ADDCHANCE HOLDINGS LIMITED
(互益集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2006

DIVIDEND

The Board of directors (the "Board") of Addchance Holdings Limited (the "Company") has resolved to recommend the payment of a final dividend of HK3.3 cents per share for the year ended 31st December, 2006 to shareholders appearing on the register of members of the Company as at 8th May, 2007, which is subject to approval of the shareholders at the annual general meeting.

FINAL RESULTS

The directors of the Company are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2006 with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2006

	Notes	**2006**	**2005**
		HK$'000	*HK$'000*
Revenue	4	925,889	900,482
Cost of sales		(711,371)	(667,463)
Gross profit		214,518	233,019
Other income		11,471	7,426
Discount on acquisition of subsidiaries		23,422	—
Selling and distribution costs		(65,495)	(51,813)
Administrative expenses		(92,036)	(82,235)
Finance costs		(18,889)	(23,051)
Profit before taxation		72,991	83,346
Taxation	5	(6,801)	(7,929)
Profit for the year	6	66,190	75,417
Profit attributable to:			
Equity holders of the parent		66,196	75,413
Minority interests		(6)	4
		66,190	75,417
Earnings per share, in cents	8		
Basic		16.55	23.27

CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER, 2006

	Notes	**2006**	**2005**
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Investment properties		3,983	8,599
Property, plant and equipment		394,516	274,112
Prepaid lease payments		44,318	38,100
Available-for-sale investments		1,325	2,325
Deposit paid for acquisition of land use rights and property, plant and equipment		24,031	962
Club debentures		1,070	1,070
Deferred tax assets		405	487
		469,648	325,655
CURRENT ASSETS			
Prepaid lease payments		1,080	955
Inventories		217,043	185,383
Trade receivables, bills receivables and other receivables, deposits and prepayments	9	191,714	194,166
Amounts due from related companies		594	2,584
Taxation recoverable		5,767	3,939
Pledged bank deposits		5,950	21,266
Fixed bank deposits		25,583	—
Bank balances and cash		65,562	106,710
		513,293	515,003
CURRENT LIABILITIES			
Trade and other payables	10	104,462	77,692
Bills payable		43,082	26,751
Amount due to a related company		129	—
Amount due to a director		—	180
Bank borrowings - due within one year		227,716	243,987
Obligations under finance leases - due within one year		4,150	4,546
Taxation payable		1,478	8,983
		381,017	362,139

	2006	2005
	HK$'000	*HK$'000*
NET CURRENT ASSETS	132,276	152,864
	601,924	478,519
CAPITAL AND RESERVES		
Share capital	4,000	4,000
Reserves	520,854	456,895
Equity attributable to equity holders of the parent	524,854	460,895
Minority interests	148	154
Total equity	525,002	461,049
NON-CURRENT LIABILITIES		
Bank borrowings - due after one year	70,673	10,080
Obligations under finance leases - due after one year	359	4,505
Deferred tax liabilities	5,890	2,885
	76,922	17,470
	601,924	478,519

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9th June, 2004 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its holding company is Powerlink Industries Limited, a company incorporated in the British Virgin Islands.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new IFRS") issued by International Accounting Standards Board, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new IFRSs had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented.

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but not yet effective:

IAS 1 (Amendment)	Capital Disclosures[1]
IFRS 7	Financial Instruments: Disclosures[1]
IFRS 8	Operating Segments[2]
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies[3]
IFRIC 8	Scope of IFRS 2[4]
IFRIC 9	Reassessment of Embedded Derivatives[5]
IFRIC 10	Interim Financial Reporting and Impairment[6]
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions[7]
IFRIC 12	Service Concession Arrangements[8]

[1] Effective for annual periods beginning on or after 1st January, 2007

[2] Effective for annual periods beginning on or after 1st January, 2009

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

[4] Effective for annual periods beginning on or after 1st May, 2006

[5] Effective for annual periods beginning on or after 1st June 2006

[6] Effective for annual periods beginning on or after 1st November, 2006

[7] Effective for annual periods beginning on or after 1st March, 2007

[8] Effective for annual periods beginning on or after 1st January, 2008

The directors anticipate that the adoption of these standards, amendments and interpretations in future periods will have no material impact on the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

Business segments

For management purpose, the Group is currently organised into the following five operating divisions. These divisions are the basis on which the Group reports its primary segment information:

An analysis of the Group's revenue and contribution to operating results by business segments is as follows:

