



Golden Harvest

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2006

RESULTS

The Board of Directors (the “Board”) of Golden Harvest Entertainment (Holdings) Limited (the “Company”) herein announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000 (Restated)
REVENUE	4	512,285	276,586
Cost of sales		<u>(232,033)</u>	<u>(138,349)</u>
Gross profit		280,252	138,237
Interest income		785	217
Other income and gains		41,051	17,221
Selling and distribution costs		(267,740)	(155,074)
General and administrative expenses		(52,490)	(56,781)
Other operating expenses, net		(10,599)	(14,503)
Recognition of negative goodwill		–	43,032
Finance costs	6	(7,450)	(3,101)
Share of profits and losses of associates		24,143	20,221
PROFIT/(LOSS) BEFORE TAX	5	7,952	(10,531)
Tax	7	(2,737)	(2,399)
PROFIT/(LOSS) FOR THE YEAR		5,215	(12,930)
Attributable to equity holders of the Company		5,215	(12,930)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	HK0.4 cent	HK(1.1 cents)
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 June 2006 <i>HK\$'000</i>	As at 30 June 2005 <i>HK\$'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		246,799	236,236
Interests in associates		195,902	159,374
Due from jointly-controlled entities		42,775	61,344
Prepaid land lease payments		741	759
Prepaid rental		11,502	5,190
Club memberships		3,590	4,380
Rental and other deposits		53,130	54,706
Trademarks		79,421	79,421
Pledged bank deposits		1,870	1,139
Total non-current assets		<u>635,730</u>	<u>602,549</u>
CURRENT ASSETS			
Inventories		726	571
Film rights		16,279	18,384
Accounts receivable	9	12,005	18,304
Prepayments, deposits and other receivables		35,441	46,508
Due from a jointly-controlled entity		14,400	18,000
Pledged bank balance		1,972	486
Cash and bank balances		54,369	65,632
Total current assets		<u>135,192</u>	<u>167,885</u>
CURRENT LIABILITIES			
Accounts payable	10	62,028	75,583
Accrued liabilities and other payables		83,368	84,638
Due to associates		1,113	–
Customer deposits		3,492	3,380
Interest-bearing bank loans		37,201	24,697
Current portion of finance lease payables		328	413
Loans from joint venture partners		14,400	18,000
Provision for employee benefits		1,943	1,680
Tax payable		9,924	12,295
Total current liabilities		<u>213,797</u>	<u>220,686</u>
NET CURRENT LIABILITIES		<u>(78,605)</u>	<u>(52,801)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>557,125</u>	<u>549,748</u>
NON-CURRENT LIABILITIES			
Convertible note		19,618	–
Interest-bearing bank loans		57,087	65,325
Non-current portion of finance lease payables		1,152	298
Loans from joint venture partners		42,742	62,051
Deposits received		4,284	3,686
Provision for long service payments		4,102	3,670
Deferred tax		7,274	5,585
Total non-current liabilities		<u>136,259</u>	<u>140,615</u>
Net assets		<u>420,866</u>	<u>409,133</u>

EQUITY

Equity attributable to equity holders of the Company

Issued share capital	133,031	133,031
Equity component of convertible note	95	–
Reserves	287,740	276,102
	<u>420,866</u>	<u>409,133</u>

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings, of which the Group adopted the transitional provision of paragraph 80A of HKAS 16 and have been measured at 1995 fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

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

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 31, 32, 33, 37, 39, 40, HKFRS 2 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group’s and the Company’s financial statements, except for the following:

- HKAS 1 – Presentation of Financial Statements
- HKAS 17 – Leases
- HKAS 31 – Interests in Joint Ventures
- HKFRS 2 – Share-based Payment

In the prior year, the Group early adopted HKFRS 3, HKAS 36 and HKAS 38 and the effects of the adoption have been disclosed in the financial statements for the year ended 30 June 2005.

