民豐控股有限公司

FREEMAN CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2006

FINAL RESULTS

The Board of Directors of Freeman Corporation Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000*
Revenue	*4*	**97,760**	72,238
Cost of sales		**(80,823)**	(41,618)
Gross profit		**16,937**	30,620
Other income		**1,197**	244
Investment income (expense)	*6*	**7,185**	(63)
Administrative expenses		**(15,559)**	(12,522)
Impairment loss recognised in respect of loans receivable		**(26,247)**	–
Impairment loss recognised in respect of trade and other receivables		**(103,156)**	–
Impairment loss recognised in respect of available-for-sale investments		**(34,130)**	–
Decrease in fair value of investment properties		**(2,700)**	–
Gain on disposal of subsidiaries		**–**	50
Share of results of an associate		**400**	494
Interest on bank and other borrowings wholly repayable within five years		**(1,274)**	–
(Loss) profit before tax		**(157,347)**	18,823
Income tax expense	*8*	**(2,423)**	(2,504)
(Loss) profit for the year	*7*	**(159,770)**	16,319
(Loss) earnings per share – basic	*9*	**(67.46) HK cents**	8.72 HK cents

CONSOLIDATED BALANCE SHEET

At 31 March 2006

	2006	2005
	HK$'000	*HK$'000*
Non-current assets		
Investment properties	**3,000**	5,700
Property, plant and equipment	**1,348**	606
Interest in an associate	**–**	494
Amount due from an associate	**–**	3,120
Investments in securities	**–**	42,000
Available-for-sale investments	**67,870**	–
Loans receivable – non-current portion	**112,900**	212,000
	185,118	263,920
Current assets		
Trade and other receivables	**132,366**	28,462
Loans receivable – current portion	**124,054**	213,651
Other investments	**–**	209
Investments held for trading	**50,309**	–
Tax recoverable	**300**	–
Bank balances and cash	**30,426**	3,744
	337,455	246,066
Current liabilities		
Other payables	**5,690**	1,720
Unsecured short-term loan	**12,004**	–
Tax payable	**2,474**	1,546
Bank overdrafts	**762**	–
	20,930	3,266
Net current assets	**316,525**	242,800
	501,643	506,720
Capital and reserves		
Share capital	**135,411**	40,211
Reserves	**366,232**	466,509
	501,643	506,720

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out in notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW/REVISED 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 HKFRS(s), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRS(s)") issued by HKICPA that are effective for accounting periods beginning on or after 1 January 2005. 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 prior accounting years are 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 1 April 2005. In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted after 7 November 2002 and vested before 1 April 2005 (see note 3 for the financial impact).

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial statements of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 March 2005, the Group classified and measured its investments in equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24"). Under SSAP 24, the Group's investments in equity securities are classified as "investments in securities" and "other investments". "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. From 1 April 2005 onwards, the Group has classified and measured its investments in equity securities in accordance with HKAS 39 as "financial assets at fair value through profit or loss" and "available-for-sale financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition.

On 1 April 2005, the Group classified and measured its investments in equity securities in accordance with the transitional provisions of HKAS 39. As a result, "investments in securities" and "other investments" amounted to HK$42,000,000 and HK$209,000, respectively, have been classified as available-for-sale investments and investments held for trading on 1 April 2005. (see note 3 for the financial impact).

Financial assets and financial liabilities other than debt and equity securities

From 1 April 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than investments in equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" and "held-to-maturity financial assets." Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor accounting standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the consolidated income statement. Where a decrease had previously been charged to the consolidated income statement and a revaluation surplus subsequently arose, that increase was credited to the consolidated income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 April 2005 onwards. The application of HKAS 40 has had no impact on current and prior accounting years.

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. The application of the interpretation has had no impact on current and prior accounting years.

