

RoadShow 路訊通

ROADSHOW HOLDINGS LIMITED 路訊通控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 888)

2006 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Total turnover (including share of an associate's turnover) amounted to approximately HK\$271.5 million (2005: HK\$268.9 million)
- Profit attributable to equity shareholders of the Company was approximately HK\$30.8 million (2005: HK\$26.3 million)
- Basic earnings per share was HK3.09 cents (2005: HK2.63 cents)
- Final dividend of HK3.09 cents per share is proposed (2005: HK1.70 cents)

ANNUAL RESULTS

The board of directors (the "Directors" or the "Board") of RoadShow Holdings Limited (the "Company" or "RoadShow") are pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2006, together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

		2006 HK\$'000	2005 HK\$'000
Group turnover	<i>Note</i>	176,485	191,105
Share of an associate's turnover	3	95,035	77,808
Subtotal		271,520	268,913
Gain on disposal of media assets	4(a)	44,043	—
Other revenue and other net income		37,853	21,583
Total operating revenue		353,416	290,496
Group turnover	3	176,485	191,105
Gain on disposal of media assets	4(a)	44,043	—
Other revenue and other net income		37,853	21,583
		258,381	212,688
Operating expenses			
Depreciation and amortisation		(36,173)	(39,559)
Royalty, licence and management fees		(35,072)	(22,658)
Staff expenditure		(29,543)	(27,468)
Site rentals		(12,634)	(24,076)
Impairment loss of goodwill		(12,487)	—
Repairs and maintenance		(12,279)	(11,023)
Impairment loss of fixed assets		(7,969)	—
Impairment loss of accounts receivable		(4,870)	(3,141)
Cost of inventories		(4,659)	(3,714)
Impairment loss of media assets		(2,100)	(3,026)
Other operating expenses		(56,286)	(55,330)
Total operating expenses		(214,072)	(189,995)
Profit from operations		44,309	22,693
Finance costs		(1,631)	(2,385)
Share of profit of an associate		6,387	12,129
Gain on disposal of subsidiaries	4(b)	12,677	—
Profit before taxation		61,742	32,437
Income tax	5	(7,353)	(5,267)
Profit for the year		54,389	27,170
Attributable to:			
Equity shareholders of the Company		30,781	26,270
Minority interests	4(a)	23,608	900
Profit for the year		54,389	27,170
Dividend payable to equity shareholders of the Company attributable to the year:			
Final dividend proposed after the balance sheet date	6	30,819	16,955
Earnings per share (in Hong Kong cents)			
Basic and diluted	7	3.09	2.63

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

		2006 HK\$'000	2005 HK\$'000
Non-current assets	<i>Note</i>		
Fixed assets		51,424	85,315
Media assets		1,408	95,805
Goodwill		—	12,487
Non-current prepayments		47,902	62,610
Interest in an associate		176,839	144,388
Deferred tax assets		8,449	7,076
		286,022	407,681
Current assets			
Inventories		887	2,237
Amount due from ultimate holding company		4,436	2,764
Accounts receivable	8	25,944	51,815
Other receivables and deposits		7,146	21,009
Prepayments		14,708	43,734
Current tax recoverable		2,316	2,507
Pledged bank deposits		39,520	—
Bank deposits and cash		582,558	452,279
		677,515	576,345
Current liabilities			
Accounts payable	9	5,899	10,986
Other payables and accruals		46,640	41,142
Bank loans		38,000	38,000
Current tax payable		1,156	1,936
		91,695	92,064
Net current assets		585,820	484,281
Total assets less current liabilities		871,842	891,962
Non-current liabilities			
Deferred tax liabilities		8,537	13,571
Other unsecured loan	10	—	15,423
		8,537	28,994
NET ASSETS		863,305	862,968
CAPITAL AND RESERVES			
Share capital		99,737	99,737
Reserves		758,041	742,995
Total equity attributable to equity shareholders of the Company		857,778	842,732
Minority interests		5,527	20,236
TOTAL EQUITY		863,305	862,968

Notes:

1. Basis of preparation

The financial results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. The financial results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs does not have material impacts on the Group's financial results for the current and prior accounting periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The measurement basis used in the preparation of the financial results is the historical cost basis.