For the year ended 31st December, 2006

	Production and sale of cotton yarn	Production and sale of knitted sweaters	Production and sale of dyed yarns	Provision of dyeing services	Trading of cotton and yarns	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
External	65,442	450,538	354,340	36,105	19,464	—	925,889
Inter - segment sales	74,802	—	346,544	10,141	168,470	(599,957)	—
	140,244	450,538	700,884	46,246	187,934	(599,957)	925,889
RESULTS							
Segment results	8,442	34,157	31,241	7,034	(7,692)	—	73,182
Discount on acquisition of subsidiaries							23,422
Interest income							2,527
Rental income							1,127
Unallocated corporate expense							(8,378)
Finance costs							(18,889)
Profit before taxation							72,991
Taxation							(6,801)
Profit for the year							66,190

For the year ended 31st December, 2005

	Production and sale of cotton yarn	Production and sale of knitted sweaters	Production and sale of dyed yarns	Provision of dyeing services	Trading of cotton and yarns	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
External	49,716	356,627	393,663	31,392	69,084	—	900,482
Inter - segment sales	63,344	167,529	364,839	2,471	123,508	(721,691)	—
	113,060	524,156	758,502	33,863	192,592	(721,691)	900,482
RESULTS							
Segment results	3,931	46,186	57,891	5,014	(3,173)	—	109,849
Interest income							1,926
Rental income							1,011
Unallocated corporate expense							(6,389)
Finance costs							(23,051)
Profit before taxation							83,346
Taxation							(7,929)
Profit for the year							75,417

Geographical segments

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods.

	Turnover by geographical market	
	2006	**2005**
	HK$'000	*HK$'000*
PRC	277,671	209,781
Hong Kong	192,824	214,403
Other Asian countries	19,025	131,223
Europe	404,966	319,476
North America	31,403	25,599
	925,889	900,482

5. TAXATION

	2006	2005
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax - Current year	3,334	9,275
Taxation in PRC	380	290
Deferred taxation	3,087	(1,636)
	6,801	7,929

Hong Kong Profits Tax was calculated at 17.5% on the estimated assessable profits for the year.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are entitled to exemption from the PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from the PRC enterprise income tax for the following three years. The first profit-making year of these PRC subsidiaries is the year of 2002 to 2006. Accordingly, the tax relief period of these PRC subsidiaries will expire in 2007 to 2011.

6. PROFIT FOR THE YEAR

	2006	2005
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	6,412	4,852
Other staff costs	86,165	66,409
Retirement benefits scheme contributions, excluding directors	2,812	2,120
Total staff costs	95,389	73,381
Allowance for bad and doubtful debts	4,003	1,513
Amortisation of prepaid lease payments	1,056	929
Auditors' remuneration	2,913	2,253
Cost of inventories expensed	683,196	643,111
Depreciation of property, plant and equipment	32,806	32,509
Depreciation of investment properties	198	215
Impairment loss recognised in respect of available for sale investments included in administrative expenses	1,000	—
Exchange loss	777	1,501
Loss on disposal/write off of property, plant and equipment	124	15
and after crediting:		
Interest income	2,527	1,926
Gain on disposal of investment properties	835	—
Gross rental income from investment properties	1,127	1,011
Less: direct operating expenses from investment properties that generated rental income during the year	(274)	(299)
	853	712

7. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Proposed final dividend of HK3.3 cents (2005: HK4.7 cents) per share	13,200	18,800

A final dividend for the 2005 year of HK4.7 cents per share amounting to HK$18,800,000 was paid to shareholders during the current year.

The directors have resolved to recommend the payment of a final dividend of approximately HK$13,200,000 (2005: HK$18,800,000) representing HK3.3 cents (2005: HK4.7 cents) per share in respect of the year ended 31st December, 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to the equity holders of the parent of HK$66,196,000 (2005: HK$75,413,000) and on the weighted average number of 400,000,000 (2005: 324,109,589) shares.

No diluted earnings per share is presented as the Company had no potential dilutive shares outstanding during both years.

9. TRADE RECEIVABLES, BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows an average credit period of 30 days to 120 days to its trade customers.

