



WAI YUEN TONG MEDICINE HOLDINGS LIMITED (位元堂藥業控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The Board of Director (“the Board”) of Wai Yuen Tong Medicine Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2006, together with comparative figures for the previous year, are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000 (restated)
Revenue		324,756	326,909
Cost of sales		(190,904)	(162,134)
Gross profit		133,852	164,775
Other income		7,493	5,273
Distribution costs		(105,168)	(104,996)
Administrative expenses		(76,785)	(84,084)
Finance costs	5	(7,751)	(3,108)
Impairment loss recognised in respect of goodwill		(40,095)	(26,337)
Gain on disposal of investment properties		1,920	—
Impairment loss recognised in respect of property, plant and equipment		(11,762)	—
Write off of prepaid lease payments		(2,303)	—
Allowance for amounts due from associates		(5,000)	—
Increase in fair value of investment properties		—	4,226
Share of results of associates		(1,793)	(3,186)
Impairment loss recognised in respect of goodwill of associates		—	(15,202)
Loss before taxation	6	(107,392)	(62,639)
Income tax expense	7	1,240	(5,571)
Loss for the year		(106,152)	(68,210)
Attributable to:			
Equity holders of the Company		(98,370)	(67,958)
Minority interests		(7,782)	(252)
		(106,152)	(68,210)
Loss per share			
— Basic and diluted	8	HK\$(0.12)	HK\$(0.18)

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2006

	<i>Notes</i>	2006 HK\$'000	2005 <i>HK\$'000</i> (restated)
NON-CURRENT ASSETS			
Investment properties		9,100	41,200
Property, plant and equipment		84,934	103,030
Prepaid lease payments		140,721	146,536
Goodwill		255,461	296,516
Investments in associates		3,827	5,741
Amount due from an associate		7,300	7,250
Trademarks		1,216	737
Deposits paid for investments		14,704	—
Long-term bank deposit		7,762	—
Deferred tax asset		341	341
		525,366	601,351
CURRENT ASSETS			
Inventories		66,958	68,897
Trade and other receivables	9	59,135	90,733
Prepaid lease payments		3,512	3,560
Amounts due from associates		13,631	20,069
Taxation recoverable		1,294	—
Investments held-for-trading		14,491	—
Derivative financial instruments		100	—
Pledged deposits		42,703	—
Bank balances and cash		108,793	43,545
		310,617	226,804
CURRENT LIABILITIES			
Trade and other payables	10	53,502	64,367
Taxation payable		340	830
Obligations under finance leases		270	316
Bank borrowings		38,323	30,430
Deferred franchise income		234	283
Convertible loan stock		6	6
		92,675	96,232
NET CURRENT ASSETS		217,942	130,572
TOTAL ASSETS LESS CURRENT LIABILITIES		743,308	731,923
NON-CURRENT LIABILITIES			
Obligations under finance leases		104	278
Bank borrowings		94,363	112,756
Deferred franchise income		18	108
Convertible notes		—	13,754
Deferred tax liabilities		2,032	3,693
		96,517	130,589
NET ASSETS		646,791	601,334
CAPITAL AND RESERVES			
Share capital		13,964	34,909
Reserves		632,748	558,548
Equity attributable to equity holders of the Company		646,712	593,457
Minority interests		79	7,877
TOTAL EQUITY		646,791	601,334

Notes:

1. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain investment properties and financial instruments, which are measured at fair values, as explained in the accounting policies.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

2. Summary of the Effects of the Changes in Accounting Policies

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the consolidated financial statements of the Group except for HKAS 39 and HKFRS 4 (Amendments) “Financial Guarantee Contracts” which require all financial guarantee contracts to be initially measured at fair value. The directors consider the impact resulting from this amendment cannot be reasonably estimated as at the balance sheet date.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HKFRS — INT 4	Determining whether an arrangement contains a lease ²
HKFRS — INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) — INT 6	Liabilities arising from participating in a specific market — waste electrical and electronic equipment ³
HK(IFRIC) — INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴
HK(IFRIC) — INT 8	Scope of HKFRS 2 ⁵
HK(IFRIC) — INT 9	Reassessment of embedded derivatives ⁶

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 January 2006.

³ Effective for annual periods beginning on or after 1 December 2005.

⁴ Effective for annual periods beginning on or after 1 March 2006.

⁵ Effective for annual periods beginning on or after 1 May 2006.

⁶ Effective for annual periods beginning on or after 1 June 2006.

