CHANCO INTERNATIONAL GROUP LIMITED

卓 高 國 際 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 264)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31ST MARCH, 2006

The Board of Directors of Chanco International Group Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2006

	Notes	**2006** **HK$'000**	2005 HK$'000
Turnover	*2*	**254,384**	205,882
Cost of sales		**(171,389)**	(137,900)
Gross profit		**82,995**	67,982
Other income		**2,644**	1,239
Selling and distribution costs		**(16,155)**	(7,143)
Administrative and other operating expenses		**(23,742)**	(18,287)
Profit before tax	*3*	**45,742**	43,791
Income tax expense	*4*	**(4,241)**	(3,637)
Profit attributable to shareholders		**41,501**	40,154
Dividends	*5*	**14,014**	13,377
Basic earnings per share	*6*	**HK13.03 cents**	HK12.61 cents
Diluted earnings per share	*6*	**HK13.01 cents**	HK12.60 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2006

	Notes	**2006** **HK$'000**	2005 HK$'000
Assets			
Non-current asset			
Property, plant and equipment		**10,409**	8,937
Current assets			
Inventories		**55,811**	30,951
Trade and bills receivables	*7*	**20,935**	17,914
Other receivables, deposits and prepayments		**4,463**	2,854
Other investment		**–**	4,162
Tax recoverable		**18**	18
Cash and cash equivalents		**90,999**	89,597
Total current assets		**172,226**	145,496
Total assets		**182,635**	154,433
Liabilities			
Current liabilities			
Trade and bills payables	*8*	**9,203**	11,606
Other payables and accrued charges		**11,022**	8,110
Tax payable		**1,291**	727
Total current liabilities		**21,516**	20,443
Non-current liabilities			
Deferred tax liabilities		**266**	204
Total liabilities		**21,782**	20,647
TOTAL NET ASSETS		**160,853**	133,786
Capital and reserves			
Share capital		**3,185**	3,185
Reserves		**157,668**	130,601
TOTAL EQUITY		**160,853**	133,786

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") 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 and by the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

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.

The applicable HKFRSs are set out below:

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 23	Borrowing Costs
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
HKFRS 2	Share-based Payment
HKAS-INT 15	Operating Leases – Incentives
HKAS-INT 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The adoption of HKAS 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 36, 37, HKAS-INT 15 and 21 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 affects certain presentation in the income statement, balance sheet, and statement of changes in equity.

- HKAS 2, 8, 16 and 21 affect certain disclosures of the financial statements.

- HKAS 7, 10, 12, 14, 17, 18, 19, 23, 27, 33, 36, 37, HKAS-INT 15 and 21 do not have any impact as the Group's accounting policies already comply with the standards.

- HKAS 24 affects the identification of related parties and the disclosure of related party transactions.

HKAS 32 "Financial Instruments: Disclosure and Presentation"
HKAS 39 "Financial Instruments: Recognition and Measurement"

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 accounting periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

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

Debt and equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for investments in securities"

Prior to 1st April, 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of SSAP 24. Under SSAP 24, debt securities that the Group intends and has the ability to hold to maturity ("held-to maturity securities") are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of a discount or premium arising from the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment. Investments other than held-to-maturity securities are classified as investment securities or other investments. Securities which are held for an identified long-term purpose, are classified as investment securities. They are measured at subsequent reporting dates at cost, less any impairment loss that is other than temporary. Securities not classified as investment securities are classified as other investments. Other investments are measured at fair value at subsequent reporting dates, with unrealised gains and losses included in net profit or loss for the period.

From 1st April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "Financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" that are not part of a hedging relationship and "available-for-sale investments" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition. On 1st April, 2005, other investment of HK$4,162,000 was reclassified as financial asset at fair value through profit or loss upon the application of HKAS 39. This change in accounting policy has had no material effect on results for the current and prior years.

Financial assets and financial liabilities other than debt and equity securities

From 1st April, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, 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" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (Other financial liabilities)". Financial liabilities at fair value through profit or loss are carried at fair value, with changes in fair value recognised in profit or loss. Other financial liabilities are carried at amortised cost using the effective interest method. This change in accounting policy has had no material effect on results for the current and prior years.

Derecognition

Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets on or after 1st April, 2005.

HKFRS 2 "Share-based Payment"

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 Company, 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. In relation to share options granted before 1st April, 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted on or after 7th November, 2002 and vested before 1st April, 2005. The adoption of HKFRS 2 has had no material effect on the results for the current and prior years.