2. Segment information

Segment information is presented in respect of the Group's business and geographical segments. Geographical segment information based on location of assets is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Geographical segments

	Year ended 31 December 2006			Year ended 31 December 2005		
	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000
Segment revenue						
Hong Kong	138,143	—	138,143	134,613	—	134,613
Mainland China	38,342	95,035	133,377	56,492	77,808	134,300
Total	176,485	95,035	271,520	191,105	77,808	268,913
Segment results						
Hong Kong	7,753	—	7,753	27,842	—	27,842
Mainland China	*36,806	6,387	43,193	*(14,599)	12,129	(2,470)
Total	44,559	6,387	50,946	13,243	12,129	25,372
Unallocated operating income and expenses			(250)			9,450
Profit from operations			50,696			34,822
Finance costs			(1,631)			(2,385)
Gain on disposal of subsidiaries			12,677			—
Income tax			(7,353)			(5,267)
Profit for the year			54,389			27,170
Attributable to:						
Equity shareholders of the Company			30,781			26,270
Minority interests			23,608			900
			54,389			27,170
	Hong Kong	Mainland China	Unallocated	Hong Kong	Mainland China	Unallocated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	908	2,010	—	418	2,971	—
Depreciation and amortisation	27,261	8,912	—	27,414	12,145	—
Impairment losses						
— accounts receivable	95	4,775	—	73	3,068	—
— goodwill	—	—	12,487	—	—	—
— fixed assets	7,969	—	—	—	—	—
— media assets	—	2,100	—	—	3,026	—

* This figure includes segment results of gain of HK\$18,076,000 (2005: loss of HK\$7,049,000) attributable to minority interests.

	At 31 December 2006			At 31 December 2005		
	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000
Segment assets						
Hong Kong	148,228	—	148,228	202,695	—	202,695
Mainland China	4,313	176,839	181,152	133,507	144,388	277,895
	152,541	176,839	329,380	336,202	144,388	480,590
Unallocated assets			634,157			503,436
Total assets			963,537			984,026
Segment liabilities						
Hong Kong	49,346	—	49,346	39,989	—	39,989
Mainland China	3,193	—	3,193	12,139	—	12,139
	52,539	—	52,539	52,128	—	52,128
Unallocated liabilities			47,693			68,930
Total liabilities			100,232			121,058

Business segments

The Group's turnover and operating profit are almost entirely derived from media sales and management and administrative services. Accordingly, no analysis by business segment is provided.

3. Turnover

The Group is principally engaged in the provision of media sales and management and administrative services for Multi-media On-Board ("MMOB") business and the operation of media advertising management services through marketing advertising spaces on transit vehicle exteriors, shelters and outdoor signages.

Turnover represents income from media sales and management and administrative services, net of agency commission and rebate.

4. Disposals of media assets and subsidiaries

(a) Disposal of media assets

During the year, a subsidiary of the Group disposed of certain media assets in Beijing with a net book value of HK\$28,043,000, resulting in a gain on disposal of HK\$44,043,000. As the Group owned 51% interest in the said subsidiary, 49% of the gain on disposal would be attributable to the minority shareholder of the subsidiary. Further details in relation to the disposal are set out in the Company's circular dated 31 July 2006.

(b) Disposal of subsidiaries

During the year, the Group disposed of its interests in RoadVision (Dalian) Limited and Guangzhou Key Media Advertising Company Limited, resulting in a gain on disposal of HK\$12,677,000. Further details in relation to the disposal are set out in the Company's circular dated 31 July 2006.

5. Income tax

(a) Income tax in the consolidated income statement

(i) Taxation in the consolidated income statement represents:

	2006 HK\$'000	2005 HK\$'000
Current tax		
Provision for Hong Kong Profits Tax for the year	8,747	5,592
Over-provision in respect of prior years	(12)	(11)
	<u>8,735</u>	<u>5,581</u>
Provision for PRC income tax	5,025	783
	<u>13,760</u>	<u>6,364</u>
Deferred tax		
Origination and reversal of temporary differences	(6,407)	(1,097)
	<u>7,353</u>	<u>5,267</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for the Mainland China subsidiaries is charged at the appropriate current rates for taxation ruling in The People's Republic of China ("PRC").