The effects of the changes in the accounting policies described in note 2 above are as follows:

- (a) Effects on the results for the current and prior years:

	2006 HK\$'000	2005 <i>HK\$'000</i>
(Decrease) increase in interest on liability component of convertible notes	(24)	983

Analysis by items presented according to their function:

(Decrease) increase in finance costs	(24)	983
Decrease in share of results of associates	—	(76)
Decrease in income tax expense	—	76
	(24)	983

- (b) The financial effects of the application of the new HKFRSs to the Group as at 31 March 2005 and 1 April 2005 are summarised below:

	As at 31 March 2005 <i>HK\$'000</i> (originally stated)	Effect of HKAS 1 <i>HK\$'000</i>	Effect of HKAS 17 <i>HK\$'000</i>	Effect of HKAS 32 <i>HK\$'000</i>	As at 31 March 2005 and 1 April 2005 <i>HK\$'000</i> (restated)
Balance sheet items					
Property, plant and equipment	253,126	—	(150,096)	—	103,030
Prepaid lease payments	—	—	150,096	—	150,096
Convertible notes	(16,000)	—	—	2,246	(13,754)
Other assets and liabilities	361,962	—	—	—	361,962
Assets and liabilities	599,088	—	—	2,246	601,334
Share capital and other reserves	635,890	—	—	—	635,890
Convertible notes reserve	—	—	—	2,270	2,270
Accumulated losses	(44,679)	—	—	(24)	(44,703)
Minority interests	—	7,877	—	—	7,877
Total effects on equity	591,211	7,877	—	2,246	601,334
Minority interests	7,877	(7,877)	—	—	—
Equity	599,088	—	—	2,246	601,334

The financial effects of the application of the new HKFRSs to the Group's equity as at 1 April 2004 are summarised below:

	As at originally stated	Effect of HKAS 1	Effect of HKAS 32	As restated
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Share capital and other reserves	339,269	—	—	339,269
Convertible notes reserve	—	—	11,000	11,000
Accumulated profits	14,424	—	(2,404)	12,020
Minority interests	—	212	—	212
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total effects on equity	353,693	212	8,596	362,501
Minority interests	212	(212)	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity	<u>353,905</u>	<u>—</u>	<u>8,596</u>	<u>362,501</u>

3. Revenue

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, management, advertising and promotion fees and property rental income during the year.

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Sales of goods	318,229	320,159
Management, advertising and promotion fees	4,724	4,986
Rental income generated from investment properties	1,803	1,764
	<u> </u>	<u> </u>
	<u>324,756</u>	<u>326,909</u>

4. Business and Geographical Segments

Business segments

For management purposes, the Group is currently organised into the following major division: (i) production and sale of Chinese pharmaceutical and health food products; (ii) production and sale of bottled birds' nest drink and herbal essence; (iii) production and sale of Western pharmaceutical and health food products; and (iv) property investments and property holding. These divisions are the basis on which the Group reports its primary segment information.

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

CONSOLIDATED INCOME STATEMENT

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence		Production and sale of Western pharmaceutical and health food products		Property investments and property holding		Elimination		Total	
	2006 HK\$'000	2005 HK\$'000 (restated)	2006 HK\$'000	2005 HK\$'000 (restated)	2006 HK\$'000	2005 HK\$'000 (restated)	2006 HK\$'000	2005 HK\$'000 (restated)	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000 (restated)
REVENUE												
External sales	237,322	228,748	41,312	29,192	44,319	67,205	1,803	1,764	—	—	324,756	326,909
Inter segment sales*	246	—	10,136	4,429	257	302	3,875	3,230	(14,514)	(7,961)	—	—
	<u>237,568</u>	<u>228,748</u>	<u>51,448</u>	<u>33,621</u>	<u>44,576</u>	<u>67,507</u>	<u>5,678</u>	<u>4,994</u>	<u>(14,514)</u>	<u>(7,961)</u>	<u>324,756</u>	<u>326,909</u>
RESULTS												
Segment result, excluding impairment loss recognised in respect of goodwill	(28,551)	(1,226)	(4,404)	(2,190)	4,857	6,020	(5,943)	4,007			(34,041)	6,611
Impairment losses recognised in respect of goodwill	(40,095)	(26,337)	—	—	—	—	—	—			(40,095)	(26,337)
Segment results	<u>(68,646)</u>	<u>(27,563)</u>	<u>(4,404)</u>	<u>(2,190)</u>	<u>4,857</u>	<u>6,020</u>	<u>(5,943)</u>	<u>4,007</u>			<u>(74,136)</u>	<u>(19,726)</u>
Other income											7,493	5,273
Unallocated corporate expenses											(26,205)	(26,690)
Finance costs											(7,751)	(3,108)
Allowance for amounts due from associates											(5,000)	—
Share of results of associates											(1,793)	(3,186)
Impairment loss recognised in respect of goodwill of associates											—	(15,202)
Loss before taxation											(107,392)	(62,639)
Income tax expense											1,240	(5,571)
Loss for the year											<u>(106,152)</u>	<u>(68,210)</u>

* Inter segment sales are charged on terms determined and agreed between group companies.

