VEEKO INTERNATIONAL HOLDINGS LIMITED
威 高 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1173)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH, 2006

AUDITED RESULTS

The board of directors (the "Directors") of Veeko International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2006 together with the comparative figures for the previous corresponding year, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st March, 2006

	Notes	**2006** **HK$'000**	2005 HK$'000 (As restated)
Turnover	*4*	**581,315**	509,208
Cost of sales		**(211,581)**	(153,763)
Gross profit		**369,734**	355,445
Selling and distribution costs		**(261,008)**	(213,279)
Administrative expenses		**(86,476)**	(74,478)
Other income		**12,438**	12,566
Increase in fair values of investment properties		**23,350**	3,770
Revaluation increase of leasehold buildings		**–**	456
Finance costs		**(111)**	(36)
Profit before taxation	*5*	**57,927**	84,444
Taxation	*6*	**(8,437)**	(10,772)
Profit for the year		**49,490**	73,672
Dividends paid	*7*	**34,822**	26,496
Earnings per share	*8*		
Basic		**HK2.99 cents**	HK4.44 cents
Diluted		**HK2.96 cents**	HK4.40 cents

CONSOLIDATED BALANCE SHEET
At 31st March, 2006

	Notes	2006 HK$'000	2005 HK$'000 (As restated)
Non-current Assets			
Investment properties		**46,550**	29,900
Property, plant and equipment		**41,577**	40,021
Prepaid lease payments		**3,596**	3,685
Rental deposits		**25,921**	22,420
Deferred tax assets		**1,411**	2,141
		119,055	98,167
Current Assets			
Inventories		**121,521**	84,385
Trade and other receivables	9	**59,424**	28,521
Prepaid lease payments		**89**	89
Rental and utility deposits		**12,586**	15,084
Tax recoverable		**2,639**	505
Pledged bank deposits		**1,000**	1,389
Bank balances and cash		**52,065**	94,186
		249,324	224,159
Current Liabilities			
Trade and other payables	10	**69,339**	39,895
Obligations under finance leases – due within one year		**80**	198
Tax payable		**1,865**	2,016
		71,284	42,109
Net Current Assets		**178,040**	182,050
		297,095	280,217
Capital and Reserves			
Share capital		**16,617**	16,560
Reserves		**276,532**	262,443
		293,149	279,003
Non-current Liabilities			
Obligations under finance leases – due after one year		**–**	80
Deferred tax liabilities		**3,946**	1,134
		3,946	1,214
		297,095	280,217

Notes:

1. **Basis of Preparation**

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. **Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies**

In the current year, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005 except for HKAS 40 "Investment Property" of which the Group had early adopted in the financial statements for the year ended 31st March, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement and consolidated balance sheet. The changes in presentation have been applied retrospectively.

The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

Share-based Payments

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Group, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1st April, 2005. For share options granted before 1st April, 2005, the Group applied HKFRS 2 retrospectively to share options that were granted after 7th November, 2002 and had not yet vested on 1st April, 2005 (see note 3 for the financial impact).

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note 3 for the financial impact).

Deferred Taxes related to Investment Properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated (see note 3 for the financial impact).

3. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior years are as follows:

	Effect of	**2006**	2005
		HK$'000	*HK$'000*
(Decrease) increase in depreciation of property, plant and equipment	HKAS 17	**(122)**	64
Revaluation increase of leasehold buildings	HKAS 17	**–**	(456)
Increase in deferred taxes relating to property, plant and equipment	HKAS 17	**–**	53
Increase in amortisation of prepaid lease payments	HKAS 17	**89**	89
Recognition of share-based payments as expenses	HKFRS 2	**1,070**	1,081
Increase in deferred taxes relating to investment properties	HK(SIC) – INT 21	**3,631**	583
Decrease in profit for the year		**4,668**	1,414

The cumulative effects of the application of the new HKFRSs on 31st March, 2005 and 1st April, 2005 are summarised below:

