

Report of the Directors

The Directors have pleasure in submitting their first report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2006.

Group Reorganisation

The Company was incorporated in the Cayman Islands on 19 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. Pursuant to the reorganisation as disclosed in the prospectus of the Company dated 27 January 2006, to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of all other companies now comprising the Group on 24 January 2006 (the "Reorganisation"). Further details of the Reorganisation are set out in Note 1 to the financial statements of the Group. Following the completion of the Reorganisation and the placing and public offer, the Company's shares ("Shares") were listed on the Stock Exchange on 9 February 2006 ("Listing Date").

Principal Activities and Segment Analysis of Operations

As at 31 March 2006, the principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are provision of beauty and healthcare services and sales of beauty products and equipment. Particulars of the Company's subsidiaries are set out in Note 8 to the financial statements.

An analysis of the Group's turnover and results for the year by business segments and geographical areas of operation is set out in Note 5 to the financial statements.

Results and Appropriation

The results of the Group for the year are set out in the financial statements on page 65. The Directors recommend the payment of a final dividend of HK\$0.138 per share to shareholders whose names appear on the register of Shareholders of the Company on 15 August 2006. No interim dividend was paid for the year ended 31 March 2006.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in Note 14 to the financial statements.

Distributable Reserves of the Company

Under the Companies Law (2004 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Memorandum or Articles of Association. As at 31 March 2006, the Company's reserves available for distribution to Shareholders amounted in total to approximately HK\$191,327,000 (2005: Nil).

Report of the Directors

Financial Summary

A summary of the financial results and position of the Group for the last five financial years is set out on page 114.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in Note 6 to the financial statements.

Share Capital

Details of the movements of the Company's share capital during the year are set out in Note 13 to the financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Charitable Contributions

During the year, the Group made charitable donations totaling HK\$1,000,000.

Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Ms. Tsang Yue, Joyce	(appointed on 26 September 2005)
Mr. Lee Soo Ghee	(appointed on 26 September 2005)
Ms. Yuen Siu Ping	(appointed on 26 September 2005)
Mr. Hung Fan Kwan	(appointed on 26 September 2005)
Mr. Yip Kai Wing	(appointed on 26 September 2005)

Independent non-executive Directors:

Mr. Wong See Hong	(appointed on 9 February 2006)
Mr. Yu How Yuen	(appointed on 9 February 2006)
Mr. Cheng Kai Tai, Allen	(appointed on 9 February 2006)

In accordance with the Company's Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

In addition, pursuant to the Company's Articles of Association, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Directors' Service Contracts

Each of Ms. Tsang Yue, Joyce, Mr. Lee Soo Ghee, Ms. Yuen Siu Ping, Mr. Hung Fan Kwan and Mr. Yip Kai Wing has entered into a service contract with the Company dated 20 January 2006 under which they each agreed to act as an executive Director for a term of three years commencing from the Listing Date unless terminated by, in the case of Ms. Tsang Yue, Joyce and Mr. Lee Soo Ghee not less than three months' notice and, in the case of Ms. Yuen Siu Ping, Mr. Hung Fan Kwan and Mr. Yip Kai Wing, not less than one month's notice in writing served by either party on the other; whereas each of Mr. Wong See Hong, Mr. Yu How Yuen and Mr. Cheng Kai Tai, Allen has entered into a letter of appointment dated 20 January 2006 for a term of three years commencing from the Listing Date.

Save as disclosed above, none of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Report of the Directors

Competing Interest

JF (Singapore) Group (comprising JF Holdings (S) Pte Limited and its subsidiaries) is principally engaged in the provision of beauty and healthcare services at its network of beauty centres in Singapore and engaged in the provision of beauty services in Malaysia while the Group is principally engaged in the provision of beauty and healthcare services and sale of beauty products and equipment in Hong Kong. Ms. Tsang Yue, Joyce is the sole director of JF (Singapore) Group. Given that JF (Singapore) Group is principally engaged in the provision of beauty services in Singapore and Malaysia, which is in a different geographical location from that of the Group, the Directors consider that the business activities of JF (Singapore) Group does not compete with those of the Group.