On 16 March 2007, the National People's Congress passed the China Corporate Income Tax Law which will be effective from 1 January 2008. The new tax law has no impact on the Group's deferred tax assets and deferred tax liabilities as at 31 December 2006.

(ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2006 HK\$'000	2005 HK\$'000
Profit before taxation	61,742	32,437
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	17,322	5,313
Tax effect of non-deductible expenses	5,223	851
Tax effect of non-taxable revenue	(9,131)	(6,812)
Tax effect of prior years' unrecognised tax losses utilised during the year	(7,949)	—
Tax effect of tax losses not recognised	1,776	6,159
Over-provision in prior years	(12)	(11)
Others	124	(233)
Actual tax expenses	<u>7,353</u>	<u>5,267</u>

(b) Income tax in the consolidated balance sheet

(i) Current taxation in the consolidated balance sheet represents:

	2006 HK\$'000	2005 HK\$'000
Provision for Hong Kong Profits Tax for the year	8,747	5,592
Provisional Profits Tax paid	(8,938)	(4,119)
	<u>(191)</u>	<u>1,473</u>
Balance of Profits Tax recoverable relating to prior years	(1,761)	(2,450)
	<u>(1,952)</u>	<u>(977)</u>
PRC income tax payable	792	406
	<u>(1,160)</u>	<u>(571)</u>
Current tax recoverable	(2,316)	(2,507)
Current tax payable	1,156	1,936
	<u>(1,160)</u>	<u>(571)</u>

(ii) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2005	(18,799)	11,207	(7,592)
Credited/(charged) to consolidated income statement	4,575	(3,478)	1,097
At 31 December 2005	<u>(14,224)</u>	<u>7,729</u>	<u>(6,495)</u>
At 1 January 2006	(14,224)	7,729	(6,495)
Credited to consolidated income statement	5,599	808	6,407
At 31 December 2006	<u>(8,625)</u>	<u>8,537</u>	<u>(88)</u>
		2006 HK\$'000	2005 HK\$'000
Net deferred tax assets recognised on the balance sheet		8,449	7,076
Net deferred tax liabilities recognised on the balance sheet		(8,537)	(13,571)
		<u>(88)</u>	<u>(6,495)</u>

(iii) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets of HK\$7,519,000 (2005: HK\$9,224,000) in respect of tax losses of HK\$42,968,000 (2005: HK\$38,060,000). The tax losses do not expire under current legislation.

6. Dividend

(a) Dividend payable to equity shareholders of the Company attributable to the year:

	2006 HK\$'000	2005 HK\$'000
Final dividend proposed after the balance sheet date of HK3.09 cents per share (2005: HK1.70 cents per share)	30,819	16,955
The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.		

(b) Dividend payable to equity shareholders of the Company attributable to the previous year, approved and paid during the year:

	2006 HK\$'000	2005 HK\$'000
Final dividend in respect of previous year of HK1.70 cents per share (2005: HK1.40 cents per share) approved and paid during the year	16,955	13,963

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the Company's ordinary equity shareholders of HK\$30,781,000 (2005: HK\$26,270,000) and the weighted average of 997,365,332 ordinary shares (2005: 997,365,332 shares) in issue during the year.

(b) Diluted earnings per share

The exercise of the subscription rights conferred by the share options would not have any dilutive effect on the earnings per share for the year ended 31 December 2005 and there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2006. Accordingly, the amount of diluted earnings per share is the same as basic earnings per share for the years ended 31 December 2006 and 2005.

8. Accounts receivable

Details of the ageing analysis of accounts receivable at the balance sheet date are as follows:

	2006 HK\$'000	2005 HK\$'000
Current or less than one month overdue	15,627	22,945
One to two months overdue	5,125	8,561
Two to three months overdue	1,825	3,732
More than three months overdue	3,367	16,577
	<u>25,944</u>	<u>51,815</u>

All of the accounts receivable are expected to be recovered within one year.

