Total increase in profit	**129**
	HK cent
Increase in basic earnings per share	**0.03**
Increase in diluted earnings per share	**N/A**
	HK$'000
Year ended 31 March 2005	
Decrease in cost of sales	400
Decrease in administrative expenses	108
Decrease in other operating expenses	334
Total increase in profit	842
	HK cent
Increase in basic earnings per share	0.25
Increase in diluted earnings per share	0.20

4. SEGMENT INFORMATION

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

	Revenue		**Segment results**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Mainland China	**255,083**	178,149	**66,689**	55,158
Japan	**161,243**	166,451	**36,127**	46,236
South Korea	**44,302**	48,662	**10,184**	12,960
Hong Kong	**15,902**	16,045	**3,610**	5,265
Others	**42,780**	46,671	**9,023**	13,473
	519,310	455,978	**125,633**	133,092
Interest and other unallocated income			**7,634**	2,579
Unallocated expenses			**(41,186)**	(31,379)
Finance costs			**–**	(189)
Profit before tax			**92,081**	104,103
Tax			**(14,670)**	(9,200)
Profit for the year attributable to equity holders of the Company			**77,411**	94,903

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.

5. PROFIT BEFORE TAX

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

	2006	2005
	HK$'000	*HK$'000* (Restated)
Cost of inventories sold	**393,677**	322,886
Auditors' remuneration	**1,030**	940
Depreciation	**20,914**	10,894
Amortisation of prepaid land lease payments	**1,117**	373
Staff costs (excluding directors' remuneration):		
Wages and salaries	**84,168**	72,549
Pension scheme contributions (defined contribution schemes)	**2,338**	1,898
Less: Forfeited contributions	**(114)**	(28)
Net pension scheme contributions	**2,224**	1,870
Total staff costs	**86,392**	74,419
Minimum lease payments under operating leases in respect of land and buildings	**3,097**	4,445
Foreign exchange differences, net	**1,558**	430

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 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, Shantou SEZ Far East (International) Garments Factory Co., Ltd. and 裕鷹（汕頭）製衣有限公司 are entitled to be exempted from the People's Republic of China (the "PRC") corporate income tax for the first two profit-making years and a 50% reduction in the corporate income tax for the succeeding three years.

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current tax charge for the year:		
Hong Kong	**4,534**	5,688
Elsewhere	**2,573**	3,519
Underprovision/(overprovision) of current tax in respect of prior years	**6,748**	(7)
Deferred	**815**	–
Total tax charge for the year	**14,670**	9,200

7. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Interim – HK6 cents (2005: HK4.5 cents) per ordinary share based on 427,000,000 (2005: 340,000,000) shares in issue	**25,620**	15,300
Proposed final – HK6 cents (2005: HK6 cents) per ordinary share based on 427,000,000 (2005: 427,000,000) shares in issue	**25,620**	25,620
	51,240	40,920

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

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company for the year of HK$77,411,000 (2005: HK$94,903,000 (restated)), and the weighted average number of 427,000,000 ordinary shares in issue (2005: 337,821,918 ordinary shares deemed to have been in issue) during the year.

A diluted earnings per share amount for the year ended 31 March 2006 has not been disclosed as no dilution events existed during the year.

The calculation of diluted earnings per share amount for the year ended 31 March 2005 is based on the profit attributable to ordinary equity holders of the Company for that year of HK$94,903,000 (restated). The weighted average number of ordinary shares used in the calculation was the sum of the 337,821,918 ordinary shares in issue during that year as used in the basic earnings per share calculation and the weighted average number of 79,849,315 ordinary shares assumed to have been issued at no consideration on the deemed conversion of the outstanding convertible note since its date of issue to the date of conversion during that year.

9. 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 of the Group as at the balance sheet date, based on the invoice date, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**45,075**	37,207
31 to 60 days	**6,100**	703
61 to 90 days	**14**	531
Over 90 days	**656**	116
	51,845	38,557

10. ACCOUNTS AND BILLS PAYABLE

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

	2006	2005
	HK$'000	*HK$'000*
Within 90 days	**12,533**	15,598
91 to 180 days	**524**	532
181 to 365 days	**50**	26
Over 365 days	**178**	53
	13,285	16,209

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

11. **COMPARATIVE AMOUNTS**

As further explained in notes 2 and 3, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

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 sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sport pants, jackets, sweaters and T-shirts. 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 the People's Republic of China (the "PRC"), Japan and South Korea.