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 adopting	**2006**	2005
		HK$'000	*HK$'000*
Recognition of share options granted to employees of the Group as expenses (included in administrative expenses)	HKFRS 2	256	–
Increase in loss for the year		256	–

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

	As at 31.3.2005 (Originally stated) *HK$'000*	HKAS 39 Adjustments *HK$'000*	As at 1.4.2005 (Restated) *HK$'000*
Investments in securities	42,000	(42,000)	–
Other investments	209	(209)	–
Available-for-sale investments	–	42,000	42,000
Investments held for trading	–	209	209
	42,209	–	42,209

4. REVENUE

Revenue represents the net amounts received and receivable from sales of goods, sales of securities, interest income from provision of finance and dividend income during the year, and is analysed as follows:

	2006 *HK$'000*	2005 *HK$'000*
Sales of goods	**23,355**	40,018
Sales of securities	**48,036**	–
Interest income from provision of finance	**26,369**	32,219
Dividend income from investments held for trading – Hong Kong listed shares	**–**	1
	97,760	72,238

5. BUSINESS SEGMENTS

	For the year ended 31 March 2006					
	Trading of goods *HK$'000*	**Provision of finance** *HK$'000*	**Trading of securities** *HK$'000*	**Property holding and investment** *HK$'000*	**Investment activities** *HK$'000*	**Consolidated** *HK$'000*
REVENUE						
External sales	**23,355**	**26,369**	**48,036**	**–**	**–**	**97,760**
RESULTS						
Segment results	**(104,030)**	**151**	**(2,647)**	**(2,903)**	**(34,250)**	**(143,679)**
Unallocated corporate expenses, net						**(12,794)**
Interest on bank and other borrowings wholly repayable within five years						**(1,274)**
Share of result of an associate	**–**	**–**	**–**	**–**	**400**	**400**
Loss before tax						**(157,347)**
Income tax expense						**(2,423)**
Loss for the year						**(159,770)**

	For the year ended 31 March 2005					
	Trading of goods *HK$'000*	Provision of finance *HK$'000*	Trading of securities *HK$'000*	Property holding and investment *HK$'000*	Investment activities *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	40,018	32,219	1	–	–	72,238
RESULTS						
Segment results	358	29,996	(75)	(133)	(274)	29,872
Unallocated corporate expenses						(11,593)
Gain on disposal of subsidiaries	–	–	–	–	50	50
Share result of an associate	–	–	–	–	494	494
Profit before tax						18,823
Income tax expense						(2,504)
Profit for the year						16,319

Geographical segments

The Group's operations are mainly located in Hong Kong and the People's Republic of China, other than Hong Kong (the "PRC"). Over 90% of the Group's sales are arisen in Hong Kong. Accordingly, no geographical analysis of sales is presented.

6. INVESTMENT INCOME (EXPENSE)

	2006 *HK$'000*	2005 *HK$'000*
Interest income from:		
Banks	**84**	–
Others	**1**	–
Gain on changes in fair value of investments held for trading	**7,100**	–
Unrealised loss on other investments	**–**	(63)
	7,185	(63)

7. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2006 *HK$'000*	2005 *HK$'000*
Salaries and allowances, including those of directors	**5,714**	6,342
Share-based payments	**256**	–
Contribution to retirement benefit schemes, including those of directors, net of forfeited contributions HK$15,000 (2005: HK$10,000)	**181**	220
Total employee benefit expense including those of directors	**6,151**	6,562

Auditors' remuneration:		
Current year	**1,330**	1,080
Underprovision in prior year	**–**	120
	1,330	1,200
Cost of inventories recognised as expense	**23,108**	39,617
Depreciation for property, plant and equipment	**365**	186
Loss on disposal of property, plant and equipment	**344**	–
Net loss on trading of investments held for trading	**9,679**	–
and after crediting:		
Gain on disposal of property, plant and equipment	**–**	12

8. INCOME TAX EXPENSE

	2006	2005
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax – current year	**2,423**	2,504

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the year is based on the loss for the year of HK$159,770,000 (2005: profit of HK$16,319,000) and on the weighted average number of 236,820,586 (2005: 187,050,723 adjusted for the effect of share consolidation) ordinary shares in issue.