Credit evaluations are performed on all customers requiring credit over a certain amount. Customers of media sales business are generally granted credit terms of 90 days while customers of merchandising business either pay on delivery or are generally granted credit terms of 30 — 90 days. Normally, the Group does not obtain collateral from customers.

9. Accounts payable

Details of the ageing analysis of accounts payable at the balance sheet date are as follows:

	2006 HK\$'000	2005 HK\$'000
Due within one month	5,899	10,986

All of the accounts payable are expected to be settled within one year.

10. Other unsecured loan

Other unsecured loan at 31 December 2005 represented a loan from a minority shareholder of a subsidiary. It was interest-free and settled in 2006.

11. Comparative figures

On the face of the consolidated income statement, a separate line item for repairs and maintenance was added and the line item for licence and royalty fees was extended to include management fee. Management of the Group considers that such presentation better reflects the Group's operations. Certain comparative figures have been reclassified in this respect to conform with the current year's presentation.

BUSINESS RESULTS

For the year ended 31 December 2006, the Group reported total operating revenue of HK\$353.4 million, representing a 21.7% increase over the previous year; operating revenue included the Group's turnover, share of an associate's turnover, gain on disposal of media assets, other revenue and other net income. The Group recorded a profit attributable to shareholders of HK\$30.8 million in 2006 as compared to HK\$26.3 million in 2005. This profit derived from its Hong Kong operations and Mainland China operations was HK\$7.3 million (2005: HK\$19.8 million) and HK\$23.5 million (2005: HK\$6.5 million) respectively. The Group continues to maintain a strong financial position with bank deposits and cash balances (including pledged bank deposits) amounting to HK\$622.1 million as at 31 December 2006.

Operating revenue

For the year ended 31 December 2006, the Group reported a total operating revenue of HK\$353.4 million. The total operating revenue was derived principally from the media sales business operated in both Hong Kong and Mainland China, with each accounting for approximately 39% and 38% respectively of the total operating revenue for the year ended 31 December 2006. The operating revenue generated from the Hong Kong media sales business increased from HK\$134.6 million to HK\$138.1 million while that from the Mainland China media sales business decreased from HK\$134.3 million to HK\$133.4 million, representing an increase of 3% and a decrease of 1%, respectively.

Operating expenses

The Group's operating expenses increased by HK\$24.1 million from HK\$190.0 million to HK\$214.1 million. Increase in operating expenses was mainly attributable to increase in royalty, licence and management fee of HK\$12.4 million and also impairment loss on goodwill and fixed assets of HK\$12.5 million and HK\$8.0 million respectively. The increase was partially set off by reduction in site rentals and depreciation and amortisation expenses by HK\$11.4 million and HK\$3.4 million respectively.

BUSINESS OVERVIEW

RoadShow's performance in 2006 was satisfactory. The overall profit in 2006 has increased under the Group's continuing prudent and focused expansion strategy. During the year, the Group disposed of its interests in two of its subsidiaries and generated a gain of HK\$12.7 million. The Group will continue to consolidate its media assets in Mainland China and will only invest in projects and/or companies with long-term and exclusive advertising rights that can contribute to the Group's results.

In Hong Kong, with the expansion of the MMOB network to include New World First Bus public transit vehicles, RoadShow has captured 100% share of the franchised bus market. The Group now has more than 4,700 public transit vehicles equipped with the MMOB system. This proprietary system, combined with passenger shelter advertising spaces and bus body advertising, provides a powerful platform for advertisers to reach Hong Kong consumers with their product and brand messages.

The Group stresses the importance of high standards of corporate governance and maintains high transparency in the management and operation of all aspects of the business. On 8 March 2006, the Group implemented the revised RoadShow Code on Corporate Governance, which incorporated and complied with all the relevant requirements of the Listing Rules.

PROSPECTS

Economic growth in Hong Kong and Mainland China is forecast to continue in 2007. In Hong Kong, the influx of tourists from the Mainland, encouraged by relaxed travel and currency restrictions, will continue to stimulate the tourist industry. The robust performance of the Hong Kong stock market will also result in higher consumer expenditure, which in turn will lead to an increase in advertising spending.