	At 31st March, 2005 (As originally stated)	**Effect of HKAS 17 adjustment**	**Effect of HKFRS 2 adjustment**	**Effect of HK(SIC)-INT 21 adjustment**	**At 31st March, 2005 and 1st April, 2005 (As restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance sheet items:					
Property, plant and equipment	47,898	(7,877)	–	–	40,021
Prepaid lease payments					
– Non-current	–	3,685	–	–	3,685
– Current	–	89	–	–	89
Deferred tax assets	2,127	14	–	–	2,141
Deferred tax liabilities	(1,775)	704	–	(63)	(1,134)
Other assets and liabilities	234,201	–	–	–	234,201
Total effects on assets and liabilities	282,451	(3,385)	–	(63)	279,003
Share capital	16,560	–	–	–	16,560
Property revaluation reserve	2,101	(2,101)	–	–	–
Share option reserve	–	–	1,461	–	1,461
Retained profits	254,759	(1,284)	(1,461)	(63)	251,951
Other reserves	9,031	–	–	–	9,031
Total effects on equity	282,451	(3,385)	–	(63)	279,003

4. TURNOVER AND SEGMENTS INFORMATION

Turnover

Turnover represents the fair value of amounts received and receivable for goods sold, less returns and allowances, by the Group to outside customers during the year.

Business segments

The Group operates and manages the business segments as a strategic organisational unit for internal financial reporting purposes and determined that business segments by products are its primary reporting segments. As a result, the Group's operations was organised into two reporting segments comprising manufacture and sale of ladies fashion and sale of cosmetics. Segment information about these businesses is presented below:

2006
INCOME STATEMENT

	Fashion	Cosmetics	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER				
Sales of goods	**497,665**	**83,650**	**–**	**581,315**
Inter-segment sales	**138**	**2,152**	**(2,290)**	**–**
	497,803	**85,802**	**(2,290)**	**581,315**

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Eliminations	Consolidated
SEGMENT RESULT	**52,798**	**(17,529)**		**35,269**
Unallocated corporate income				**27,436**
Unallocated corporate expenses				**(4,667)**
Finance costs				**(111)**
Profit before taxation				**57,927**
Taxation				**(8,437)**
Profit for the year				**49,490**

2005
INCOME STATEMENT

	Fashion	Cosmetics	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (As restated)
TURNOVER				
Sales of goods	498,190	11,018	–	509,208
Inter-segment sales	36	63	(99)	–
	498,226	11,081	(99)	509,208

Inter-segment sales are charged at prevailing market rates.

	Fashion	Cosmetics	Eliminations	Consolidated
SEGMENT RESULT	87,756	(6,073)		81,683
Unallocated corporate income				7,385
Unallocated corporate expenses				(4,588)
Finance costs				(36)
Profit before taxation				84,444
Taxation				(10,772)
Profit for the year				73,672

Geographical segments

The Group's operations are principally located in Hong Kong, Macau, Taiwan and Singapore. The following is an analysis of the Group's sales by geographical market location:

	Turnover	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong and Macau	**373,418**	305,423
Taiwan	**146,252**	149,642
Singapore	**31,531**	30,412
Other regions of the People's Republic of China ("PRC")	**30,114**	23,731
	581,315	509,208

5. Profit Before Taxation

	2006	2005
	HK$'000	*HK$'000*
		(As restated)
Profit before taxation has been arrived at after charging:		
Employee benefits expenses (including directors' emoluments):		
Salaries and other benefits	**137,789**	119,480
Retirement benefits scheme contributions	**4,396**	2,648
	142,185	122,128
Allowance for inventories	**–**	1,360
Amortisation of prepaid lease payments	**89**	89
Auditors' remuneration:		
Current year	**1,253**	1,135
Under(over)provision in previous year	**3**	(1)
Cost of inventories recognised as expenses	**163,004**	110,709
Depreciation:		
Owned assets	**15,987**	15,220
Assets held under finance leases	**266**	280
Loss on disposal of property, plant and equipment	**135**	296
and after crediting:		
Rental income, with negligible outgoings	**2,951**	2,472
Net exchange gain	**2,452**	2,100
Interest income	**505**	332
Write-back of allowance for inventories	**1,800**	–