Nevertheless, each of JF Holdings (S) Pte Limited and Ms. Tsang Yue, Joyce has entered into a deed of undertaking in favour of the Group to the effect that each of them will not, and will procure that none of its subsidiaries (other than the Group) and the companies controlled by her (other than the Group), respectively, will engage or otherwise be involved in any business which competes or is likely to compete with any of the business carried on by any member of the Group in relation to the provision of (i) beauty and facial services, (ii) spa and massage services, (iii) slimming services, (iv) fitness services and sales of beauty products and equipment, as at the Listing Date in any of the regions in the world (but exclude Singapore and Malaysia).

Save as disclosed herein and in the paragraph headed "Connected Transactions", none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

Biography of Directors and Senior Management

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management Profile" of the annual report.

Directors' Interests in Contracts

Save as disclosed in Note 29 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of the companies which have become its subsidiaries upon the Reorganisation was a party during the year.

Director's and Chief Executive's Interests or Short Positions in Shares, Underlying Shares or Debentures

At 31 March 2006, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or will be required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules, were as follows:

Long positions in Shares / underlying Shares of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares	Number of Shares subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of issued Shares
			(Note 1)	(Note 2)
Ms. Tsang Yue, Joyce	Interests of controlled corporations	540,000,000 (Note 3)		75%
	Beneficial owner		600,000 (Note 4)	0.08%
	Interest of spouse		650,000 (Note 4)	0.09%

Report of the Directors

Name of Director	Capacity/ Nature of interest	Number of Shares	Number of Shares subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of issued Shares
			(Note 1)	(Note 2)
Mr. Lee Soo Ghee	Interest of spouse	540,000,000 (Note 5)		75%
	Beneficial owner		650,000 (Note 4)	0.09%
	Interest of spouse		600,000 (Note 4)	0.08%
Ms. Yuen Siu Ping	Beneficial owner	Nil	700,000	0.1%
Mr. Hung Fan Kwan	Beneficial owner	Nil	300,000	0.04%
Mr. Yip Kai Wing	Beneficial owner	Nil	250,000	0.03%

Notes:

- Further details of the options under the Pre-IPO Share Option Scheme (such as exercise period, exercise price and vesting period) are set out under the paragraph headed "Share Option Schemes" below.
- The relevant percentages are calculated by reference to the Shares in issue on 31 March 2006, ie. 720,000,000 Shares.
- Ms. Tsang Yue, Joyce owns the entire shareholding in Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp., each holding 367,200,000 Shares and 172,800,000 Shares, respectively.
- Ms. Tsang Yue, Joyce has been granted an option for 600,000 Shares under the Pre-IPO Share Option Scheme and Mr. Lee Soo Ghee has been granted an option for 650,000 Shares under the Pre-IPO Share Option Scheme. Mr. Lee Soo Ghee is the husband of Ms. Tsang and, for the purposes of the SFO, Mr. Lee is deemed or taken to be interested in the share options granted to Ms. Tsang under the Pre-IPO Share Option Scheme and Ms. Tsang is deemed or taken to be interested in the share options granted to Mr. Lee under the Pre-IPO Share Option Scheme.
- Mr. Lee Soo Ghee is the husband of Ms. Tsang and is deemed to be interested in the Shares in which Ms. Tsang is deemed or taken to be interested for the purpose of the SFO.

Long positions in shares of the associated corporations of the Company

Name of Director	Capacity	Name of the associated corporation	Number of Shares	Percentage of the issued shares of the associated corporation
Ms. Tsang Yue, Joyce	Beneficial owner	Silver Compass Holdings Corp.	100 (Note)	100%
	Beneficial owner	Silver Hendon Enterprises Corp.	100 (Note)	100%

Note: Both Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. (each holding 367,200,000 Shares and 172,800,000 Shares, respectively) are wholly-owned by Ms. Tsang Yue, Joyce.