In Mainland China, the gross domestic product growth rate is expected to remain high during 2007. Total advertising spending in Mainland China has been growing at double-digit rates since the early 1990's and this is expected to continue in the foreseeable future. The 2008 Olympic Games in Beijing, the 2010 World Expo in Shanghai and the 2010 Asian Games in Guangzhou will all contribute to the growth in advertising and media sales business in Mainland China. During 2006, the Group established a wholly-owned media sales company in Beijing to capitalise on opportunities in the growing advertising market in Mainland China.

RoadShow will continue to expand its customer base by selling the benefits of the MMOB platform to more advertisers to promote their products and services. RoadShow will also continue to develop more creative means in both Hong Kong and Mainland China to capitalise on opportunities to increase its revenue. Besides, the Group will explore further modes of media technology to maintain a high quality and extend the scope of MMOB services provided.

Although the prospects of the advertising market in both Hong Kong and Mainland China is clearly positive, the increase in the cost of sales and keen competition in both Hong Kong and Mainland China will result in lower gross profit margins, which will in turn affect the rate of return on investment. The macro-economic adjustments initiated by the central government of China in an effort to control the pace of growth of some over-heated industries will continue in 2007, and this may have a negative effect on RoadShow's operations.

RoadShow is addressing these concerns by providing more value-added sales services to the customers to encourage advertisers to increase their spending with us and hence enable the Group to maintain its market share. The Group also continues to enhance the contents of MMOB programmes for the benefit of the transit vehicle passengers. RoadShow continues to work closely with advertisers and advertising agencies to achieve the maximum desired effect for their promotional campaigns.

Furthermore, several service agreements entered into with various connected business partners which contribute significantly to the Group's turnover are due to expire in the second half of 2007. The Group has already opened the discussion and negotiations with these business partners. However, up to the date of this announcement, there has been no material development in regard to the renewals of these agreements.

LONG TERM STRATEGY

The Group will strive to continue to expand its Hong Kong operations in line with the growth of both the economy and the advertising market in general. As more advertisers take advantage of MMOB, it will become a regular medium for their products and brand promotions aimed at people who are traveling in transit vehicles.

The Mainland China operations will continue to be an important factor in RoadShow's operations. RoadShow will expand its media sales business in the Mainland but not until the Group is convinced that the investment will provide a reasonable return. Within this guiding principle, RoadShow will explore investment opportunities that complement

RoadShow's existing businesses. To enhance its media assets in Mainland China, RoadShow will invest in projects and/or companies with long-term and exclusive advertising rights that can contribute to the Group's results. The expansion and investment plans of the Group will be financed by its internal reserve.

RoadShow will also strive to maintain a stable dividend policy for the investors and continue to adhere to the principles of good corporate governance and transparency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and financial resources

Bank deposits and cash balance as at 31 December 2006 amounted to HK\$582.6 million (2005: HK\$452.3 million).

At 31 December 2006, the Group had a secured bank loan amounting to HK\$38.0 million (2005: unsecured bank loan of HK\$38.0 million) which is repayable within one year. The gearing ratio, representing the ratio of bank borrowings to the total share capital and reserves of the Group was 4.4% at 31 December 2006 (2005: 4.5%).

At 31 December 2006, the Group had net current assets of HK\$585.8 million (2005: HK\$484.3 million) and total assets of HK\$963.5 million (2005: HK\$984.0 million).

The Group's cash needs are primarily for working capital and to support its media sales business. At 31 December 2006, the Group had banking facilities totalling HK\$50.0 million (2005: HK\$50.0 million). The Group is confident that sufficient funds are maintained to meet the funding requirement for potential business expansion and development in the near future.

Charge on assets

Bank deposits of HK\$39.5 million (2005: HK\$Nil) were pledged to secure the Group's bank loan.