Included in trade receivables, bills receivables and other receivables, deposits and prepayments are trade receivable of HK$111,309,000 and bills receivables of HK$60,174,000 (31.12.2005: HK$162,551,000 and HK$9,840,000 respectively) and their aged analysis is follows:

	2006	**2005**
	HK$'000	*HK$'000*
Aged:		
0 - 30 days	73,492	85,390
31 - 60 days	61,046	37,656
61 - 90 days	19,928	19,799
91 - 120 days	4,363	14,324
Over 120 days	12,654	15,222
	171,483	172,391
Other receivables, deposits and prepayments	20,231	21,775
	191,714	194,166

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	2006	2005
	HK$'000	*HK$'000*
Aged:		
0 - 60 days	20,323	21,762
61 - 90 days	2,866	2,686
Over 90 days	7,566	6,106
	30,755	30,554
Other payables and accruals	73,707	47,138
	104,462	77,692

BUSINESS REVIEW AND OUTLOOK

In 2006, the Group closely monitored the prevailing international conditions for expansion of its existing cotton yarn and sweater businesses. The resolution regarding trade disputes on textile products between the PRC, Europe and the United States provided a relatively steady environment for the export of Chinese textile products. Although the trade agreements between the PRC and each of Europe and the United States will be expired at the end of 2007 and 2008 respectively, quota speculation and buildup still occur under the quota system of the PRC and export restrictions on Chinese sweaters products that may be imposed by Europe and the United States. Also, the PRC rapidly growing economy is under pressure from rising wages, declining export tax rate and the continuous appreciation of the Renminbi.

The Group focuses on enhancing and expanding the production capacity of sweaters products through business integration assessment. To protect its sweater exports from the PRC quota system in the long term and from the possibility of another trade dispute arising between the PRC, Europe and the United States, the Group has successfully acquired two large Cambodia-based sweater manufacturing companies, namely River Rich Textile Ltd. ("River Rich") and Winner Knitting Factory Limited ("Winner Knitting"), at US$6,190,000 and US$5,050,000 respectively. Moreover the Group now enjoys the competitive advantage of the import tax waiver of Cambodia. Through the development focus and efforts of the management, sweaters sales volume increased from approximately 7.7 million pieces in 2005 to approximately 13,300,000 pieces in 2006, which was in line with the expected results. In addition to expanding the existing sweaters production capacity, the Group also acquired 500 automatic computerized sock weaving machines in Cambodia to support the diversified development of the Group in the textile industry.

During the year under review, a new 50,000-spindle spinning mill in Anqing, Anhui Province, the PRC owned by An Qing Su Song Addchance Spinning Company Limited, a wholly-owned subsidiary of the Company in which the Group has invested US$10,000,000, is under construction and is expected to commence operation in the second or third quarter of 2007. With the rapid growth of the Yangtze Delta region, various foreign companies have established there. Shanghai, as the economic hub, drives the surrounding developments while the domestic market remains strong. The Group captures the opportunity to utilise its Zhangjiagang base in Jiangsu Province to establish computerised knitting machines department in Phrase II textile production base, and plans to subscribe automatic computerised knitting machines from a West Germany company STOLL. The investment budget amounted to US$7,800,000, which enables the Group to expand its sweater production base to the Yangtze Delta region. On 13th December, 2005, the Group also agreed to invest RMB50,000,000 in acquiring a piece of land with 90 mu in Wu Zhou, Guangxi to establish Wu Zhou Addchance Textile Factory Limited. The operation of the knitting mill has commenced in December 2006. It utilises the human resources in Guangxi to cope with the labour shortage problem in Guangdong and enables the Group to focus on developing sweaters accessories.

With the efforts of the management, we expect a better result in 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

To differentiate itself from other players in the textile industry, Addchance proactively developed itself as a one-stop service provider by vertically expanding its current business segments from spinning to knitting. It propelled the vertical integration over the year under review as follows:

13th December, 2005 RMB50 million investment in Wuzhou (Guangxi Province) for the construction of a knitting mill for sweaters

30th December, 2005 US$10 million investment in Susong (Anhui Province) for the 50,000-spindle expansion project of the spinning mill in Anqing

7th July 2006 US$6.19 million consideration for the acquisition of the entire registered share capital of River Rich, a Cambodia-based sweater manufacturing company, resulting in a US$1.31 million (HK$10.2 million) discount on acquisition on consolidated results

23rd October, 2006 US$5.05 million consideration for the acquisition of the entire registered share capital of Winner Knitting, another Cambodia-based sweater manufacturing company, resulting in a US$1.7 million (HK$13.2 million) discount on acquisition on consolidated results

Note: The above-mentioned dates are the agreement dates of the respective investments.

Since the listing of the shares of the Company on the Main Board of the Stock Exchange, the Group has been actively seeking suitable locations in Guangxi and Anhui provinces in the PRC to establish its next manufacturing site. The knitting mill in Wuzhou commenced operation since December of 2006 and the spinning mill in Susong is expected to commence operation in the second or the third quarter of 2007. With the new investment made in Wuzhou and Susong, the overall production capacity of our knitting and spinning business is expected to significantly increase in the next financial year.