With the great effort of the management and assistance from Yue Yuen Industrial (Holdings) Limited (stock code: 551) ("Yue Yuen"), the financial year of 2005/2006 was a changing and improving year for the Group which had undergone the following changes and improvements in operations.

On production side, with the completion and commencement of operation of the new production plant in Shantou, the PRC (the "New Production Plant") in September 2005, the Group has been able to greatly increase its production capacity in order to meet the growing orders from our customers. The New Production Plant comprises a 7-storeyed industrial complex with gross floor area of approximately 67,000 square meters together with ancillary facilities including a basketball court and a carport. The production capacity of the New Production Plant is approximately 1.5 times of that of the old factory when it is fully operated by the financial year ending 31 March 2008. Nearly half of the gross floor areas of the old factory which were under operating leases are no longer in use.

Moreover, with a view to improving the production workers' working efficiency, during the year under review, the production processes were reorganised from traditional production (i.e. different parts of a product manufactured by different production teams) to assembly production lines (i.e. each worker performs a particular job which must be completed before the product moves to the next position in the line). Furthermore, in order to exercise better control of the workers' working efficiency, a control system had been implemented on trial stage, which is a time control system to ensure that the workers could complete their jobs within a predetermined time limit.

Besides, stable product quality and timely delivery of our products to customers are our main concerns in the production processes. In order to exercise better control of the materials quality and ensure timely delivery of materials by the suppliers, in January 2005, a liaison office was established in Taiwan, where most of the materials are purchased, so that our staff in Taiwan can make better communication with the suppliers in Taiwan.

In respect of technology, with the assistance of Yue Yuen, the first phase of the implementation of the Enterprise Resource Planning System (the "ERP System") had been nearly completed during the year under review. The ERP System has greatly improved the efficiency of handling sales orders and purchase orders, the accuracy of calculation of materials need, the scheduling of materials purchases, and the control over materials consumption.

With respect to research and development, during the year under review, we started the planning of establishment of a Research and Development Centre. To diversify the source of income of our Group and provide better services to our customers, we are no longer satisfied to being just an OEM manufacturer. We have started to equip our Group to be an ODM manufacturer (an acronym for "original design manufacturer", which owns and/or designs in-house products that are branded by the customers). In the first stage, we plan to invest approximately HK$5 million for the establishment of the Research and Development Centre, purchase of equipment and recruitment of competent staff. It is expected that the Research and Development Centre will commence operation in 2007.

As one of the major business partners of the international brandnames, our Group as well as our customers are very concerned with the welfare and health of our staff. Not only can a good working environment raise the working efficiency of our staff but also assist in attracting mature labour and recruiting sufficient workforce to fill the expanded capacity of the New Production Plant. In September 2005, the Group entered into an agreement with a third party to acquire a building in Shantou, the PRC, which is adjacent to the New Production Plant, with a total gross floor area of approximately 18,000 square meters. Such property will be designed as a recreational complex equipped with various facilities for our staff such as training room, multi-function meeting room, canteen, health centre, reading room, chess room and gymnasium. It is expected the building can be put into use in the last quarter of 2006.

In respect of geographical markets, the PRC has become a dominant market of the Group as the proportion of the Group's sales to the PRC market grew from approximately 39% for the year ended 31 March 2005 to approximately 49% for the year ended 31 March 2006. Such trend is expected to continue in the coming years. In the PRC, rising affluence, rising popularity of sports, impact of the 2008 Beijing Olympics and low penetration rate of sportswear in cities are driving demands for sportswear. Therefore, the PRC market has become the focal point for leading sportswear brands which have encountered limited growth opportunities in the mature American and European markets. The PRC market is the most promising of the emerging markets for the international sportswear brands. The PRC market is expected to be a significant earning driver for the Group.

Financial Review

For the year ended 31 March 2006, revenue of the Group increased from approximately HK$451 million to approximately HK$519 million, an increase of approximately 15%. The increase was mainly attributed to an increase in the orders placed by customers as a result of the effort of the Group's marketing team supported by an expansion in the Group's production capacity.

Gross profit of the Group for the year ended 31 March 2006 was approximately HK$126 million compared to approximately HK$129 million achieved during the year ended 31 March 2005. The gross profit margin of the Group was approximately 24% for the year ended 31 March 2006 compared to approximately 28% for the year ended 31 March 2005, a decrease of approximately 4%. The decrease in gross profit margin was mainly attributed to (i) an increase in production overhead owing to commencement of operation of the New Production Plant; (ii) an increase in transportation cost due to increasing crude oil price, (iii) rising material costs resulting from increasing crude oil price and inflation, and (iv) appreciation of Renminbi resulting in a rise in production cost of the PRC factories.