The effects of the above changes are summarised as follows:

(a) Effect on the consolidated income statement

	2006				Increase/(decrease) in profit for the year ended 30 June					
	HKAS 1 Share of post-tax profits and losses of associates HK\$’000	HKAS 17 Prepaid land lease payments HK\$’000	HKAS 31 Proportionate consolidation HK\$’000	HKFRS 2 Share option expenses HK\$’000	Total HK\$’000	HKAS 1 Share of post-tax profits and losses of associates HK\$’000	HKAS 17 Prepaid land lease payments HK\$’000	HKAS 31 Proportionate consolidation HK\$’000	HKFRS 2 Share option expenses HK\$’000	Total HK\$’000
Revenue	-	-	286,236	-	286,236	-	-	73,347	-	73,347
Cost of sales	-	-	(128,957)	-	(128,957)	-	-	(35,142)	-	(35,142)
Interest income	-	-	662	-	662	-	-	161	-	161
Other income and gains	-	-	20,686	-	20,686	-	-	10,072	-	10,072
Selling and distribution costs	-	158	(149,264)	-	(149,106)	-	158	(45,698)	-	(45,540)
General and administrative expenses	-	-	(1,439)	(394)	(1,833)	-	-	(522)	(150)	(672)
Other operating expenses, net	-	-	(867)	-	(867)	-	-	(427)	-	(427)
Finance costs	-	-	(345)	-	(345)	-	-	(28)	-	(28)
Share of profits and losses of jointly-controlled entities	-	-	(22,768)	-	(22,768)	-	-	433	-	433
Share of profits and losses of associates	(10,067)	-	-	-	(10,067)	(9,852)	-	-	-	(9,852)
Tax	10,067	-	(3,944)	-	6,123	9,852	-	(2,196)	-	7,656
Total effect for the year	-	158	-	(394)	(236)	-	158	-	(150)	8
Basic earnings/(loss) per share (HK cent)	-	0.01	-	(0.03)	(0.02)	-	0.01	-	(0.01)	-

(b) Effect on the consolidated balance sheet

	As at 30 June 2006			As at 30 June 2005		
	HKAS 17	HKAS 31	Total	HKAS 17	HKAS 31	Total
	Prepaid land lease payments HK\$'000	Proportionate consolidation HK\$'000		Prepaid land lease payments HK\$'000	Proportionate consolidation HK\$'000	
Property, plant and equipment	(2,811)	168,473	165,662	(2,987)	152,633	149,646
Interests in jointly-controlled entities	-	(171,700)	(171,700)	-	(178,619)	(178,619)
Due from jointly-controlled entities (non-current portion)	-	42,775	42,775	-	61,344	61,344
Prepaid land lease payments	741	-	741	759	-	759
Prepaid rental	-	11,502	11,502	-	5,190	5,190
Rental and other deposits	-	41,765	41,765	-	43,293	43,293
Pledged bank deposits	-	1,870	1,870	-	1,139	1,139
Accounts receivable	-	1,157	1,157	-	1,200	1,200
Prepayments, deposits and other receivables	-	15,277	15,277	-	16,610	16,610
Due from jointly-controlled entities (current portion)	-	(9,600)	(9,600)	-	(12,000)	(12,000)
Cash and bank balances	-	29,500	29,500	-	49,433	49,433
	(2,070)	131,019	128,949	(2,228)	140,223	137,995
Accounts payable	-	16,381	16,381	-	20,567	20,567
Accrued liabilities and other payables	-	30,227	30,227	-	29,513	29,513
Current portion of interest-bearing bank loans	-	2,328	2,328	-	-	-
Current portion of loans from joint venture partners	-	14,400	14,400	-	18,000	18,000
Tax payable	-	526	526	-	1,244	1,244
Non-current portion of interest-bearing bank loans	-	13,259	13,259	-	-	-
Non-current portion of loans from joint venture partners	-	42,742	42,742	-	62,051	62,051
Deposit received	-	4,284	4,284	-	3,686	3,686
Provision for long service payments	-	-	-	-	9	9
Deferred tax	(370)	6,872	6,502	(393)	5,153	4,760
	(370)	131,019	130,649	(393)	140,223	139,830

(c) Effect on the balance of equity

	As at 30 June 2006			As at 30 June 2005		
	HKAS 17	HKFRS 2	Total	HKAS 17	HKFRS 2	Total
	Prepaid land lease payments HK\$'000	Share option expenses HK\$'000		Prepaid land lease payments HK\$'000	Share option expenses HK\$'000	
Increase/(decrease)						
Share option reserve	-	544	544	-	150	150
Revaluation reserve	(3,149)	-	(3,149)	(3,126)	-	(3,126)
Decrease/(increase)						
Accumulated losses	1,449	(544)	905	1,291	(150)	1,141
	(1,700)	-	(1,700)	(1,835)	-	(1,835)

3. CORPORATE UPDATE

The Group recorded consolidated profit of HK\$5,215,000 and net cash inflow from operating activities of HK\$17,118,000 (2005: outflow of HK\$22,407,000) for the year ended 30 June 2006. As at 30 June 2006, the Group had consolidated net current liabilities of HK\$78,605,000 and consolidated net assets of HK\$420,866,000.

