UPBEST GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 335)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31st MARCH, 2006

UPBEST GROUP LIMITED is an investment holding with subsidiaries engaged in the provision of a wide range of financial services including securities broking, futures broking, securities margin financing, money lending, corporate finance advisory and assets management in Hong Kong. In current year, the business was further diversified to property investment in Macau.

Performance Highlights

- Net profit increased 86% to HK$155 million
- Earnings per share increased by 71% to HK12.5 cents from HK7.3 cents
- Total dividend for year was HK2.8 cents per share

RESULTS

The Board of Directors (the "Board") of Upbest Group 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 with comparative figures for the preceding financial year as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st March	
		2006	2005
		(Audited)	(Audited)
	Note	***HK$'000***	*HK$'000*
Turnover	3	**77,216**	58,175
Other revenue		**66**	171
Excess of net fair value of consolidation arising from acquisition of a subsidiary		**67,194**	15,500
Gain on disposal of a subsidiary		**18,100**	–
Increase in fair value of investment properties		**16,836**	38,637
Bad debts recovered		**18,484**	–
Provision for doubtful debts		**(2,508)**	(1,802)
Administrative and other operating expenses		**(19,486)**	(17,981)
Finance costs	5	**(9,137)**	(2,564)
Share of results of associates		**248**	(97)
Profit before taxation	4	**167,013**	90,039
Income tax expense	6	**(11,724)**	(6,551)
Profit for the year		**155,289**	83,488
Attributable to:			
Equity holders of the Company		**155,296**	83,488
Minority interests		**(7)**	–
		155,289	83,488
Dividends	7	**35,087**	30,719
Earnings per share			
Basic	8	**HK12.5 cents**	HK7.3 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	As at 31st March 2006 (Audited) HK$'000	2005 (Audited) HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**1,962**	2,226
Investment properties	**187,000**	170,000
Intangible assets	**2,040**	2,040
Interests in associates	**20,481**	40
Available-for-sale financial assets	**1**	–
Trade and other receivable, deposits and prepayments	**89,898**	453
Other assets	**6,788**	5,929
	308,170	180,688
CURRENT ASSETS		
Properties held for development	**71,000**	44,000
Loan receivable	**127,999**	–
Trade and other receivable, deposits and prepayments	**469,130**	426,073
Amounts due from related companies	**5,242**	2,547
Tax recoverable	**390**	219
Bank balances and cash	**112,000**	97,608
	785,761	570,447
CURRENT LIABILITIES		
Borrowings	**114,778**	151,056
Amounts due to related parties	**111,633**	152,444
Creditors and accrued charges	**132,778**	47,721
Provision for profits tax	**5,803**	981
	364,992	352,202
NET CURRENT ASSETS	**420,769**	218,245
TOTAL ASSETS LESS CURRENT LIABILITIES	**728,939**	398,933
NON-CURRENT LIABILITY		
Borrowings	**163,100**	–
NET ASSETS	**565,839**	398,933
CAPITAL AND RESERVES		
Share capital	**12,531**	12,288
Reserves	**500,503**	355,926
Proposed final dividend	**35,087**	30,719
Equity attributable to equity holders of the Company	**548,121**	398,933
Minority interests	**17,718**	–
TOTAL EQUITY	**565,839**	398,933

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
Balance as at 1st April, 2004	11,200	54,489	8,515	88,706	11,200	174,110	–	174,110
Issue of shares	1,088	151,447	–	–	–	152,535	–	152,535
Profit for the year	–	–	–	83,488	–	83,488	–	83,488
Dividend paid	–	–	–	–	(11,200)	(11,200)	–	(11,200)
Proposed final dividend	–	–	–	(30,719)	30,719	–	–	–
Balance as at 31st March, 2005	12,288	205,936	8,515	141,475	30,719	398,933	–	398,933
Issue of shares	243	24,368	–	–	–	24,611	–	24,611
Profit for the year	–	–	–	155,296	–	155,296	–	155,296
Share of post-acquisition reserve	–	–	–	–	–	–	17,718	17,718
Dividend paid	–	–	–	–	(30,719)	(30,719)	–	(30,719)
Proposal final dividend	–	–	–	(35,087)	35,087	–	–	–
Balance as at 31st March, 2006	12,531	230,304	8,515	261,684	35,087	548,121	17,718	565,839

Notes:

1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements have been prepared under the historical cost convention, as modified with respect to the measurement of investment properties.