6. Taxation

	2006	2005
	HK$'000	*HK$'000*
		(As restated)
The charge comprises:		
Hong Kong Profits Tax		
Current year	**2,403**	5,267
(Over) underprovision in prior years	**(201)**	124
	2,202	5,391
Overseas taxation	**2,887**	4,066
	5,089	9,457
Deferred tax:		
Current year	**3,348**	1,315
	8,437	10,772

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, Shantou Huanan Digao Fashion Co., Ltd ("Huanan Digao") and Shantou Yingko Fashion Company Limited ("Shantou Yingko") are entitled to exemption from the PRC enterprise income tax for two years commencing from their first profit-making year of operation and thereafter, it is entitled to 50% relief from the PRC enterprise income tax for the next three years.

During the year, Huanan Digao is entitled to full exemption from the PRC enterprise income tax and Shantou Yingko is entitled to 50% relief from the PRC enterprise income tax for the years from 2006 to 2008. The PRC enterprise income tax charges are arrived at after taking into account these tax incentives.

7. Dividends Paid

	2006	2005
	HK$'000	*HK$'000*
2006 interim dividend of HK0.9 cent (2005: HK0.8 cent) per share	**14,950**	13,248
2005 final dividend of HK1.2 cents (2005: 2004 final dividend of HK0.8 cent) per share	**19,872**	13,248
	34,822	26,496

The 2006 final dividend of HK1.1 cents per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. Earnings Per Share

	2006	2005 (As restated)
Earnings:		
Profit for the year and earnings for the purposes of basic and diluted earnings per share	**HK$49,490,000**	HK$73,672,000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,657,219,178**	1,656,000,000
Effect of dilutive potential ordinary shares in respect of share options	**14,282,917**	17,365,251
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,671,502,095**	1,673,365,251

9. Trade and Other Receivables

At 31st March, 2006, included in the Group's trade and other receivables were trade receivables of HK$55,332,000 (2005: HK$25,360,000). The Group allows 30 to 60 days credit period for receivables from sales counters and an average credit period of 60 to 120 days to its wholesale customers. Details of the aged analysis of trade receivables are as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**15,872**	8,630
31 – 60 days	**6,898**	5,007
61 – 90 days	**8,285**	4,107
Over 90 days	**24,277**	7,616
	55,332	25,360

The fair value of the Group's trade and other receivables at 31st March, 2006 approximates to the corresponding carrying amount.

10. Trade And Other Payables

At 31st March, 2006, included in the Group's trade and other payables were trade payables of HK$42,905,000 (2005: HK$15,903,000). Details of the aged analysis of trade payables are as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**9,355**	5,841
31 – 60 days	**3,573**	1,960
61 – 90 days	**8,793**	3,601
Over 90 days	**21,184**	4,501
	42,905	15,903

The fair value of the Group's trade and other payables at 31st March, 2006 approximates to the corresponding carrying amount.

DIVIDEND

The Board of Directors is pleased to resolve that a final dividend of HK1.1 cents (2005: HK1.2 cents) per share be proposed at the forthcoming annual general meeting. The said dividend will be paid to shareholders whose names appear in the register of members of the Company as at 21st August, 2006. Together with the paid interim dividend of HK0.9 cent (2005: HK0.8 cent) per share, the total dividend for the year will be HK2.0 cents (2005: HK2.0 cents) per share.