Subsequent to the balance sheet date, the Group successfully raised an aggregate amount of approximately HK\$99,000,000, net of expenses, from the issue of the convertible notes. With this additional cash resource, the Group will be able to fund the investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

In view of the above, the directors consider that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position and tight liquidity as at 30 June 2006.

4. REVENUE AND SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)
Segment revenue:										
Sales to external customers	46,039	52,508	451,374	211,198	14,872	12,880	-	-	512,285	276,586
Inter-segment sales	1,634	3,427	-	-	278	294	(1,912)	(3,721)	-	-
Other revenue	2,324	1,583	31,249	13,924	998	910	(678)	(884)	33,893	15,533
Total	49,997	57,518	482,623	225,122	16,148	14,084	(2,590)	(4,605)	546,178	292,119
Segment results	(5,221)	(13,657)	(10,468)	(51,679)	(995)	(7,252)	-	-	(16,684)	(72,588)
Interest income and unallocated gains									7,943	1,905
Recognition of negative goodwill	-	-	-	43,032	-	-	-	-	-	43,032
Finance costs									(7,450)	(3,101)
Share of profits and losses of associates	2,554	999	21,589	19,222	-	-	-	-	24,143	20,221
Profit/(loss) before tax									7,952	(10,531)
Tax									(2,737)	(2,399)
Profit/(loss) for the year									5,215	(12,930)

(b) Geographical segments

The following table presents revenue for the Group's geographical segments.

Group

	Hong Kong		Mainland China		Taiwan		Malaysia		Elsewhere in Asia		Others		Eliminations		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000 (Restated)
Segment revenue:																
Sales to external customers	177,589	184,783	43,538	14,810	215,795	51,331	74,831	24,842	1,355	3,825	1,089	716	(1,912)	(3,721)	512,285	276,586

5. PROFIT/(LOSS) BEFORE TAX

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

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Cost of inventories sold	6,631	5,733
Cost of services provided	216,825	119,118
Amortisation of film rights	8,577	13,498
Amortisation of prepaid land lease payments	18	18
Depreciation	40,884	25,293
Loss on disposal of items of property, plant and equipment	346	3,577
	<u>346</u>	<u>3,577</u>

6. FINANCE COSTS

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Interest on bank loans wholly repayable within five years	6,848	2,446
Bank loans arrangement fee	47	399
Interest on accounts payable	319	178
Interest on convertible note	143	–
Interest on finance leases	93	78
	<u>7,450</u>	<u>3,101</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on country legislation, interpretations and practices in respect thereof.

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Group:		
Hong Kong	(62)	182
Elsewhere	(1,145)	21
	<u>(1,207)</u>	<u>203</u>
Jointly-controlled entities:		
Charge for the year – elsewhere	2,545	2,281
Deferred – elsewhere	1,399	(85)
	<u>3,944</u>	<u>2,196</u>
Total tax charge for the year	<u>2,737</u>	<u>2,399</u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the net profit attributable to ordinary equity holders of the Company for the year of HK\$5,215,000 (2005: net loss of HK\$12,930,000 (restated)) and 1,330,309,375 shares (2005: weighted average of 1,140,535,574 shares) in issue during the year.

No disclosure of diluted earnings/(loss) per share amounts for both the current year and prior year is shown as the exercise prices of the Company's outstanding share options granted were higher than the average market price of the Company's ordinary shares during the year and thus the share options have no dilutive effect, and the convertible note outstanding during the current year end also has no dilutive effect.

9. ACCOUNTS RECEIVABLE

The Group usually grants credit periods ranging from one to three months. The aged analysis of the accounts receivable, net of provision at 30 June, is as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Current to 3 months	10,188	15,380
4 to 6 months	1,752	2,254
7 to 12 months	65	31
Over 1 year	–	639
	<u>12,005</u>	<u>18,304</u>

10. ACCOUNTS PAYABLE

The aged analysis of the accounts payable at 30 June is as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
Current to 3 months	42,027	57,128
4 to 6 months	6,163	4,539
7 to 12 months	1,226	896
Over 1 year	12,612	13,020
	<u>62,028</u>	<u>75,583</u>

DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 30 June 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The economic recovery across the Asian region over the last few years has been beneficial to the film and entertainment industry as a whole, and is reflected in the continued growth of box office receipts across our territories.

For the year under review, the Group's result has shown substantial improvement and recorded \$5.2 million profit after tax. The turnaround result was principally contributed by our exhibition and distribution businesses in Hong Kong and overseas territories, including our new investments in Shenzhen and Taiwan whose full year results we have started to account for the first time this year. Furthermore, in order to improve operating results in Hong Kong, we have closed down a loss-making cinema by terminating the lease early.