2. Application of Hong Kong Financial Reporting Standards ("HKFRSs")/Changes in accounting policies

The following new and revised HKFRSs affect the Group and the Company and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
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 28	Investments in Associates
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 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 3	Business Combinations

The adoption of HKASs 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 32, 33, 36, 37, 39 has had no material impact on the accounting policies of the Group and the Company and on the methods of computation in the Group's and the Company's financial statements.

The Group has early adopted the following HKFRSs in the Group's financial statements for the year ended 31st March, 2005:

(a) HKFRS 3 Business Combinations

HKFRS 3 requires that any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the costs of the business combination should be recognised immediately in the consolidated income statement. The recognition of negative goodwill in the balance sheet is prohibited, whereas previously, negative goodwill was released to income over a number of accounting periods, based on an analysis of the circumstances from which the balance resulted and was reported as a deduction from assets in the balance sheet.

(b) HKAS 40 Investment Property

HKAS 40 prescribes the recognition and measurement criteria applying to investment properties, together with the required disclosure in respect thereof. The impact of the early adoption of this HKAS on the consolidated financial statements is that changes in the fair value of investment properties are recognised in the consolidated income statement for the year in which they arise, whereas previously changes in the fair value of investment properties were dealt with as movements in the investment property revaluation reserve and, if the total of this reserve was insufficient to cover a deficit on a portfolio basis, the excess of the deficit was charged to the consolidated income statement.

Therefore the 2 HKFRSs in (a) and (b) above have no impact on the accounting polices of the Group and the Company and on the methods of computation in the Group's and the Company's financial statements for the year ended 31st March, 2006.

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

(i) *Intangible assets:*

Before 31st March, 2005, intangible assets were amortised over their estimated useful lives. HKAS 38 Intangible Assets requires intangible assets to be assessed at the individual asset level as having either finite or indefinite life. A finite-life intangible asset is amortised over its estimated useful life whereas an intangible asset with an indefinite useful life is carried at cost less accumulated impairment losses (if any). Intangible assets with indefinite lives are not subject to amortisation but are tested for impairment annually or more frequently when there are indications of impairment. In accordance with the transitional provisions in HKAS 38, the Group reassessed the useful lives of its trading rights in the exchanges in Hong Kong on 1st April, 2005 and concluded that the trading rights have indefinite useful lives. The Group has applied the revised useful lives prospectively and discontinued amortising the trading rights from 1st April, 2005 onwards. No amortisation has been charged in relation to the trading rights for the year ended 31st March, 2006. Had the Company not adopting HKAS 38, the profit of the Group would have been decreased by HK$340,000 for the year ended 31st March, 2006.

(ii) *HKAS 17*

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from fixed assets to operating leases if the land element can be split reliably. The up-front prepayments made for the leasehold land will then be expensed in the income statement on a straight-line basis over the period of the lease. It is determined that the values of the land and building elements of the Group's leasehold properties cannot be split realiably. The entire lease is treated as a finance lease.

(iii) HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

(iv) The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective and might have financial impacts on the Group's financial statements. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the consolidated financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures [2]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation [2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions [2]
HKAS 39 (Amendment)	The Fair Value Option [2]
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts [2]
HKFRS 7	Financial Instruments: Disclosures [1]
HK(IFRIC)-Int 4	Determining Whether an Arrangement contains a Lease [2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies" [3]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2006.
[3] Effective for annual periods beginning on or after 1st March, 2006.

3. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is currently organised into six operating divisions namely broking, financing, corporate finance, assets management, property investment and investment holding. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	Securities brokerage and futures brokerage
Financing	Securities margin financing and money lending
Corporate finance	Corporate finance advisory, placing and underwriting
Assets management	Assets management for listed and unlisted companies and high net worth individuals
Property investment	Property rental and dealing
Investment holding	Share investments

An analysis of segment information of the Group on these businesses for the years ended 31st March, 2006 and 2005 is as follows:

	Broking		Financing		Corporate finance		Assets management		Property investment		Investment holding		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK'000	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*
Segment revenue:														
Sales to external customers	**15,433**	16,143	**53,883**	38,027	**2,216**	1,295	**2,565**	2,463	**3,119**	247	**–**	–	**77,216**	58,175
Segment results	**4,631**	4,900	**40,054**	31,418	**1,498**	463	**1,774**	884	**637**	165	**(1)**	–	**48,593**	37,830
Net investment income														
Increase in fair value of investment properties													**16,836**	38,637
Gain on acquisition of a subsidiary													**67,194**	15,500
Gain on disposal of a subsidiary													**18,100**	–
Provision for doubtful debts													**(2,508)**	(1,802)
Bad debts written off													**–**	(200)
Bad debts recovered													**18,484**	–
Other revenue													**66**	171
Share of results of associates													**248**	(97)
Profit before taxation													**167,013**	90,039
Income tax expense													**(11,724)**	(6,551)
Profit for the year attributable to holders of the Company													**155,289**	83,488

(b) Geographical segments

The Group's operations are principally located in Hong Kong and Macau. The Group's administration is carried out in Hong Kong.

The following table provides and analysis of the Group's turnover by geographical market and analysis of total assets and capital expenditure by the geographical area in which the operations and assets are located.

	Turnover		Total assets		Capital expenditure	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**74,097**	57,928	**686,561**	515,409	**277**	976
Macau	**3,119**	247	**407,370**	235,726	**164**	131,363
	77,216	58,175	**1,093,931**	751,135	**441**	132,339

4. Profit before taxation

Profit before taxation has been arrived at after charging and crediting the following:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Charging:		
Auditors' remuneration		
– current year	**299**	261
– underprovision in prior year	**27**	–
	326	261
Staff costs	**9,712**	10,514
Depreciation	**541**	510
Amortisation of intangible assets	**–**	340
Bad debts written off	**–**	200
Operating leases rentals in respect of rented premises	**880**	835
Crediting:		
Rental income from operating leases less outgoings (Gross rental income: HK$3,119,415 (2005: HK$247,433)	**2,901**	226
Gain on disposal of property, plant and equipment	**–**	46

5. Finance costs

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**6,683**	2,564
Interest on other loans	**2,454**	–
	9,137	2,564

6. Income tax expense

(a) Income tax expense in the consolidated income statement represents:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current year	**11,724**	6,551

(b) (i) Provision for Hong Kong profits tax has been made at the rate of 17.5% (2005: 17.5%)

(ii) No provision for overseas taxation has been made as the amount is insignificant.

(c) Income tax expense for the year can be reconciled to the profit per the consolidated income statement as follows:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Profit before taxation	**167,013**	90,039
Tax at the statutory income tax rate of 17.5%	**29,227**	15,757
Tax effect of non-taxable revenue	**(17,966)**	(9,498)
Tax effect of non-deductible expenses	**226**	726
Tax effect of unrecognised temporary difference	**30**	(38)
Tax effect of tax losses not recognised	**183**	149
Utilisation of tax losses previously not recognised	**–**	(507)
Others	**24**	(38)
Income tax expense	**11,724**	6,551

(d) At the balance sheet date, the Group had unutilised tax losses of approximately HK$113,414,000 (2005: HK$2,396,000) available for offsetting against future taxable profits. However, no deferred tax asset has been recognised due to the unpredictability of future taxable profits. The tax losses may be carried forward indefinitely.

7. Dividends

	2006	2005
	HK$'000	*HK$'000*
Final dividend proposed of HK2.8 cents (2005: HK2.5 cents) per ordinary share	**35,087**	30,719

The amount of the proposed final dividend for the year ended 31st March, 2006 of HK2.8 cents will be payable in cash with an option to elect scrip is not accounted for until it has been approved at the forthcoming annual general meeting. The amount will be reflected as an appropriation of the retained earnings in the year ending 31st March, 2007.

8. Earnings per share

The basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK$155,296,000 (2005: HK$83,488,000) and the weighted average number of 1,239,769,701 (2005: 1,137,579,414) ordinary shares in issue during the year.