With the acquisition of River Rich and Winner Knitting, the Group is exempted from quota restrictions on textile exports and the associated risks and uncertainties. On top of this, the Group can enjoy the competitive advantage of the 13 per cent import tax waiver when products are delivered directly from Cambodia to European countries.

The resolution regarding trade agreements on textile products between the PRC and each of the United States and Europe provided a relatively steady environment for the export of Chinese textile products. The knitting segment continued to demonstrate satisfactory performance during the year under review by achieving a 26.3% growth in revenue to approximately HK$450.5 million, accounting for 48.7% of the consolidated revenue. The segment contributed to a substantial increase in the sales of knitted sweaters to approximately 13.3 million pieces, compared with approximately 7.7 million pieces in last year, up 72.7% in terms of output quantities.

Looking forward, 2007 promises to be a fruitful year following the Group's strategic expansion. We are confident that the investments made in 2006 will successfully create steady earnings growth in the coming years.

FINANCIAL REVIEW

Turnover

The turnover of the Group is primarily generated from the production and sale of dyed yarns and knitted sweaters. For the year under review, total turnover increased by approximately 2.8% as compared with last year, owing to the growth in the production and sale of knitted sweaters and cotton yarn after netting off with the effect of the Group's downsized trading business of cotton and yarns.

Through the dedicated effort of the marketing teams, the knitted sweater segment continued to demonstrate satisfactory performance during 2006 by achieving a 26.3% growth in revenue to approximately HK$450.5 million, accounting for 48.7% of the consolidated revenue. In terms of output quantities of knitted sweaters, revenue increased by approximately 72.7% whereas revenue in terms of monetary value saw only a 26.3% increase due to differentiation in the product mix. Our sweaters products were still exported mainly to Europe during the year under review. Sales made to international retail chain stores, such as H&M and Zara, accounted for approximately HK$384.8 million, which represented approximately 85.4% of the Group's sales of knitted sweaters for the year 2006. In the coming year, revenue from the knitted sweaters segment is expected to achieve substantial growth momentum as we explore new customers and markets and diversify product ranges.

Dyed yarn remains a core product segment for Addchance. Annual turnover from the production and sale of dyed yarns for the year 2006 was approximately HK$354.3 million, a slight decrease of 10.0% as compared with last year, and accounting for about 38.3% of the Group's total turnover. Revenue generated from the provision of dyeing services increased from approximately HK$31.4 million last year to about HK$36.1 million in the year of 2006, up 15.0% from last year. Most of the Group's dyed yarn was sold in the PRC and to Hong Kong manufacturers with production sites based in Guangdong, Jiangsu and Zhejiang which accounted for approximately 98% of the Group's sales of dyed yarn.

Turnover of the yarn-spinning business surged to approximately HK$65.4 million for the year 2006 from approximately HK$49.7 million last year, representing an increase of 31.6%. Vertical expansion through investment in the Susong Spinning Mill, the yarn production arm of the Group, has enhanced its competitiveness since the production of cotton yarn can cater to the demand for the production and sale of dyed yarn. During the year under review, about 53.3% of yarn produced by the Group was used in its dyeing function.

Despite the apparent growth in the knitted sweater segment and yarn-spinning business, the results of the Group for the year under review increased slightly only due to contraction of the low-profit-margin segment of cotton and yarn trading. To fully utilize the resources and maximize profitability, the Group in 2006 implemented downsizing measures in the trading of cotton and yarns. Consequently, the revenue generated from the trading segment decreased from approximately HK$69.1 million last year to approximately HK$19.5 million in the year under review, resulting in a 71.8% drop in the turnover of the trading segment. Excluding the income generated from the trading of cotton and yarns, the turnover of the Group increased further to approximately 9.0%.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK$214.5 million for the year under review, representing a slight decrease of approximately 7.9% from HK$233.0 million last year. Due to the differentiation in the sweaters product mix, the average selling price for sweaters decreased by approximately 26.7%. Cost increases in the PRC, including the appreciation of Renminbi against the US dollar and the increase in minimum wage, have exerted pressure on the Group's profit margins. Strategic expansion and vertical integration have enhanced the competitive advantage of Addchance by facilitating the Group with a stable supply of raw materials, optimising factory utilization rates and lowering production costs, which will contribute to margin growth in the coming years.

Net profit margin

For the year ended 31st December, 2006, the net profit margin of the Group decreased from 8.4% last year to 7.1% this year. The differentiation in the product mix of sweater goods and the cost increase associated with expansion drove net profit margins downwards slightly. However, with the consequential startup of new investment in the coming year 2007, the Group is well-positioned to capitalise on the core strength of multi-location production capabilities with flexible and effective production planning. The competitive advantage of vertical integration can contribute to driving net margin growth in the next financial year.