BUSINESS REVIEW & PROSPECTS

Business Review

As at 31st March, 2006, the Group recorded a turnover of HK$581,315,000 (2005: HK$509,208,000), representing an increase of 14.2% compared with the corresponding period last year. The year's gross profit margin decreased by 6.2% from last year, mainly due to the dilution of gross profit margin by the cosmetics business. Profit attributable to shareholders for the period was HK$49,490,000 (2005 restated: HK$73,672,000), representing a decrease of 32.8% compared with the corresponding period last year. The decrease in results for the year was mainly attributable to the increasing rental and labour costs.

Fashion Business

As at 31st March, 2006, the turnover from fashion business amounted to HK$497,665,000, which was about the same as last year, accounting for 85.6% of the Group's total turnover. The fashion business remained the key contributor to the Group's turnover and profit. As for the segment result, the segment result of the fashion business amounted to HK$52,798,000, representing a decrease of 39.8% from HK$87,756,000 last year.

Fashion Business – Hong Kong and Macau Markets

As at 31st March, 2006, the Group had altogether 63 outlets in Hong Kong and Macau (2005: 61 outlets). During the period under review, the local economic continued to improve and the unemployment rate declined. Nevertheless, such a prosperous market atmosphere resulted in a keener competition, and the over-optimistic expectation of the economic benefit from the opening of Hong Kong Disneyland led to an unreasonable rental increase which resulted in an unavoidable contracted profit margin which made the business environment become tough. During this financial year, the fashion business in Hong Kong and Macau recorded a turnover of HK$289,900,000, representing a decrease of 1.5% compared with HK$294,405,000 last year.

Fashion Business – Taiwan Market

During the year, the retail business in Taiwan recorded a turnover of HK$146,120,000, representing a decrease of 2.4% over last year. As at 31st March, 2006, the Group had 60 outlets in Taiwan (2005: 61 outlets). During the period under review, the impact on the local consumer sentiment due to tightening the credit card loan amount by the banks in Taiwan, as well as several typhoons during the year, slightly decreased the turnover as compared with last year. During the year, the Taiwan market accounted for approximately 29% (2005: 30%) of the total turnover of the Group's fashion business.

Fashion Business – Singapore Market

During the year, the retail business in Singapore recorded a turnover of HK$31,531,000, representing an increase of 3.7% compared with the corresponding period last year. As at 31st March, 2006, the number of the Group's outlets in Singapore has increased from 8 during the corresponding period last year to 11. Profit was continuously recorded as a result of the strengthened local management team which significantly enhanced the business performance.

Fashion Business – Other Markets

As at 31st March, 2006, besides the markets in Hong Kong and Macau, Taiwan and Singapore, there were 56 outlets on the mainland offering the Group's ***Veeko*** and ***Wanko*** products (2005: 52 outlets). Most of these outlets operated by way of franchise. The outlet network under ***Veeko*** and ***Wanko*** brand names now covers not only first-tier cities such as Beijing, Shanghai, Chengdu, Guangzhou, Shenzhen and Zhuhai, but also other cities, including Chongqing, Wuhan, Nanjing, Kunming, Nanchang, Nanning, Dongying, Xiamen, Quanzhou, Jiangmen, Yantai and Qingdao.

Cosmetics Business

The Group launched its cosmetics retail chain business in October 2004 and established the ***Colourmix*** stores. As at 31st March, 2006, there were 11 outlets (2005: 7 outlets), of which 8 were in Hong Kong and 3 in Macau. During the year, the Group's cosmetics retail business recorded a turnover of HK$83,650,000 (2005: HK$11,018,000), accounting for 14.4% of the Group's total turnover. The segment result of the cosmetics business recorded a loss, as expected, of approximately HK$17,529,000. This was mainly due to the development of the cosmetics retail network last year coincided with the huge rental increase, most newly established outlets during the period under review were located in tourist districts such as Mongkok and Tsim Sha Tsui where rents and renting cost were high, as well as the small proportion of exclusive brands at the initial stage of development, the gross profit margin was therefore similar to that of last year with no significant improvement. Until the end of 2005, the gross profit was improved as exclusive imported products started to be introduced from abroad directly. In future, the Group will seek to strengthen the combination of goods and more exclusively distributed products will be introduced to increase the gross profit margin. The Group has opened ***Colourmix*** cosmetics designated counters at the ***Veeko*** and ***Wanko*** stores in Taiwan since the mid-March 2006, mainly for the purposes of sales of the exclusive cosmetics and skin care brands and initial test for the Taiwan market, and 14 ***Colourmix*** designated counters has been opened. Although the cosmetics business was still in a loss position at this stage, the Group will continue to expand its cosmetics business in a prudent manner.