Save as disclosed above, none of the Directors or chief executives of the Company had, at 31 March 2006, any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which would have to be, pursuant to section 352 of the SFO, entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares

Save as disclosed in the paragraph headed "Share Option Schemes" below, at no time during the year, or subsequent to the year end or following completion of the initial public offering of the shares of the Company on 9 February 2006 up to the date of this report, were rights to acquire benefits by means of the acquisitions of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of the companies which have become its subsidiaries upon the Reorganisation a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Report of the Directors

Interests and Short Positions of Shareholders

So far as is known to any Directors or chief executives of the Company, at 31 March 2006, Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions of substantial Shareholders in the Shares and underlying Shares of the Company

Name	Capacity	Number of Shares	Approximate percentage of issued Shares (Note 1)
Silver Compass Holdings Corp.	Beneficial owner	367,200,000 (Note 2)	51%
Silver Hendon Enterprises Corp.	Beneficial owner	172,800,000 (Note 2)	24%

Notes:

1. The relevant percentages are calculated by reference to the Shares in issue on 31 March 2006, ie. 720,000,000 Shares.
2. Both Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. are wholly owned by Ms. Tsang Yue, Joyce.

Save as disclosed above, at 31 March 2006, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Appointment of Independent Non-executive Directors

The Company has received, from each of the existing Independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent non-executive Directors are independent.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company and the Group were entered into or existed during the year.

Share Option Schemes

The Company has adopted a Pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and a share option scheme ("Scheme") on 20 January 2006 whereby the Directors are authorised to invite any employee (whether full-time or part-time), director, consultant or adviser of the Group, to take up options to subscribe for Shares at a nominal consideration of HK\$1.00 per grant under the Pre-IPO Share Option Scheme and the Scheme. Each option gives the holder the right to subscribe for one Share.

Pursuant to the Pre-IPO Share Option Scheme, an aggregate of 3,600,000 share options were granted and remained outstanding as at 31 March 2006. The Pre-IPO Share Option Scheme was terminated the day immediately before the Listing Date.

At 31 March 2006, the Company has not granted any share option pursuant to the Scheme.

A. Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to give employees, directors, consultants and advisors of the Group an opportunity to have a personal stake in the Company and help motivate them to optimize their performance and efficiency and attract and retain them whose contributions are important to the long-term growth and profitability of the Group.

The principal terms of the Pre-IPO Share Option Scheme, approved and adopted by written resolutions of the then Shareholders of the Company dated 20 January 2006 are similar to the terms of the Scheme (as set out below) except for the following:

- (a) the subscription price per Share shall be HK\$0.60; and
- (b) save for the options which have been granted (with details set out below), no further options will be offered or granted, as the right to do so will end upon the listing of Shares on the Stock Exchange.

Report of the Directors

Share Option Schemes (Continued)

A. Pre-IPO Share Option Scheme (Continued)

Details of the options granted have been disclosed below:

Grantee	No. of options granted during the year	No. of shares acquired on exercise of options	No. of options outstanding	Date of grant	Period during which options are exercisable	Exercise price per share	Approximate percentage of issued share capital of the Company
Directors							
Ms. Tsang Yue, Joyce	300,000	—	300,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0417%
Ms. Tsang Yue, Joyce	300,000	—	300,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0417%
Mr. Lee Soo Ghee	325,000	—	325,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0451%
Mr. Lee Soo Ghee	325,000	—	325,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0451%
Ms. Yuen Siu Ping	350,000	—	350,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0486%
Ms. Yuen Siu Ping	350,000	—	350,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0486%
Mr. Hung Fan Kwan	150,000	—	150,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0208%
Mr. Hung Fan Kwan	150,000	—	150,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0208%
Mr. Yip Kai Wing	125,000	—	125,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0174%
Mr. Yip Kai Wing	125,000	—	125,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0174%
Employees	550,000	—	550,000	24 January 2006	9 August 2006 to 8 February 2011	HK\$0.60	0.0764%
Employees	550,000	—	550,000	24 January 2006	9 February 2007 to 8 February 2011	HK\$0.60	0.0764%
Total	3,600,000	—	3,600,000				

Information on the accounting policy for share options granted and the fair value of the options is provided in Note 13(b) to the financial statements.

