

The Directors would like to present their annual report together with the audited financial statement of Honesty Treasure International Holdings Limited (the “Company”) and subsidiaries (the “Group”) for the 9 months ended 31st December 2005.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the special general meeting held on 29 September 2005 and an approval by the Registrar of Companies in Cayman Island, the name of the Company has been changed from “Pearl Oriental Enterprises Limited 東方明珠實業有限公司” to “Honesty Treasure International Holdings Limited 信寶國際控股有限公司” with effect from 7 October 2005.

PRINCIPAL ACTIVITIES

The Company is primarily an investment holding company and its investment portfolio includes (i) hotel and real estate investments; (ii) property development; (iii) trading, distribution and retailing of leather products; and (iv) healthcare and medical-related business.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the group’s sales and purchases attributable to the major customers and suppliers respectively during the financial period is as follows:

	Percentage of the group’s total	
	Sales	Purchases
The largest customer	8%	
Five largest customers in aggregate	27%	
The largest supplier		12%
Five largest suppliers in aggregate		43%

At no time during the period have the directors, their associates or any shareholder of the company (which to the knowledge of the directors owns more than 5% of the company’s share capital) had any interest in these major customers and suppliers.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial year ended 31 March 2005 and 9-month ended 31 December 2005 is set out on page 82 of the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the 9 months ended 31 December 2005 are set out in the consolidated income statement on page 24 of this annual report.

The state of the Company’s and the Group’s affairs as at 31 December 2005 are set out in the balance sheet on pages 25 to 27.

The Board of Directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of significant changes in the property, plant and equipment of the Group during the review period are set out in Note 17 to the accompanying financial statements.

SHARE CAPITAL

Movements in share capital of the Company during the period are set out in Note 30 to the financial statements.

RESERVES

Movements in reserves of the Group and the Company during the review period are set out on page 28 and in Note 31 to the accompanying financial statements.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the 9 months ended 31 December 2005 and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rate basis to existing shareholders.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and associates are set out in Notes 19 and 20 to the accompanying financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank borrowings as at 31 December 2005 are set out in Notes 26 and 29 to the accompanying financial statements.

RETIREMENT SCHEMES

Details of the retirement benefits scheme of the Group are set out in Note 12 to the accompanying financial statements.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices is set out on pages 9 to 13 of this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors who held office during the review period and up to the date of this report are:

Executive directors:

Mr. Chiang Pedro, <i>Chairman</i>	(appointed on 22 July 2005)
Mr. Law Kar Po, <i>Vice Chairman</i>	
Mr. Wu Ka I, Miguel, <i>Chief Executive Officer</i>	(appointed on 22 July 2005)
Mr. Hoi Man Pak	(appointed on 22 July 2005)
Mr. Ung Choi Kun	(appointed on 22 July 2005)
Mr. Lee Sam Yuen, John	
Ms. Law Wing Yee, Wendy	
Ms. Lee Siu Yuk, Eliza	
Mr. Wong Yuk Kwan	(resigned on 29 June 2005)

Non-executive directors:

Mr. Leonel Alberto Alves	(appointed on 25 August 2005)
Mr. Chui Sai Cheong	(appointed on 25 August 2005)
Dr. Wong Alfonso	(resigned on 25 August 2005)

Independent non-executive directors

Mr. Lau Wai Ming	(appointed on 1 August 2005)
Mr. Kwok Hong Yee, Jesse	(appointed on 25 August 2005)
Mr. Wong King Lam, Joseph	(appointed on 25 August 2005)
Mr. Chan Nim Leung, Leon	(resigned on 31 July 2005)
Mr. Ha Kee Choy, Eugene	(resigned on 25 August 2005)
Mr. Ng Kai Man, Luke	(resigned on 25 August 2005)

In accordance with the provisions of the Company's Articles of Association, Mr. Law Kar Po, Mr. Ung Choi Kun, Mr. Lau Wai Ming, Mr. Kwok Hong Yee, Jesse and Mr. Wong King Lam, Joseph shall retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

None of the directors has an unexpired service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service agreement with Mr. Lee Sam Yuen, John who was appointed as the Executive Director for a term of 2 years commencing on 1 January 2004. His remuneration is determined by the board of directors on the anniversary of the date of his appointment.

The agreement can be terminated without payment of compensation by the contracting parties giving six months written notice.

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN SECURITIES

As at the reporting date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Personal Interests in Shares	Corporate Interest	Other Interest
Mr. Chiang Pedro	153,640,520	–	–
Mr. Law Kar Po	265,022,000	–	–
Mr. Wu Ka I, Miguel	35,067,140	–	–
Mr. Hoi Man Pak	85,112,600	–	–
Mr. Ung Choi Kun (<i>note a</i>)	2,200,000	–	–

Notes:

- (a) Mr. Ung Choi Kun directly held 5,000,000 Warrants (2.22% of the total issued Warrants) issued by the Company carrying the rights to subscribe for 5,000,000 new Shares at a subscription price of HK\$0.35 per Share (subject to adjustment) until 20 July 2007.

Save as disclosed above, as at the reporting date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 17 of this annual report.

DIRECTORS' INTEREST IN CONTRACTS

Except for the related party transactions as disclosed in the accompanying financial statements, no other contracts of significance to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the review period or at any time during the review period.

DIRECTORS' BENEFITS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangement to enable the directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at the reporting date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Number of issued shares	Percentage holding
Mr. Law Kar Po	265,022,000	9.36%
Mr. Chiang Pedro	153,640,520	5.43%

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the review period.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 38 to the financial statements.

AUDIT COMMITTEE

The Company has an audit committee consisting of three independent non-executive directors of the Company. The committee reviews the system of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the Board with the auditors. It met regularly with the management and the auditors to review the audit reports and the interim and final financial statements of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the review period and up to the date of this report as required under the Listing Rules.

AUDITORS

The accompanying financial statements were audited by Messrs CCIF CPA Limited A resolution for their re-appointment as the Company's auditors for the ensuring year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Wu Ka I, Miguel
Chief Executive Officer

Hong Kong, 24 April 2006