Geographical segments

The Group's operation are located in Hong Kong, the People's Republic of China (the "PRC") and Singapore.

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (restated)
Hong Kong	249,400	244,435
PRC, other than Hong Kong	26,918	39,845
Singapore	31,601	20,489
Others	16,837	22,140
	<u>324,756</u>	<u>326,909</u>

5. Finance Costs

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (restated)
Interest on:		
Bank borrowings wholly repayable within five years	4,920	1,314
Bank borrowings not wholly repayable within five years	2,467	234
Convertible loan stock	1	1
Loan from a shareholder	—	34
Finance leases	57	20
Effective interest expenses on convertible notes	306	1,505
	<u>7,751</u>	<u>3,108</u>

6. Loss Before Taxation

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (restated)
Loss before taxation has been arrived at after charging:		
Staff costs		
— Directors' remuneration	1,720	1,879
— Other staff costs	55,404	54,418
— Retirement benefit scheme contributions other than directors	2,746	2,662
Total staff costs	<u>59,870</u>	<u>58,959</u>
Allowance for trade receivables	1,419	5,574
Amortisation of trademarks, included in administrative expenses	84	92
Auditors' remuneration	1,760	1,100
Depreciation of property, plant and equipment	15,437	9,334
Amortisation of prepaid lease payments	3,630	874
Loss on disposal of property, plant and equipment	41	84
Management fee paid to a shareholder	972	918
Research and development expenses	135	103
Exchange loss (gain)	163	(412)
Share of tax of associates (included in share of results of associates)	76	77
and after crediting:		
Interest income	1,910	202
Franchise income	458	734
Rental income, net of outgoing of HK\$501,000 (2005: HK\$367,000)	1,302	1,397
	<u>1,302</u>	<u>1,397</u>

7. Income Tax Expense

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (restated)
The (credit) charge comprises:		
Current tax		
Hong Kong Profits Tax	292	2,308
Other jurisdictions	230	331
	522	2,639
(Over) under provision in prior years		
Hong Kong Profits Tax	(101)	2
Deferred tax		
Current year	(1,661)	2,930
	(1,240)	5,571

Hong Kong Profits Tax is calculated at 17.5% (2005:17.5%) on the estimated assessable profit for the year.

Singapore Income Tax is calculated at 20% (2005: 20%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Loss Per Share

The calculation of the basic loss per share is based on the net loss for the year of HK\$98,370,000 (2005: HK\$67,958,000, restated), and on the weighted average number of 816,344,116 (2005: 372,328,000) ordinary shares in issue during the year.

The computation of diluted loss per share for each of the two years ended 31 March 2005 and 2006 does not assume (i) the conversion of the outstanding convertible notes of the Company since their exercise would result in a decrease in net loss per share and, (ii) the exercise of the outstanding options of the Company as the exercise price of those options is higher than the average market price of the shares of the Company on the Stock Exchange.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2005 and 2006 has been retrospectively adjusted the effect of the right and bonus issues and the capital reorganisation approved by the shareholders of the Company on 4 June 2004 and 8 June 2005 respectively.

Pursuant to the adoption of new and revised accounting policies as described in note 2 above, the reported earnings per share for the current and prior years have been affected. The following table summarises the impact on basic and diluted earnings per share:

	Impact on basic earnings per share	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Figures before adjustments	(0.12)	(0.18)
Adjustments arising from application of new and revised accounting policies	—	—
Reported	<u>(0.12)</u>	<u>(0.18)</u>
9. Trade and Other Receivables		
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Trade receivables	47,766	83,237
<i>Less:</i> accumulated impairment	<u>(3,830)</u>	<u>(6,043)</u>
	43,936	77,194
Other receivables	<u>15,199</u>	<u>13,539</u>
Total trade and other receivables	<u>59,135</u>	<u>90,733</u>

The Group allows an average credit period of 60 days to 120 days to its trade customers. The following is an aged analysis of trade receivables (net of impairment loss) at the balance sheet date:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
0 — 30 days	15,216	24,285
31 — 60 days	8,221	14,749
61 — 120 days	17,755	25,366
Over 120 days	<u>2,744</u>	<u>12,794</u>
	<u>43,936</u>	<u>77,194</u>

The fair value of the Group's trade and other receivables at 31 March 2006 approximates to the corresponding carrying amount.

10. Trade and Other Payables

Included in trade and other payables are trade payables of approximately HK\$26,933,000 (2005: HK\$31,495,000) and their aged analysis is as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
0 — 30 days	12,722	13,302
31 — 60 days	7,606	10,615
61 — 120 days	4,205	5,668
Over 120 days	2,400	1,910
	<hr/>	<hr/>
	26,933	31,495
Other payables	26,569	32,872
	<hr/>	<hr/>
	53,502	64,367
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the Group's trade and other payables at 31 March 2006 approximates to the carrying amount.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's turnover and loss attributable to shareholders for the year ended amounted to HK\$324.8 million (2005: HK\$326.9 million) and HK\$98.4 million (2005: HK\$68.0 million), respectively.