B. The Scheme

Relevant information relating to the Scheme is set out as follows:

(a) Purpose of the Scheme

The purpose of the Scheme is to give employees, directors, consultants and advisors of the Group an opportunity to have a personal stake in the Company and help motivate them to optimise their performance and efficiency and attract and retain them whose contributions are important to the long-term growth and profitability of the Group.

Share Option Schemes *(Continued)*

B. The Scheme *(Continued)*

(b) Participants of the Scheme

The Board may, at its absolute discretion and on such terms as it may think fit, offer any employee (whether full-time or part-time), director, consultant or adviser of the Group (the "Participant") options to subscribe for Shares at the price calculated in accordance with paragraph (e) below and slight with other terms of the Scheme. The basis of eligibility of any of the Participants to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group based on his performance and/or years of service and other relevant factors. An offer of grant of an option may be accepted by a grantee, upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company on acceptance of the offer for the grant of the option as consideration for the grant.

(c) Maximum number of Shares Available for Issue under the Scheme

Except with the approval of the Shareholders at general meeting, the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme must not in aggregate exceed 10% of the issued share capital of the Company as at Listing Date or 30% of the issued share capital of the Company from time to time. No options may be granted under the Scheme if this will result in such limit being exceeded. As at the date of this report, no option has been granted by the Company under the Scheme since its adoption.

(d) Maximum Entitlement of Each Participant under the Scheme

Except with the approval of the Shareholders at general meeting, no option shall be granted to any participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue as at the date of this report.

(e) Basis of Determining the Exercise Price

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price determined by the Board and notified to the Participants and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(f) Period of the Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Scheme will remain in force for a period commencing on the date falling six months after 24 January 2006 and shall not exceed the period of ten years from 24 January 2006, after which period no further option shall be granted.

Report of the Directors

Major Customers and Suppliers

During the year ended 31 March 2006, purchases from the Group's five largest suppliers accounted for 25.33% (2005: 33.7%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 6.7% (2005: 8.9%).

Sales to the Group's five largest customers in aggregate accounted for less than 5% of the Group's total sales for both years. None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

Connected Transactions

The following transactions of the Group constituted continuing connected transactions under the Listing Rules during the year ended 31 March 2006.

- A. The following continuing connected transactions are exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules by reason that the transactions are on normal commercial terms and the total amount of each transaction expected to be incurred each year during the duration of the relevant agreement will not exceed 2.5% of the relevant percentage ratios (other than the profit ratio):

Tenancy Agreement of No. 47 Stanley Village Road, Hong Kong

On 26 February 2004, a tenancy agreement ("Stanley Tenancy Agreement") was entered into between All Link International Limited, a company controlled by Ms. Tsang Yue, Joyce falling outside the Group, and Modern (Human Resource) Limited, a wholly-owned subsidiary of the Company included in the Group, pursuant to which Modern (Human Resource) Limited leased from All Link International Limited the premises at No. 47 Stanley Village Road, Hong Kong as quarters for some of the directors of the Company. The duration of the Stanley Tenancy Agreement is 26 months ended on 31 March 2006.

The rental paid by the Group to All Link International Limited under the Stanley Tenancy Agreement amounted to HK\$3,600,000 for the year ended 31 March 2006.

The annual rental is calculated based on a monthly rental of HK\$300,000. Sallmanns (Far East) Limited, an independent property valuer, has confirmed that the rental payment is in accordance with the market rate and the Directors confirmed that the terms of the Stanley Tenancy Agreement are on normal commercial terms.

The above disclosure relating to the Stanley Tenancy Agreement is made in accordance with Rule 14A.46 of the Listing Rules.

- B. The following continuing connected transactions are exempt from the reporting, announcement or independent shareholders' approval requirement under Rule 14A.33 of the Listing Rules and are included herein for information only.