Diluted loss per share for the year ended 31 March 2006 has not been presented as assuming the exercise of the Company's outstanding share options would result in a reduction in loss per share.

Diluted earnings per share for the year ended 31 March 2005 has not been presented as the exercise price of the Company's outstanding share options was higher than the average market price for shares for that year.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Extract of the auditors' report for the financial year in respect of the qualified opinion arising from limitation of audit scope is shown below:

"We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, the evidence available to us was limited as follows. As described in note 23 to the consolidated financial statements, during the year the Group entered into a contract to purchase steel products from a supplier in the People's Republic of China at a fixed price (with an upward price adjustment based on the production costs of the supplier), and placed a deposit of approximately HK$212,596,000 with the supplier. Subsequent to the conclusion of the contract, the steel price decreased. As such the directors believe that it is currently uneconomical to take delivery of the steel products in terms of the contract and the Group is trying to negotiate with the supplier to amend the trading terms or for a refund of the deposit. The Group has not placed any purchase orders for steel products from this supplier during the year. Subsequent to the balance sheet date the Group entered into an agreement to dispose of 55% of its interest in a group of subsidiaries, whose only significant asset is this deposit, to an independent third party for a consideration of HK$128,000,000. The completion of this disposal is still subject to the satisfactory completion of legal and financial due diligence on the relevant companies being performed by the purchaser and the approval of the Company's shareholders. As the outcome of the negotiations with the supplier cannot be predicted at this time, the directors are of the opinion that the deposit is significantly impaired, and as such an impairment loss of HK$84,596,000 has been recognised. This amount was calculated with reference to the proceeds that would be realised on the partial disposal of the subsidiaries referred to above. However we were unable to obtain sufficient audit evidence in respect of the amount of this impairment loss. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to whether the amount of the impairment loss recognised is fairly stated. Any adjustments found to be necessary may have an effect on the net assets of the Group as at 31st March, 2006 and its loss for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the impairment loss recognised in respect of the trade deposit paid referred to in the "basis of opinion" section of this report, in our opinion the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31st March, 2006 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the impairment loss recognised in respect of the trade deposit paid referred to above we have not obtained all the information and explanations that we considered necessary for the purposes of our audit."

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: Nil).

FINAL RESULTS

The turnover of the Group for the financial year was HK$97,760,000 which represented an increase of 35.3 % as compared to that of HK$72,238,000 in last year. The gross profit was HK$16,937,000 (2005: HK$30,620,000), representing a decrease of 44.7% as compared to last year's figure. The consolidated net loss attributable to shareholders of the Group for the year was HK$159,770,000 whilst there was a consolidated net profit of HK$16,319,000 in last year. Loss per share was 67.46 HK cents (2005: earnings per share was 8.72 HK cents).

The loss incurred by the Group in the financial year was primarily due to the impairment loss of HK$103,156,000 recognised in respect of trade and other receivables, the impairment loss of HK$34,130,000 recognised in respect of available-for-sale investments and impairment loss of HK$26,247,000 recognised in respect of loans receivable.

Administrative expenses increased from last year's figure of HK$12,522,000 to HK$15,559,000 in this year being in line with the increase in operating activities of the Group.

OPERATIONS REVIEW

The Group was principally engaged in the trading of securities, provision of finance, trading of goods, property holding and investment holding during the financial year. The turnover of the Group for the year comprised mainly revenue from the trading of securities, interest income from the provision of finance and trading business revenue.

During the financial year, the Group has strengthened its business in securities investment and trading. Revenue from the sales of securities was amounted to HK$48,036,000 (2005: HK$1,000). The segment had recorded a loss of HK$2,647,000 (2005: HK$75,000) after taking into account of the changes in fair value of the listed securities held at year end.