Exposure to fluctuations in exchange rates and related hedges

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong Dollars, US Dollars and Renminbi. During the year, there was no material fluctuation in the exchange rates of Hong Kong Dollars and US Dollars. The appreciation in the current value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2006. At 31 December 2006, the proceeds from the Global Offering and the exercise of an over-allotment option by the underwriters on 18 July 2001 which had not been utilised were placed into bank deposits.

Capital expenditures and capital commitments

Capital expenditures incurred by the Group during 2006 amounted to HK\$2.9 million (2005: HK\$3.4 million).

Capital commitments outstanding and not provided for in the balance sheet of the Group as at 31 December 2006 amounted to HK\$195.9 million (2005: HK\$264.8 million) which is mainly for the upgrade of the existing MMOB system for the MMOB business. The commitments are to be financed by bank borrowings and/or internal resources of the Group.

Contingent liabilities

As at 31 December 2006, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2006, the Group had 55 full-time employees in Hong Kong and 14 full-time employees in Mainland China.

The Group offers comprehensive and competitive remuneration packages to all employees and a performance bonus scheme to its senior staff based on achievement of business objectives. RoadShow also has a sales commission scheme for its sales team based on the achievement of advertising revenue targets. The Group has adopted a provident fund scheme for its Hong Kong employees as required under the Mandatory Provident Fund Schemes Ordinance and has participated in employee pension schemes organised and governed by the local governments for its employees in Mainland China.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK3.09 cents per share for the year ended 31 December 2006 (2005: HK1.70 cents per share). This represents a pay-out ratio of about 100% of the current year's profit. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 9 May 2007, the final dividend will be payable on 10 May 2007.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books of the Company will be closed from 2 May 2007 to 9 May 2007, both dates inclusive. To qualify for the proposed final dividends, transfers must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30 April 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and the Law in Bermuda.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has placed strong emphasis on maintaining high standards of corporate governance and believes that good corporate governance provides a solid and sound framework to assist the Board in fulfilling its duties and responsibilities to the Group and its shareholders. The Company's standards of corporate governance ensure that the Group's corporate decision-making process, internal control, disclosure of information and communication with shareholders is conducted in accordance with sound management practices and in full compliance with the regulatory standards.

The Board has established the "RoadShow Code on Corporate Governance" (the "RoadShow Code") in March 2005 and the Company has implemented the RoadShow Code since then.

On 8 March 2006, the Board approved and adopted a number of new sections of the RoadShow Code which, among other things, rectified the following two deviations from the code provisions (in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules) as reported in the annual report for the year ended 31 December 2005:

- the division of responsibilities between the Chairman and Chief Executive Officer was not set out in writing; and
- the code for securities transactions by directors and relevant employees was not set out in writing.

Except for the above two deviations, which were already rectified on 8 March 2006, the Company was in compliance with all applicable code provisions set out in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2006.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2006.

CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE OF THE COMPANY

The Board announces that Ms. Bomie CHAN Siu Yin resigned as the company secretary and authorised representative of the Company with effect from 21 March 2007 due to personal reasons. Ms. CHAN confirmed that she has no disagreement with the Board and there is no other matter that needs to be brought to the attention of the shareholders of the Company in relation to her resignation.

Ms. MAN Miu Sheung has been appointed as the company secretary, qualified accountant and authorised representative of the Company with effect from 21 March 2007. Ms. MAN is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement of the Group for the financial year ended 31 December 2006 containing all information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
John CHAN Cho Chak
Chairman

Hong Kong, 21 March 2007

As at the date of this announcement, the Board of Directors of the Company is comprised of Mr. John CHAN Cho Chak, GBS, JP as Chairman and Non-Executive Director; Mr. Michael WONG Yick-kam as Deputy Chairman and Non-Executive Director; Ms. Winnie J. NG as Group Managing Director; Mr. MAK Chun Keung, Mr. Anthony NG, Ms. LAU Mei Mui, May and Mr. Andrew SO Sing Tak as Non-Executive Directors; Ms. Carlye Wai-Ling TSUI, BBS, MBE, JP, Mr. HUI Ki On, GBS, CBE, QPM, CPM and Dr. Eric Li Ka Cheung, GBS, OBE, JP as Independent Non-Executive Directors.

** For identification purposes only*