Licensing agreement for use of trademarks (the "Trademark Licensing Agreement")

On 26 January 2006, Koladen Enterprises Inc. ("Koladen"), a wholly-owned subsidiary of the Company, (on behalf of the Group) and JF Holdings (S) Pte Limited ("JFH"), a company controlled by Ms. Tsang Yue, Joyce falling outside the Group entered into an agreement for the licensing of trademarks. Under this agreement, Koladen on behalf of the registered owners of certain trademarks granted a non-exclusive, non-transferable and revocable license to JFH together with its subsidiaries (collectively referred to as the "JF (Singapore) Group") authorising JF (Singapore) Group to use in Singapore and Malaysia the trademarks which are currently and will be in the future owned by any member of the Group ("Trademarks"). The duration of the Trademark Licensing Agreement is commenced immediately following completion of the initial public offering of the Shares of the Company on 9 February 2006 to 31 March 2008.

The Trademarks are licensed by Koladen (on behalf of members of the Group) to JF (Singapore) Group on the basis that the annual license fee payable under the Trademark Licensing Agreement are settled on normal commercial terms, that being 3% of the audited profits of JFH ("JFH's 3% Profits"), provided that the annual license fee should not be less than HK\$200,000 if JFH's 3% Profits fall below HK\$200,000 and that the annual license fee should not be more than HK\$500,000 if JFH's 3% Profits exceed HK\$500,000. The license fee shall be paid annually by JFH to Koladen (or its designated entity) within 15 days from the date of the consolidated audited accounts of JFH.

In view of the above, the Directors confirmed that the terms of the Trademark Licensing Agreement, in particular the calculation of license fee, which allows the Group to share the gains (3% of audited profit with a maximum and a minimum amount) whilst guaranteeing a minimum amount of income, are in accordance with market practice, fair and reasonable to both the Group and the JF (Singapore) Group and are on normal commercial terms.

For the year ended 31 March 2006, the aggregate amount payable by JFH to the Group for the license fee amounted to approximately HK\$28,000.

Tenancy agreement of 1st Floor, No. 46 Carnarvon Road, Tsimshatsui, Kowloon

On 1 January, 2006, Chain Tech International Limited, a company controlled by Ms. Tsang Yue, Joyce falling outside the Group, and MOH Limited, a wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "Carnarvon Tenancy Agreement") pursuant to which MOH Limited leased from Chain Tech International Limited, the premises at 1st Floor, No. 46 Carnarvon Road, Tsimshatsui, Kowloon as a service centre of the Group. The duration of the Carnarvon Tenancy Agreement is three years ending on 31 December 2008.

The rental paid by the Group in relation to the premises amounted to HK\$480,000 for the year ended on 31 March 2006.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or, on terms no less favourable to the Company than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of the Directors

The Directors of the Company have engaged the auditors to perform certain agreed-upon procedures on the aforesaid continuing connected transactions on a sample basis and the auditors have, based on the work performed, provided a letter to the Directors of the Company stating that:

1. the transactions have been approved by the Company's Directors;
2. the transactions were entered into in accordance with the pricing policies of the Company;
3. the transactions were entered into in accordance with the terms of the relevant agreements governing such transactions; and
4. the transactions did not exceed the relevant annual limits as set out in the prospectus of the Company dated 27 January 2006.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that the Company has maintained the prescribed public float under the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

Pursuant to the written resolutions passed by the then Shareholders on 20 January 2006, a general mandate was granted to the Directors to exercise the powers of the Company to purchase Shares up to a maximum of 10% of the issued share capital of the Company.

During the year ended 31 March 2006, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, any of the Company's listed securities.

Audit Committee

The Group's annual report for the year ended 31 March 2006 has been reviewed by the Audit Committee. Information on the work of the Audit Committee and its composition are set out in the Corporate Governance Report on pages 42 to 46.

Sponsor's Interest

Pursuant to the compliance advisor agreement between the Company and Sun Hung Kai International Limited, Sun Hung Kai International Limited received usual compliance advisor fees for acting as the Company's compliance advisor for the period from 9 February 2006 to 31 March 2006.

Auditors

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Ms. Tsang Yue, Joyce

Chairperson and Chief Executive Officer

Hong Kong, 6 July 2006