Turnover of the financing business was HK$26,369,000 (2005: HK$32,219,000) and the profit of the business was HK$151,000 (2005: HK$29,996,000). The decrease in the segmental profit was mainly due to the impairment loss of HK$26,247,000 incurred in the year in relation to certain loans receivable.

During the year, the turnover of the Group's trading business had deceased to HK$23,355,000 from last year's figure of HK$40,018,000 as the result of the decrease in trading activities of the Group. The trading business had recorded a loss of HK$ 104,030,000 (2005: profit of HK$358,000) principally due to the impairment loss of HK$103,156,000 on the trade and other receivables.

The property segment of the Group recorded a loss of HK$2,903,000 (2005:HK$133,000) mainly because of the decrease in fair value of the investment properties located in mainland China recognised in the Group's income statement which amounted to HK$2,700,000. In view of the improving local property market, the Group has recently placed more resources and emphasis on Hong Kong property investment opportunities. After the year end, the Group has completed as well as in the process of negotiating the acquisitions of certain high quality commercial and residential properties in Hong Kong.

The listed securities component of the Group's available-for-sale investments performed satisfactorily in the year. The market value of the listed securities component of the available-for-sale investments at 31 March 2006 was HK$60,000,000. On the other hand, in relation to unlisted equity securities, there was an impairment loss of HK$34,130,000 recognised in the year in relation to the Group's investment in Xian Yizhiliu Pharmaceutical Co., Ltd.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2006, the net current assets of the Group amounted to HK$316,525,000 (2005: HK$242,800,000) and the current ratio (current assets/current liabilities) was 16.2 (2005: 75.3). The bank balances and cash were HK$30,426,000 (2005: HK$3,744,000).

As at 31 March 2006, the Group had other borrowings of approximately HK$12,004,000 (2005: Nil), bank overdraft of HK$762,000 (2005: Nil) and margin financing payable of HK$2,929,000 (2005: Nil). Gearing ratio calculated on the basis of the Group's total borrowing over shareholders' funds was 3.13% (2005: Nil) at the balance sheet date. The other borrowings, bank overdraft and margin financing payable of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar. Thus there is no exposure to fluctuations in exchange rates in relation to the borrowings.

The capital commitments of the Group at year end was approximately HK$6,123,000 (2005: Nil). In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2006, the Group had shareholders' funds of HK$501,643,000 (2005: HK$506,720,000). During the financial year, the Company had carried out several placings of shares pursuant to which a total of 464,000,000 new shares were issued with net proceeds of approximately HK$117,077,000 raised which were mainly used for the working capital of the Group. A total of 12,000,000 new shares were issued during the year through exercise of certain share options in accordance with the Company's share option scheme and net proceeds of approximately HK$2,928,000 therefrom was also applied to the working capital of the Group.

The change in shareholders' funds during the financial year was principally the result of the placements of shares of the Company and the net loss of the Group of HK$ 159,770,000.

Pursuant to a special resolution passed by the shareholders of the Company on 4 August 2005, a share consolidation was carried out whereby every twenty shares of HK$0.01 each in the share capital of the Company had been consolidated into one consolidated share of HK$0.20 each.

Subsequent to the year end date, in May 2006, the shareholders of the Company had approved a proposed capital reorganization pursuant to which the nominal values of the shares of the Company will be reduced from HK$0.20 each to HK$0.10 each and the credit arising from such reduction plus the credit of the share premium account will be applied towards canceling the accumulated losses of the Company. The proposed capital reorganization is subject to the approval by the Grand Court of the Cayman Islands and the court's hearing of the matter has been scheduled in mid-August 2006.

Foreign Currency Management

The Group's foreign currency transactions are mostly denominated in Renminbi. As the exchange rate of Hong Kong dollars to Renminbi has been stable, the Directors are of the view that the Group's exposure to exchange rate risk is not material.

Pledge of Assets

As at 31 March 2006, investments held for trading of approximately HK$25,911,000 (2005: Nil) were pledged to a financial institution to secure margin financing provided to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as of 31 March 2006.