2. TURNOVER AND SEGMENT INFORMATION

Primary reporting format – business segments

	Manufacturing business *HK$'000*	Retail business *HK$'000*	Inter -segment elimination *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Year ended 31st March, 2006					
Revenue					
External sales	236,814	17,570	–	–	254,384
Inter-segment sales	1,347	3	(1,350)	–	–
	238,161	17,573	(1,350)	–	254,384
Segment results	45,411	(1,540)	(28)	–	43,843
Unallocated income					2,644
Unallocated expenses					(745)
Profit before tax					45,742
Income tax expense					(4,241)
Profit for the year					41,501
At 31 March 2006					
Assets					
Segment assets	79,863	9,333	–	–	89,196
Unallocated assets					93,439
Total assets					182,635
Liabilities					
Segment liabilities	19,733	477	–	–	20,210
Unallocated liabilities					1,572
Total liabilities					21,782
Other information					
Capital expenditure	3,054	1,239	–	316	4,609
Depreciation of property, plant and equipment	1,779	811	–	434	3,024
Loss on disposal of property, plant and equipment	–	128	–	–	128
Impairment loss on trade receivables	330	–	–	–	330
Write down of inventories	1,062	–	–	–	1,062

	Manufacturing business *HK$'000*	Retail business *HK$'000*	Inter -segment elimination *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Year ended 31st March, 2005					
Revenue					
External sales	203,911	1,971	–	–	205,882
Inter-segment sales	855	–	(855)	–	–
	204,766	1,971	(855)	–	205,882
Segment results	44,284	(820)	(209)	–	43,255
Unallocated income					1,239
Unallocated expenses					(703)
Profit before tax					43,791
Income tax expense					(3,637)
Profit for the year					40,154
At 31 March 2005					
Assets					
Segment assets	54,303	3,837	–	–	58,140
Unallocated assets					96,293
Total assets					154,433
Liabilities					
Segment liabilities	19,227	472	–	–	19,699
Unallocated liabilities					948
Total liabilities					20,647
Other information					
Capital expenditure	1,613	817	–	2,570	5,000
Depreciation of property, plant and equipment	1,577	155	–	485	2,217
Loss on disposal of property, plant and equipment	–	–	–	462	462
Impairment loss on trade receivables	198	–	–	–	198
Write down of inventories	526	–	–	–	526

Secondary reporting format – geographical segments

	Turnover	
	2006 ***HK$'000***	2005 *HK$'000*
Japan	**85,037**	98,039
Europe	**71,529**	42,784
The United States of America	**24,972**	16,727
Hong Kong	**38,778**	17,635
PRC	**9,100**	9,496
Australia	**7,824**	8,879
Others	**17,144**	12,322
	254,384	205,882

3. PROFIT BEFORE TAX

	2006	2005
	HK$'000	*HK$'000*
Profit before tax is stated after charging:		
Auditors' remuneration	**390**	300
Cost of inventories sold	**171,389**	137,900
Depreciation of property, plant and equipment	**3,024**	2,217
Loss on disposal of property, plant and equipment	**128**	562
Operating lease rentals in respect of leasehold land and buildings	**8,447**	4,226
Impairment loss on trade receivables	**330**	198
Write down of inventories	**1,062**	526
Foreign exchange loss, net	**479**	505
Staff costs, excluding directors' emoluments	**11,453**	8,244
and crediting:		
Interest income	**1,673**	392
Unrealised holding gain on other investment	**–**	217
Gain on disposal of other investment	**–**	130
Gain on disposal of financial asset at fair value through profit or loss	**241**	–

4. INCOME TAX EXPENSE

	2006	2005
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**3,908**	3,621
– Other jurisdictions	**258**	35
Underprovision in respect of prior years	**13**	6
Deferred tax	**62**	(25)
	4,241	3,637

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profits 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, the Group's PRC subsidiary is entitled to exemption from PRC income tax for two years commencing from their first profit-making year of operation and entitled to a 50% relief from the PRC income tax for the following three years.

5. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Interim dividend of HK$0.024 (2005: HK$0.02) per ordinary share	**7,644**	6,370
Proposed final dividend of HK$0.02 (2005: HK$0.022) per ordinary share	**6,370**	7,007
	14,014	13,377

The final dividend of HK$0.02 (2005: HK$0.022) per share has been proposed by the directors and is subject to approval by the shareholders in forthcoming annual general meeting.