There is no diluted earnings per share for the years ended 31st March, 2006 and 2005 presented since the Company has no dilutive potential ordinary shares.

DIVIDENDS AND DISTRIBUTION

The Board has resolved to recommend the payment of a final dividend of HK2.8 cents (2005: HK2.5 cents) per ordinary share for the year.

The Company also proposes that a scrip dividend election will be offered to shareholders with Hong Kong address. Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on 3rd November, 2006. CCAA Group Limited, the substantial shareholder with 69.31% interest of the Company, has committed to elect to receive the final dividend in the form of scrip.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 7th August, 2006 to 11th August, 2006, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 4th August, 2006.

BUSINESS REVIEW

The annual result for the financial year ended 31st March, 2006 reflects the early stage of profit realisation arising from the successful diversification program of the Group to benefit from the upturn in Macau's property sector, and the acquisition of certain quality loan portfolio at good price. Net profit for the financial year reached a record of over HK$155 million, an increase of 86% when compared with last financial year net profit of HK$83 million. Earnings per share for the year ended 31st March, 2006 increased by 71% from HK7.3 cents to HK12.5 cents.

The significant improvement in profit resulted from the concerted efforts of the Group to diversify successfully into the Macau property market and to expand horizontally in the financial services sector. During the year, two major transactions took place. The Group sold 40% equity interest in a subsidiary incorporated in Macau for development with a reasonable profit and successfully acquired Gold Face Finance Limited ("GFF") at an attractive price.

FINANCING

Turnover within the money lending business and margin financing activities improved significantly. Turnover within this segment increased by approximately 42% mainly due to increases in interest rates and business expansion activities. At the beginning of 2005, in order to acquire GFF, the Group entered into a restructuring agreement together with the scheme prepared under section 166 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The completion of the acquisition of the entire share capital of GFF took place on 22nd September, 2005. Since then, GFF continues to generate steady interest income for the Group. On 16th November, 2005, GFF received a writ of summons issued by True Gold Investments Limited as 2nd defendant, with Gold-Face Enterprises Limited, an independent third party, as the 1st defendant. According to the legal advice received by the Group, the allegations in the statement of claim are vague and not properly particularised, it is therefore the opinion of the Board that the matter should not have any material adverse impact on the business operations and financial performance of the Group.

With the improvement of the market conditions and together with certain appropriate measures taken, the Group was able to collect over HK$18 million which had been provided for as bad debts in previous years.

SECURITIES AND COMMODITIES BROKERAGE

During the year, the brokerage segment recorded a turnover of HK$15 million, a slight decrease of less than 5% when compared with the figure in the previous financial year.

PROPERTY INVESTMENT

In the first quarter of 2005, the Group acquired Chino Plaza for HK$127,500,000, a premium shopping center situated at a prime location in Macau Peninsula Island with a gross floor area of over 100,000 sq.ft. designated for retail spaces, plus 51 carparking spaces. For the financial year ended 31st March, 2006, the rental income amounted to over HK$3 million which represented approximately 4% of the Group's total turnover. During the year, the Group sold 40% interest in a subsidiary whose business is principally engaged in Macau property development for a profit of HK$18.1 million.

During the year, the Group further entered into two joint ventures for acquisitions of retail space at Treasure Garden and a site known as lot C7 in Macau. The Group together with a well-known US investment fund acquired the shopping mall of Treasure Garden for HK$140 million and the Group has 25% interest. The other is the joint project with the US investment fund and a syndicate that composes of several renowned Macau property developers in developing a site which is located near the famous Macau Tower named Lot C7 with an estimated market value of HK$1.28 billion. The Group has 10% interest in the joint venture.

CORPORATE FINANCE

For the financial year ended 31st March, 2006, turnover of this business segment increased approximately 71% to HK$2.2 million from HK$1.3 million when compared with the previous financial year.

ASSETS MANAGEMENT

The Group was the investment manager of two companies listed on the Main Board of the Stock Exchange under Chapter 21 (Investment Companies) of the Listing Rules, plus one other institutional client. The total value of asset value under our management exceeded HK$470 million during the year. The decrease in the total asset under management is due to our change of policy to serve higher quality customers.