Prospects

As part of its fashion business development, the Group will concentrate on the sales growth of existing outlets in Hong Kong and Macau in the coming year. The base number of outlets will remain unchanged. More efforts on cost control and human resources management can help to improve the Group's turnover and profitability, which also set off part of the pressure induced by rental increase. The effectiveness of such measures can be reflected in the performance of the period between April and June 2006. The turnover of Hong Kong and Macau for the period between April and June 2006 recorded an increase of approximately 16% as compared with the corresponding period last year, the turnover of comparable outlets recorded a satisfactory increase of approximately 13%. The base number of outlets in Taiwan will also remain unchanged, but some outlets with high rents but low efficiencies will be closed down and the Group will strive to improve the internal operating management. In Singapore, after reviewing the region's business and making appropriate strategic adjustments, the Singapore market has made profit contribution to the Group for two consecutive years. The Group will develop the Singapore market in a prudent manner, and plans to increase the number of outlets by the end of next financial year. On the mainland, the Group will step up its efforts in promoting the ***Veeko*** and ***Wanko*** brands, taking advantage of the ongoing economic growth. The Group will also explore the possibility of direct investment in retailing besides developing the franchise business in the coming year to enlarge the retail network in the PRC. The Group is optimistic and confident of the mainland market.

As for cosmetics business, since the end of 2005, the company has directly introduced several international imported cosmetics products for exclusive distribution, most of which were skin care products. These well-received new additions led to a significant growth of gross profit. The overall gross profit margin was approximately 36% for 2005/2006, and the figure increased to approximately 43% for the period between April and June 2006 while the sales of exclusively distributed products accounted for 35% of the overall turnover for the same period as compared to that of 27% for 2005/2006. The exclusive cosmetics products of the Group include *Coréana, Entia, Gatineau, Geo* and *Helenere* along with the newly acquired *Amadoris, Esterel, Frais Monde, Inseta* and *Swissological*, which are mainly brands from France, Switzerland, Italy and Korea. On top of these skin care brands, perfumes as well as other personal care products exclusively and directly imported from abroad also contributed to the sustaining growth of gross profit margin. The Group undertook the burden attributed to the peak rental level of several new launched outlets at tourist districts last year. As a result, in August 2005, the Group called a halt on its retail network expansion which was subsequently resumed in April 2006. By the end of June 2006, 3 more outlets were set up, making it 14 outlets in place. These 3 new establishments recorded satisfactory results. For the period between April and June 2006, the turnover of the comparable stores experienced a notable growth of approximately 31% as compared with that of the corresponding period last year. The Group has full confidence for its cosmetics business and sets to further its pace of development. Several upcoming ***Colourmix*** stores are scheduled to open in Jusco Tuen Mun Store, shopping arcades such as Prudential Centre in Jordan and East Point City in Tseung Kwan O. The Group will diversify its product mix, increase the number of exclusively distributed products, and enhance service quality through staff training.

On 6th May, 2005, the Group's three brands, ***Veeko***, ***Wanko*** and ***Colourmix***, were awarded "Superbrands" by the Hong Kong Superbrands Council. The award has demonstrated the universal recognition of the customer loyalty, product quality, market dominance and acceptance of the Group's brands. Moreover, the Company was elected as one of the "Hong Kong Outstanding Enterprise 2005" by the Economic Digest, a reputable economic magazine in Hong Kong, in November 2005. The award has proved that the outstanding business performance of the Company in last year was well recognized. In the future, the Group will continue to offer products with superb value, improve the quality of products and enhance the service standards of its employees through staff training, with a view to providing high quality services to our clients and strong support to the brands. The Group is cautiously optimistic and fully confident of its prospects.