The Group is now a leading cinema operator in the Asian region – operating 47 cinemas with 335 screens across Singapore, Malaysia, Taiwan, Shenzhen and Hong Kong.

Finance

The Group reported a profit of HK\$5.2 million for the year, as compared to a loss of HK\$12.9 million last year. This was primarily due to the improvement of results in Hong Kong, as well as contributions from our new investments in Taiwan and Shenzhen.

Excluding the effect of proportionate consolidation, which is explained below, the Group's revenue and gross profit increased by HK\$23 million, mainly attributable to our new cinema in Shenzhen and improved results in distributing non-Chinese language films.

In accordance with the requirements of new accounting standards, the Group has proportionately consolidated the financial statements of the jointly-controlled entities in Taiwan and Malaysia (namely Warner Village Cinemas Co., Ltd. ("WVT") and TGV Cinemas Sdn. Bhd. ("TGV")).

Whilst the net assets value and net results of the Group are not affected, the figures of individual items such as revenue, cost of sales, property, plant and equipment, accounts payable and accrued liabilities etc. were all significantly affected this year as a result of proportionate consolidation.

As a result of proportionate consolidation of our jointly-controlled entities in Taiwan and Malaysia, the Group's revenue and gross profit have doubled to HK\$512 million and HK\$280 million respectively.

As of 30 June 2006, the Group had net current liabilities of HK\$79 million, with cash on hand of HK\$56 million. Subsequent to the balance sheet date, the Group raised approximately HK\$99 million from the issuance of convertible notes. The Group intends to apply the proceeds for investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

Film Distribution

Total box office receipts in Hong Kong increased by 7% to HK\$966 million, with non-Chinese language films grossing HK\$659 million, an increase of 18% from last year. The box office of Chinese language films remains weak, dropping by 11% to HK\$307 million. As a distributor for both Chinese and non-Chinese language films, the Group achieved a 27% market share in terms of box office receipts.

Chinese Language Films

The Group distributed 13 Chinese language films during the year with a box office of HK\$78 million. Due to a lack of good products, our market share decreased from 28% last year to 25% this year.

Non-Chinese Language Films

Good performance of our non-Chinese language films this year was attributable to blockbusters like "Madagascar", "King Kong" and "Mission Impossible III". The number of films released by the Group increased from 36 last year to 39 this year and the box office receipts increased by 64% to HK\$179 million. After the expiry of distribution contract with United International Pictures, the Group will continue to concentrate on its own film licensing business. The Panasia-licensed films "Train Man" and the recently released "Death Note I" (both Japanese movies) were well received by the market and achieved satisfactory results.

Film Exhibition

In 2004/2005, the Group made a strategic move to strengthen the exhibition business by acquiring the largest cinema chain in Taiwan, working together with a few Taiwan partners. We also increased our stake to 50% in one of our Malaysian cinema operations and launched our flagship cinema in Shenzhen in Mainland China. The Group now operates 47 cinemas with 335 screens across the Asian region and is a leading cinema operator in Asia.

In Hong Kong, with the closure of an under-performing cinema and implementation of better cost control, the losses of our Hong Kong cinemas have been substantially reduced.

In Mainland China, the Group's 7-screen cinema located at MIXC Mall, City Crossing, Shenzhen, accounted for a 44% market share in Shenzhen and has attained top position nation-wide in terms of box office takings in July and August 2006. Box office income for its first full year amounted to RMB36 million. Flexible multi-pricing policies and customer-oriented marketing promotions have been successful in developing a regular movie-going habit amongst our customers.

In Singapore, the market box office increased by 2% to S\$121 million. The theatre takings of the Group's associate Golden Village Multiplex Pte Ltd ("GVM") were up slightly, increasing by 4% to S\$54 million. Market share of GVM, currently at 44%, is likely to reach a record high level with the opening of a new 15-screen megaplex in October 2006. GVM contributed a net profit of HK\$18 million to the Group, an increase of HK\$4 million from last year.

Last year the Group commenced proceedings in Hong Kong to wind up Dartina Development Limited, the holding company of the Singapore joint venture with Village Roadshow. The petition was caused by disputes between the Group and its Australian partner, Village Roadshow, regarding the performance of the operational management of GVM. Legal proceedings are still continuing.