Administrative costs of the Group for the year ended 31 March 2006 increased by approximately 37% to approximately HK$36 million compared to approximately HK$26 million for the year ended 31 March 2005 as a result of an increase in staff costs due to employment of additional staff and additional expenses incurred by Taiwan liaison office established in January 2005.

With the repayment of all outstanding bank borrowings during the year ended 31 March 2005, no finance costs were incurred during the year under review compared to approximately HK$189,000 incurred during the year ended 31 March 2005.

The provision for taxation for the year ended 31 March 2006 increased to approximately HK$15 million compared to approximately HK$9 million for the year ended 31 March 2005. The increase was resulted from additional tax provision of approximately HK$7 million made for previous financial years.

Liquidity and Financial Resources

During the year under review, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 31 March 2006, the Group had cash and cash equivalents amounted to approximately HK$215 million mainly denominated in Hong Kong dollars and US dollars (31 March 2005: approximately HK$323 million). As at 31 March 2006, the Group had no outstanding borrowings (31 March 2005: nil). As at 31 March 2006, the Group had aggregate banking facilities of approximately HK$160 million (31 March 2005: approximately HK$160 million) and were secured by (i) certain property, plant and equipment, and prepaid land lease payments owned by the Group; (ii) pledged deposits of the Group; (iii) corporate guarantees executed by the Company; and (iv) unlimited corporate guarantees executed by three subsidiaries of the Company. No banking facilities were utilised by the Group as at 31 March 2006 (31 March 2005: nil).

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 2006, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to approximately 8.4% (31 March 2005: approximately 9.8%).

For the year ended 31 March 2006, the Group was not subject to any significant exposures to foreign exchange rate risk. Hence, no financial instrument for hedging was employed.

Contingent Liabilities and Capital Commitments

As at 31 March 2006, the Group did not have any significant contingent liabilities (31 March 2005: nil).

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

	As at 31 March 2006 *HK$'000*	As at 31 March 2005 *HK$'000*
Contracted, but not provided for:		
Acquisition of the New Production Plant	**–**	53,939
Construction in progress	**–**	6,926
Purchases of computer equipment	**1,861**	–
Acquisition of Multi-purpose Building	**5,346**	–
	7,207	60,865
Authorised, but not contracted for:		
Leasehold improvements	**2,223**	–
Construction in progress	**–**	39,416
	2,223	39,416

As at 31 March 2006, the Company has given corporate guarantee to banks to the extent of approximately HK$164 million (2005: approximately HK$164 million) for banking facilities granted to certain subsidiaries of the Company, which were not utilised at the balance sheet date.

Significant Investments
As at 31 March 2006, there was no significant investment held by the Group (31 March 2005: nil).

Future Plan and Prospects
The sportswear industry in Asia, particularly in the PRC, is expected to demonstrate a strong momentum in the coming future to propel the business of the Group to greater heights. The Group will also try to penetrate into new markets such as Europe and the United States.

In addition to placing great efforts in securing more orders from international brands, the Group will continue to improve the production efficiency by automating more of its production process; and expand its production capacity by acquiring further plant and machinery in order to capture the growing demand and orders.

The Group will always have the interests of its shareholders in mind and will use its best efforts in enhancing the Group's profitability in the long run and generating fruitful returns to its supportive shareholders.

Employees and Remuneration Policies
As at 31 March 2006, the Group employed a total of approximately 4,900 employees including directors (31 March 2005: approximately 4,700). Total staff costs including directors emoluments were approximately HK$90 million for the year under review (31 March 2005: approximately HK$79 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.

Material Acquisition or Disposal of Subsidiaries and Associated Companies
There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 March 2006 (31 March 2005: nil).

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 18 August 2006 to 22 August 2006, 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, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 17 August 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

As at 31 March 2006, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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. The Company will propose certain amendments to its articles of association at the forthcoming annual general meeting to the effect that, among others, 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 shall also bring the articles of association of the Company up to date and 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 have 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 2006, including the accounting principles adopted by the Group.

On Behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 18 July 2006

As at the date hereof, the board of directors of the Company comprises eight executive directors, namely, Mr. Chung Yuk Sing, Mr. Tsai Nai Kun, Mr. Chung Tung Sau, Ms. Tsang Sau Fan, Mr. Ku Yu Sun Edward, Mr. Kuo Tai Yu, Mr. Lin Pin Huang Otto 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.

"Please also refer to the published version of this announcement in The Standard."