The amount of proposed final dividend is based on 318,500,000 shares in issue as at 20th July, 2006.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the year of HK$41,501,000 (2005: HK$40,154,000) and weighted average number of 318,500,000 (2005: 318,500,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year is based on the Group's profit for the year of HK$41,501,000 (2005: HK$40,154,000) and the weighted average number of 318,972,299 (2005: 318,617,200) ordinary shares. The weighted average number of ordinary shares used in the calculation is the weighted average number of 318,500,000 (2005: 318,500,000) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of 472,299 (2005: 117,200) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

7. **TRADE AND BILLS RECEIVABLES**

Customers are generally granted with credit terms of 30 to 90 days. Longer payment terms might be granted to those customers which have good payment history and long-term business relationship with the Group. Details of the ageing analysis are as follows:

	2006	2005
	HK$'000	*HK$'000*
Current to 30 days	**14,731**	10,958
31-60 days	**3,434**	3,501
61-90 days	**1,195**	1,188
91-120 days	**554**	483
121-365 days	**990**	1,698
Over 365 days	**31**	86
	20,935	17,914

8. **TRADE AND BILLS PAYABLES**

Details of the ageing analysis are as follows:

	2006	2005
	HK$'000	*HK$'000*
Current to 30 days	**5,556**	6,172
31-60 days	**3,318**	2,950
61-90 days	**187**	1,775
91-120 days	**10**	544
121-365 days	**28**	65
Over 365 days	**104**	100
	9,203	11,606

9. **COMPARATIVE FIGURES**

In prior years, the Group classified the business of trading of leather as the Group's principal activity and the revenue and costs of the business were recognised as the Group's turnover and cost of sales respectively. In view of the fact that the business has become inactive and its contribution to the Group's turnover has become insignificant, the directors has decided to exclude the business from principal activities of the Group and report it as other income of the Group from 1st April, 2005 onwards. Hence, net gain from trading of leather has been reported as other income in the Group's financial statements for the year ended 31st March, 2006. Relevant comparative figures of turnover of HK$462,000 and cost of sales of HK$328,000 in relation to business of trading of leather for the year ended 31st March, 2005 have been reclassified to other income.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's turnover for the year ended 31st March, 2006 amounted to HK$254,384,000 (2005: approximately HK$205,882,000), representing an increase of 24% as compared with that of last year. Gross profit increased to HK$82,995,000 while the gross profit margin was approximately 33% (2005: 33%).

The selling and distribution expenses of the Group for the year ended 31st March, 2006 increased to approximately HK$16,155,000 as a result of the upsurge of operating expenses for retail business. The administrative and other operating expenses increased by 30% to HK$23,742,000 compared to approximately HK$18,287,000 of last year. The rise was mainly attributable to the expanded manpower, increased staff remuneration and special bonus paid to the executive directors of the Company.

Profit attributable to shareholders increased by approximately 3% to nearly HK$41,501,000. The basic earnings per share increased to approximately HK13.03 cents. The Board has recommended the payment of a final dividend of HK2 cents per share for the year ended 31st March, 2006. An interim dividend of HK2.4 cents per share was paid by the Company in January 2006, making a total dividend payout ratio of around 34% for the year ended 31st March, 2006.

BUSINESS REVIEW

- **Manufacturing Business**

  During the year under review, turnover of the manufacturing business grew by 16% to HK$236,814,000 (2005: HK$203,911,000). Most of the growth in results came from the first half of the financial year. The turnover growth was slow down in the second half of the financial year because the sales order from Japan decreased. In addition, the Group encountered a production jam in the bottle-neck working procedure in our processing factory in Dongguan and resulted in reduction of production output. Revenue from manufacturing of belts increased from approximately HK$196,882,000 to approximately HK$229,939,000. Sales of leather goods and other accessories was approximately HK$6,875,000 in fiscal 2006. The gross profit of manufacturing business increased to around HK$75,106,000 but the gross profit margin dropped slightly to around 32%. The decrease of gross profit margin was mainly attributed to the rise of labor cost and outsourcing volume, and the increase of provision made for slow moving inventories.

- **Retail Business**

  The Group's retail operations play a strategic role in positioning itself as a trendy and young street-fashion multi-brand store in the market. In fiscal 2006, turnover of the Groups' retail business was approximately HK$17,570,000. The Group incurred an operating loss of approximately HK$1,540,000 in the retail sector. At the end of March 2006, the Group operated three AREA0264 stores in Hong Kong. During the review year, the Group opened two new stores and ceased operation of one small retail store for strategic reason. The Group implemented various policies in order to improve the operational effectiveness and efficiency. In the second half of the financial year, the overall performance in retail sector had greatly improved.

PROSPECTS

Looking forward, we stay strategically focused on developing the core OEM/ODM business. In anticipation of steady growth of orders from our new customers, we will continue to enhance production efficiency and operating effectiveness by strengthening internal controls and improving production process. We believe that our consistent quality standard and strong product development capability could maintain the Group's business growth in future.

We believe strong brand will deliver high-margin growth to the top-line. To capture the higher profit margin, the Group will endeavor to increase the proportion of in-house brand sales through increasing marketing effort on building brand awareness. On the other hand, the Group will strive to introduce exclusive license of popular brand with unique image in order to boost our stores image. Facing with the challenge of high rental, we will focus on enhancing product development capability and improving the operation efficiency of existing stores.

