

Chairman's Statement

On behalf of the Board of Directors (the "Board") of LeRoi Holdings Limited (the "Company"), I hereby present the annual results of the Group for the year ended 31 March 2006.

As at 31 March 2006, the Group has 58 franchisees in 29 cities across 7 provinces as compared to 69 franchisees last year. To compensate the reduction in the number of franchisees, the Group has opened some directly managed counters in department stores. As at 31 March 2006, the Group has 9 such counters.

As for the new business the Group has been developing, it appears that much more resources are needed for marketing and promotion. Having considered the cost and benefit of using the Group's resources, it is probably in the best interest of the Group to adjust its investment strategy in the female lingerie business by adopting a more conservative approach.

On 27 January 2006, the Company has entered into a Subscription Agreement pursuant to which the Company had agreed to issue and the Subscriber agreed to subscribe for the Convertible Notes with an initial principal amount of HK\$3,000,000 and an option for the Subscriber to subscribe a further HK\$7,000,000. A specific mandate to issue conversion shares attached to the Convertible Notes was sought at an extraordinary general meeting of the Company's shareholders on 27 June 2006. Since more time is required to fulfill the condition precedents of the Subscription Agreement, parties to the Subscription Agreement have agreed to extend the Long Stop Date to 31 August 2006 or such other date as the parties may subsequently agree in writing. The issue of Convertible Notes may provide immediate funding for the Group without immediate dilution of the shareholding of the existing shareholders.

Trading in the Company's Shares on the Stock Exchange has been suspended since 27 February 2004 pending the publication of announcement(s) to clarify certain newspaper articles in relation to the allegation in respect of share placement (the 'Incident'). The Stock Exchange is concerned with the possible impact of the Incident and has requested the Company to address certain issues in the clarification announcement. So far as the Board is aware, the Incident was not related to the affairs and business operations of the Group. Trading in the Company's Shares will remain suspended until such issues have been addressed by the Board to the satisfaction of the Stock Exchange.

Finally, on behalf of the Board, I would like to extend my appreciation to our management and employees for their dedication and efforts during the year. I would also like to thank our business associates, clients, suppliers, and shareholders for their continuous support and reliance for the Group during the year.

Chairman

Hung Man Sing

Hong Kong, 24 July 2006