Capital Commitments

As at 31 March 2006, the capital commitments of the Group was approximately HK$6,123,000 (2005: Nil).

Employees, Remuneration Policy and Retirement Benefits Scheme

As at 31 March 2006, the Group employed about 24 staff members including directors of the Company. Staff costs incurred for the year, including directors' remuneration, was HK$6,151,000 (2005: HK$6,562,000).

It is the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, are structured to motivate individual performance and contributions to the Group.

The Company has adopted a share option scheme on 23 August 2002 for the Directors and the employees.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

BUSINESS PROSPECTS

During the financial year, the Group continued to focus on two targets, which are to enhance the performance of the existing businesses of the Group and to explore investment opportunities to create remarkable values for shareholders.

The Group is constantly reviewing its existing businesses and possible new business opportunities. The Company has decided that it is most likely that investment into the financial services industry will become more promising than that of in the trading sector. The Group is endeavouring to further develop the businesses of provision of finance, trading of securities, property investment and investment activities. Recently, the name of the Company has been changed from Inner Mongolia Development (Holdings) Limited to Freeman Corporation Limited to reflect the dynamics business nature of the Company as well as the management's determination and its genuine wish to enhance the fruitful result for the benefit of the shareholders.

Subsequent to the balance sheet date, the Company has acquired further interest in a financial services group, Hennabun Management International Limited ("HMIL"), which will become a subsidiary of the Company after completion of the necessary procedures and approval by the regulatory bodies. HMIL through its subsidiaries is engaged in investment holding, provision of financial services including brokerage, commodity trading, money lending, margin financing and corporate finance advisory as well as proprietary trading and direct investment. The investment in HMIL can enable the Company to integrate and strengthen its resources and enlarge the client base, with a view to the Company becoming a leading and sophisticated investment service advisor and finance provider in the market.

The management is optimistic about the Group's performance in the coming years and anticipates that the Group's businesses will be benefited under the continued substantial growth of the global economy (including that of both the mainland China and Hong Kong).

SUBSEQUENT EVENT

In addition to those events after the year end date mentioned above, on 17 July 2006, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 55% interest in Mega Victory Limited, a subsidiary of the Company, at a consideration of HK$128,000,000. The principal assets of the subsidiaries of Mega Victory Limited as at 31 March 2006 are the trade and other receivables of HK$234,456,000 of which an impairment of HK$103,096,000 was recognised. The transaction has not yet completed at the date hereof.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Based on specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 March 2006.

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

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

CORPORATE GOVERNANCE

The Company had complied throughout the year with those paragraphs of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four Independent Non-executive Directors, namely Mr Lo Ming Chi, Charles, Mr Chiu Siu Po, Ms Hui Wai Man, Shirley and Mr Gary Drew Douglas. The Audit Committee has reviewed, discussed and approved the Company's audited consolidated financial statements for the year ended 31 March 2006.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from 23 August 2006 to 25 August 2006 (both days inclusive). Shareholders must lodge any transfers of shares (with the relevant share certificates) with the Company's registrar, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on 22 August 2006.

PUBLICATION OF ANNUAL RESULT ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE

The information as required under paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

APPRECIATION

The Board would like to express its gratitude to all shareholders, business partners, banks, professional parties and employees of the Company for their continuous patronage and support.

By the order of the Board
Yau Shum Tek, Cindy
Chairman

Hong Kong, 27 July 2006

As at the date of this announcement, the Board of Directors of the Company comprises five Executive Directors namely Ms Yau Shum Tek, Cindy(Chairman), Mr Kwong Wai Tim, William (Managing Director), Mr Lai Ming Wai, Ms Kwok Wai Ming and Ms Au Shuk Yee, Sue; and four Independent Non-executive Directors, Mr Lo Ming Chi, Charles, Mr Chiu Siu Po, Ms Hui Wai Man, Shirley and Mr Gary Drew Douglas.