PROSPECT

To drive growth momentum and to maximise financial returns to our shareholders in the future, the Group has successfully diversified into the Macau property sector and expanded of the financing business horizontally during the year. Rental income and interest income are now becoming steady income stream and provide positive cash flow to the Group on constant basis.

With the positive outlook in gold and precious metals on global basis and the presence of unique management skills in the business within the Group, Management have decided to collaborate with major players in the market such as Johnson Matthey, Standard Bank, Wing Hang Bank, Bank of China and Mitsui Precious Metals and commenced supply of gold, silver, other precious metals and salts to serve the jewellery, electroplating and related industries since April 2006. The business is expected to make reasonable contribution to the Group's turnover and profit in the coming financial years.

In order to expand our brokerage business, the Group has set up a new branch in Yuen Long district since May 2006. There have been a steady increase of new customer base and business.

The Board will continue to adopt a prudent business policy in strengthening the existing products and services while carefully and aggressively to look for new and prosperous business opportunities in enhancing a healthy growth of the Group. The Board is confident that the above-mentioned developments will strengthen our financial position for continuing growth in the long term.

In recent years, the Board has already planted the seeds for the Group's long term successful growth. We are confident that the shareholders will be happy to see some more fruits to mature and rewards to be harvested in 2006 and years beyond. The Management will not be contented with the current success but continue to seek for new and excellent opportunities that will nurture further development and constant growth of the Group in the future.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March, 2006, the Group had cash and bank balances of approximately HK$112 million (2005: HK$98 million) of which approximately HK$65 million (2005: HK$63 million) were pledged to bank for facilities granted to the Group. The Company has given guarantees to the extent of HK$233 million (2005: HK$173 million) to secure the general banking facilities granted to subsidiaries.

As at 31st March, 2006, the Group had available aggregate banking facilities of approximately HK$343 million (2005: HK$283 million) of which approximately HK$242 million (2005: HK$144 million) was not utilised.

Gearing Ratio

As at 31st March, 2006, the amount of total borrowings was approximately HK$278 million (2005: HK$151 million), being equal to approximately 49% (2005: 38%) of the net assets of approximately HK$566 million (2005: HK$399 million).

The Group continues to keep a good relationship with our banker. The Group's available banking facilities remain the same and has sufficient fund to meet its operation requirements.

Foreign Currency Fluctuation

The Board believes that the foreign exchange risk is minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions.

Employment
Employees' remuneration are fixed and determined with reference to the market remuneration.

Share Option
The Company does not have share option scheme.

Repurchase, sale or redemption of the Company's listed securities
For the year ended 31st March, 2006, other than as an agent for clients of the Company or its subsidiaries, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the year.

Audit committee
The Company has established an audit committee according to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee of the Group consists of three independent non-executive directors, namely Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31st March, 2006. The Audit Committee had also reviewed the annual results of the Group for the year ended 31st March, 2006 in conjunction with the Company's external auditors.

Code on corporate governance practices
The Listing Rules have recently been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices ("Code") and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of Listed Issuers. Subject to certain transitional arrangements, the amendments took effect on 1st January, 2005.

The Company has complied with the Code throughout the year ended 31st March, 2006, with deviations from code provisions A.4.1 of the Code only in respect of the service term of directors.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under article 116 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Model code for securities transactions by directors
The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

Sufficiency of public float
According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's shares which are in the hands of the public is not less than 25% of the Company's total number of issued shares.

Publication of information on the website of the stock exchange
A detailed results announcement of the Company for the Year containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board
LI Kwok Cheung, George
Executive Director

Hong Kong, 20th July, 2006

As at the date of this announcement, the Board of the Company consists of Dr. Wong King Keung, Peter as non-executive director and chairman, Mr. Wong Ching Hung, Thomas, Mr. Cheng Kai Ming, Charles, Mr. Li Kwok Cheung, George and Ms. Cheng Wai Ling, Annie as executive directors and Mr. Wong Wai Kwong, David, Mr. Pang Cheung Hing, Alex and Mr. Fuk Ho Kai as independent non-executive directors.

Please also refer to the published version of this announcement in China Daily.