In Malaysia, with the opening of a number of new cinemas in the last couple of years, the market box office has risen to a record high of RM195 million for the year, an increase of 24% over last year. Golden Screen Cinemas Sdn. Bhd. (“GSC”) opened 34 screens in the past two years and TGV opened 15 screens this year. Due to keen competition in the market, the market share of GSC and TGV dropped from 81% last year to 77% this year. With additional profits from new screens, total net profit contribution of these two joint ventures to the Group amounted to HK\$14 million, an increase of HK\$2 million from last year.

In Taiwan, our jointly-controlled investment WVT, contributed a net profit of HK\$16 million to the Group. Market box office takings grew by 3% to NT\$5,492 (HK\$1,318) million this year. Cinema admissions of WVT rose by 9% this year and total revenue was up 15% to NT\$2,204 (HK\$529) million. In addition to the cinema operations, WVT also manages a retail mall at Hsin Yi in Taipei which is fully tenanted and yields a good return in rental income. WVT changed its name to Vie Show Cinemas Co., Ltd, subsequent to the year end.

Prospects

Hong Kong will continue to be the base of the Group’s operations, supported by our strong regional network. The Group will continue to develop film exhibition and distribution businesses in the Greater China market and strengthen its Pan-Asian non-Chinese language films. Management believes that there are more attractive potential investments in the Greater China market and the Group will consider redeploying its investments in the region in order to maximise our return in future.

On 16 October 2006, the Group entered into conditional agreements to acquire three related companies which hold a film library comprising 39 film Chinese language titles at a consideration of approximately HK\$22.6 million. The acquisition will enlarge the Group’s existing film library and strengthen its film distribution business. The investment will be funded by internal resources.

Financial Resources and Liquidity

As at 30 June 2006, the Group’s cash balance was HK\$56 million and the net current liabilities stood at HK\$79 million. During the year, the Group issued a 4% convertible note to an independent third party with net proceeds of approximately HK\$20 million. A subsidiary company also obtained a revolving facility of approximately HK\$2 million for working capital purposes. In addition, one of the Group’s jointly-controlled entities in Malaysia obtained a bank loan of HK\$31 million (the Group’s 50% share was HK\$16 million) to finance the development of the new cinema sites. Our gearing ratio, calculated on the basis of external borrowings over total assets, was 15%. The Group had contingent liabilities of HK\$18 million at the year-end date (2005: HK\$17 million) in respect of a guarantee of a banking facility granted to an associate. As at 30 June 2006, the aggregate amount of the Group’s borrowings was HK\$115 million.

The Group’s assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments located in Singapore, Malaysia, Taiwan and Mainland China. Management has assessed the exchange risk and exposures in these territories from time to time. Since the exchange rates of these currencies have been either relatively stable or favorable to the Group for the past two years, no hedging of foreign currencies was carried out during the year. The directors will continue to assess the exchange risks and exposures, and will consider all possible hedging measures in order to minimise the risk at reasonable cost.

The Group’s liquidity has greatly improved subsequent to the year end. The Group raised new funds from the issuance of HK\$100 million 4% convertible notes and obtained a short-term banking facility of HK\$15 million both in August 2006. The Group intends to apply the proceeds for investments in new businesses, expansion of existing businesses and the discharge of its current liabilities.

Employees and Remuneration Policies

As at 30 June 2006, the Group had 226 (2005: 228) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 30 June 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the year ended 30 June 2006, the Company has taken steps not only to comply with the Code on Corporate Governance Practices ("CCGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") but also with the aim to enhance the corporate governance practices of the Group as a whole.

In the opinion of the directors, the Company had complied with the CCGP throughout the year ended 30 June 2006 except that all the non-executive directors of the Company were not appointed for a specific term as required by code provision A.4.1 of the CCGP but they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws. Detailed information of the Company's corporate governance practices as set out in the Corporate Governance Report will be included in the Company's annual report to be despatched to the shareholders in due course.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow board members, the management and employees for their hard work and contribution to the Group in the past year.

List of all Directors of the Company as of the date of this announcement:

Executive Directors:

Mr. Raymond Chow Ting Hsing
Mr. Phoon Chiong Kit
Mr. David Chan Sik Hong
Mrs. Roberta Chin Chow Chung Hang
Mr. Lau Pak Keung (alternate
to Mr. Phoon Chiong Kit)

Non-executive Director:

Mr. Eric Norman Kronfeld

Independent non-executive Directors:

Mr. Paul Ma Kah Woh
Mr. Frank Lin
Prince Chatrichalerm Yukol

On behalf of the Board
Raymond Chow Ting Hsing
Chairman

Hong Kong, 19 October 2006