Discount on acquisition

The discount on acquisition arises on completion of the acquisition of 100% interest in River Rich and Winner Knitting in August and November 2006 respectively. Since the cost of acquisition represents approximately 10% and 30% discount of the net fair value of the identifiable assets and liabilities of River Rich and Winner Knitting respectively, these two acquisitions will accordingly increase the net assets value of the Group. In accordance with the International Financial Reporting Standards 3 "Business Combination" issued by the International Accounting Standard Board, these discounts are recognised immediately in the consolidated income statement of the Group upon completion.

Borrowings

As at 31st December, 2006, the Group had outstanding borrowings of approximately HK$302.9 million, comprising bank borrowings of approximately HK$298.4 million and obligations under finance leases of approximately HK$4.5 million . Of the total amount, approximately HK$231.9 million was due within one year and the remaining amount of approximately HK$71.0 million was due within 2 to 5 years.

The gearing ratio - total bank borrowings divided by total assets - was 30.2% last year as compared to 30.4% as at 31st December, 2006. With the strategic expansion in 2006, the Group can still maintain a gearing ratio of the similar and healthy level.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December, 2006, total assets of the Group amounted to approximately HK$982.9 million, representing an increase of approximately HK$142.2 million compared to HK$840.7 million last year. The financial position of the Group remained strong. The cash and cash equivalents amounted to approximately HK$56.7 million as at 31st December, 2006. The Group met its funding requirements in its usual course of operation by cash flows from operations, as well as long-term and short-term borrowings.

Net cash inflow in the amount of approximately HK$49.2 million was generated from operating activities, primarily reflecting growth in the Group's core business. Also, the increase in trade payables and bills payables of an aggregate amount of approximately HK$27.1 million increased further the net cash inflow generated from operating activities.

For the year under review, the net cash used in investing activities amounted to approximately HK$98.3 million, increased substantially by approximately HK$101.6 million compared with last year. The increase was due mainly to the purchase of property, plant and equipment and the acquisition of the land use rights upon the investment made in Su Song spinning mill and Wuzhou knitting Mill.

With ample financial resources and strong financial position, the Group has confidence in taking advantage of any favourable opportunities in the coming years.

The sales of the Group were evenly denominated in Hong Kong dollars, US dollars, Renminbi and EURO respectively while the purchases of Group were mainly made in Hong Kong dollars, US dollars and Renminbi. Most of the effect of the appreciation of the Renminbi against US dolloars were naturally hedged through our PRC operations. Therefore, the exchange risk exposed arising from the Renminbi appreciation against US dollars was minimal to our Group. However, the fluctuations in the US dolloars and Renminbi still always being the concern of the Group and the Group will enter into appropriate hedging arrangements to mitigate the foreign currency risk should the need arises.

GROUP REORGANISATION AND LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2000 Revision) Chapter 22 of the Cayman Islands on 9th June, 2004.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 29th August, 2005.

The shares of the Company are listed on the Stock Exchange with effect from 5th October, 2005.

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

During the year ended 31st December, 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 2006, none of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Corporate Governance Practices, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save that Code provision A.2.1 requires that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Sung Chung Kwun is the Chairman of the Board and there is no chief executive officer appointed by the Company and the day-to-day management of the Group is leaded by Dr. Sung Chung Kwun. There is no time schedule to change this structure as the directors of the Company consider that this structure provides the Group with strong and consistent leadership in the Company's decision making and operational efficiency.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 4th May, 2007 to Tuesday, 8th May, 2007 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend and the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 3rd May, 2007.

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the annual results for the year ended 31st December, 2006.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and related notes thereof for the year ended 31st December, 2006 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The 2006 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Dr. Sung Chung Kwun, Mr. Wong Chiu Hong, Mr. Ip Siu Lam, Ms. Mok Pui Mei and Ms. Sung Lam Ching as executive Directors, Mr. Lau Gary Q. as non-executive Director and Mr. Chan Tsz Fu, Jacky, Mr. Ng Man Kin and Professor Cai Xiu Ling as independent non-executive Directors.

On behalf of the Board, I would like to express my heartfelt gratitude to our management team, staff and shareholders for their dedication and contribution to the Group in past year.

By Order of the Board
Sung Chung Kwun
Chairman

Hong Kong, 3rd April, 2007

Please also refer to the published version of this announcement in South China Morning Post.