LIQUIDITY & FINANCIAL RESOURCES

The Group's working capital decreased from HK$182,050,000 (restated) as at 31st March, 2005 to HK$178,040,000 for the year while its current ratio and quick ratio were maintained at a healthy level of 3.5 and 1.79 times respectively.

As at the balance sheet date, the Group's cash and bank balances amounted to HK$53,065,000 (2005: HK$95,575,000) and there was no outstanding bank borrowings and overdraft (2005: Nil) whereas the total borrowings was HK$80,000 (2005: HK$278,000).

As at the balance sheet date, the gearing ratio of the Group is 0.0003 (2005: 0.001) which is calculated based on the Group's total borrowings of HK$80,000 (2005: HK$278,000) and the shareholders' fund of HK$293,149,000 (2005 restated: HK$279,003,000).

As at 31st March, 2006, the Group had banking facilities amounting to HK$108,200,000 (2005: HK$80,572,000), of which HK$8,732,000 (2005: HK$3,230,000 representing bank guarantees) was utilised by the Group. The management believes that existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing on favorable terms.

PLEDGE OF ASSETS

As at the balance sheet date, the amount of assets pledged by the Group to certain banks to secure general banking facilities granted to the Group was HK$60,253,000 (2005 restated: HK$43,919,000).

CONTINGENT LIABILITIES

At 31st March, 2006, the Company had provided guarantees of HK$121,200,000 (2005: HK$106,390,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company. At 31st March, 2006, HK$8,732,000 (2005: HK$2,885,000) of these facilities has been utilised.

FOREIGN EXCHANGE EXPOSURE

Certain trade payables and purchases of the Group are denominated and settled in foreign currencies. The management will continue to monitor its foreign exchange position and, if necessary, will hedge its foreign currency exposure by way of forward foreign exchange contract.

STAFF & REMUNERATION POLICIES

As at the balance sheet date, the Group had 3,567 employees (2005: 3,500). The Group mainly determines staff remuneration (including insurance and medical benefits) in accordance with the industry's practices. The Group also implemented a reward scheme for its staff based on their individual performances. In addition to their basic remuneration and welfare, some key employees were granted share options as reward and incentive to enhance their loyalty to the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15th August, 2006 to Monday, 21st August, 2006, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 14th August, 2006.

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

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

CORPORATE GOVERNANCE

The Group has complied with the code provisions ("Code Provision") set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2006 except for deviations from Code Provision A.4.2 which is explained in the following paragraph and were previously disclosed in the Company's interim report for the six months ended 30th September, 2005.

Code Provision A.4.2 of the CG code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's Articles of Association, any directors appointed by the Board to fill in casual vacancy or as an additional director shall hold office until the next annual meeting after appointment and shall then be eligible for re-election. One third of the directors (other than the Chairman and the Managing Director), or if their number is not three nor a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office and be eligible, for re-election at annual general meetings.

The Board has proposed to amend the Articles of Association at the 2006 annual general meeting in order to comply with the CG code.

AUDIT COMMITTEE

The audit committee has reviewed the financial results for the year ended 31st March, 2006.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt thanks to all the employees for their devotion, contribution and diligence and my deepest gratitude to all the shareholders, customers, suppliers and business partners for their continuous support. I sincerely hope that all of you will continue to contribute to the success of the Group.

By Order of the Board
Cheng Chung Man, Johnny
Chairman

Hong Kong, 19th July, 2006

As at the date of this announcement, the Board comprises Mr. Cheng Chung Man, Johnny and Ms. Lam Yuk Sum as executive directors, Mr. Cheng Chung Hoo, Mr. Yang Wei Tak and Mr. Yeung Wing Kay as independent non-executive directors.

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