The global economy is affected by some unfavorable factors like accelerating crude oil price, higher interest rate and the outbreak of avian flu, however, it is believed that the general economic condition would be improving gradually. Barring unforeseeable circumstances, management is cautiously optimistic towards the Group's performance in fiscal 2007.

Leveraging on the good and long-term relationship with our customers and major suppliers and coupled with stringent cost control, the management believes the dedication of all our efforts will bring fruitful return to our shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March, 2006, the Group's cash and bank deposits were approximately HK$90,999,000 (2005: HK$89,597,000).

As at 31st March, 2006, the Group had aggregate banking facilities in respect of import/export facilities of approximately HK$8,000,000 were secured by corporate guarantees provided by the Company.

The Group recorded total current assets of approximately HK$172,226,000 as at 31st March, 2006 (2005: HK$145,496,000) and total current liabilities of approximately HK$21,782,000 (2005: HK$20,647,000). The current ratio of the Group, calculated by dividing the total currents assets by the total current liabilities, was approximately 8 times as at 31st March, 2006 (2005: 7 times).

Supported by its strong financial position, the Group had not raised any bank loan during the year.

The Group recorded an increase in shareholders' funds from approximately HK$133,786,000 as at 31st March, 2005 to approximately HK$160,853,000 at 31st March, 2006. The increase was mainly attributable to operating profit generated during the year.

TREASURY POLICY

The Group generally finances its operation with internally generated resources.

Cash and bank deposits of the Group are mainly denominated in Hong Kong dollars.

Transactions of the Group are mainly denominated either in Hong Kong dollars, Renmenbi or United States dollars such that the Group does not have significance exposure to foreign exchange fluctuation. Though the Group does not engage in any hedging contracts, the Group's exposure to foreign exchange risk is minimal.

CHARGES ON ASSETS

The Group did not have any assets pledged for general facilities granted by banks.

MATERIAL ACQUISITIONS/DISPOSAL

The Group had no material acquisition/disposals for the year ended 31st March, 2006.

EMPLOYEE INFORMATION

As at 31st March, 2006, the Group had 56 full times employees in Hong Kong and 120 in the PRC. The Group remunerated its employee mainly based on their individual performance. Apart from basic salaries, discretionary bonus, contribution to the statutory retirement scheme, the Group adopted a share option scheme whereby certain employees of the Group may be granted options to subscribe for shares of the Company.

CONTINGENT LIABILITIES

As at 31st March, 2006, the Group did not have any contingent liabilities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31st March, 2006, except for the deviations from CG Code provision A2.1 in respect of the separation of roles of the chairman and chief executive officer. Due to the small size of the existing management team, both the roles of the chairman and chief executive officer of the Company are currently played by Mr. Chan King Hong, Edwin. The Board is of the view that Mr. Chan has considerable experience in manufacturing industry and is the person most knowledgeable about the business of the Group. The Board believes that the current structure will enable us to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 to the Listing Rules during the year ended 31st March, 2006.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Fong Pui Sheung David (Chairman), Ms. Chau Cynthia Sin Ha, and Mr. Or Kam Chung Janson. The Audit Committee has reviewed with Group's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the audited financial statements and the results of the Group for the year ended 31st March, 2006.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 5th September, 2006. The Notice of the Annual General Meeting will be published in the newspapers and be dispatched to the shareholders of the Company in due course.

FINAL DIVIDEND

The Directors has resolved to declare a final dividend of HK2 cents per ordinary share for the year ended 31st March, 2006. The final dividend will be paid on or about 15th September, 2006 to members, whose names appear on the register of members of the Company at the close of business on 5th September, 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31st August, 2006 to 5th September, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 30th August, 2006.

SCOPE OF WORK OF BDO MCCABE LO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2006 have been agreed by the Group's auditors, BDO McCabe Lo Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO McCabe Lo Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO McCabe Lo Limited on the preliminary announcement.

APPRECIATION

The Board would like to express its sincere gratitude to our business partners, customers and shareholders for their enduring support. Also, I would like to thank all the staff for their dedicated in contributing to the fruitful results of the Group.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be subsequently published on the Stock Exchange's website in due course.

On behalf of the Board
Chan King Hong Edwin
Chairman

Hong Kong, 20th July, 2006

As at the date of this announcement, Mr. Chan King Hong, Edwin, Mr. Chan King Yuen, Stanley, Ms. Chan Wai Po, Rebecca are the executive directors of the Company, Mr. Fong Pui Sheung, David, Ms. Chau Cynthia Sin Ha and Mr. Or Kam Chung, Janson are the independent non-executive directors of the Company.