DIVIDEND

No interim dividend was paid during the year under review (2005: Nil). The Directors do not recommend the payment of final dividend (2005: Nil).

BUSINESS REVIEW

The Group's performance reflects that although the local economy was in a reasonably stable footing, the retail environment remained highly competitive and challenging under pressure of rising rental and labour costs and keen competition amongst others in the industry. The "Disney effect" on the retail market failed to materialize. This together with market uncertainty due to the possibility of an avian flu outbreak had dampened retail sales in Hong Kong.

(I) Wai Yuen Tong Medicine Company Limited ("Wai Yuen Tong")

Turnover for the year slightly increased from HK\$228.7 million to HK\$237.3 million.

In view of the rising consensus and awareness of health to the public, Wai Yuen Tong continued to fine-tune its product range, expanding its health care products from its existing proprietary Chinese medicine and retail sales of consumable products. Our top 5 products last year remained the same as in the previous year, they are young yum pills, cordyceps, bottled birds' nest, ganoderma lucidum spores and pak fung pills. For the year under

review, Wai Yuen Tong's Chinese pharmaceutical and health products business attained steady growth in Hong Kong and overseas, and for the upcoming year, Wai Yuen Tong will continue identifying other business opportunities that may create synergies with its core business and further reinforce its market position in health care related businesses.

During the year, Wai Yuen Tong continued to expand its sales channels by opening 6 retail shops in Hong Kong and 5 concession counters in the PRC, bringing the total to 49 retail shops and 12 concession counters. In addition, 39 out of a total of 49 retail shops in Hong Kong provide consultation services by registered Chinese medical practitioners.

Wai Yuen Tong believes that its GMP certifications will further open the door for new business opportunities in overseas markets.

(II) Luxembourg Medicine Company Limited (“Luxembourg”)

The turnover of Luxembourg's core business of Western pharmaceutical and health products decreased from HK\$67.2 million to HK\$44.3 million. The decrease is the result of our marketing strategy to streamline and build up more direct connections with various dealers and chain stores which, in the long run, will bring better returns to Luxembourg.

With a view to broaden its product line and enhancing the Madame Pearl's brand, Luxembourg will concentrate its efforts on the sale of cough syrup and other products related to upper respiratory tract infections.

(III) CNT Health Food Pte Limited (“CNT”)

CNT maintained its growth momentum and achieved a turnover of HK\$41.3 million (2005: HK\$29.2 million) for the year under review, representing an increase of over 41% compared to last year. The Group believes that this reflects our strong endorsements for our efforts to strengthen CNT.

CNT is one of the largest bottled bird's nest products manufacturers in Singapore. It is principally engaged in the manufacture and sale of bird's nest products. It also provides a diverse range of high quality health products such as hashima, herbal essence and herbal jelly, etc.

CNT has obtained Hazard Analysis Critical Control Points (“HACCP”), an internationally-recognised codex standard on food safety and quality. Apart from further expanding its market share in Singapore, CNT will also target expanding its market to Hong Kong and the PRC.

FINANCIAL REVIEW

(I) Capital Reorganisation

A capital reorganisation was effected on 8 June 2005, whereby (i) every ten issued and unissued shares of HK\$0.01 were consolidated into one share of HK\$0.10; (ii) the nominal value of each issued share after consolidation was reduced from HK\$0.10 to HK\$0.01; and (iii) a credit of approximately HK\$31.4 million arising from the capital reduction was utilized for setting off the accumulated losses of the Company.

(II) Liquidity, Capital Structure and Gearing

As of 31 March 2006, the Group's total borrowings amounted to HK\$133.1 million (2005 : HK\$157.5 million) which included bank borrowings and overdrafts of HK\$132.7 million (2005 : HK\$143.2 million) convertible notes of nil (2005: HK\$13.7 million) and obligations under a finance lease of HK\$0.4 million (2005 : HK\$0.6 million).

The gearing ratio, defined as the ratio of total borrowings to equity attributable to equity holders was approximately 20.6% (2005 : 26.5%).

(III) Foreign Exchange

The Group does not have any material foreign exchange exposure to the Group. All bank borrowings are denominated in Hong Kong and Singapore dollars. The revenue of the Group, being mostly denominated in Hong Kong and Singapore dollars, matched the currency requirement of the Group's operating expenses.

(IV) Contingent Liabilities and Capital Commitments

The Group's contingent liabilities and capital commitments as at 31 March 2006 amounted to HK\$3.8 million (2005: HK\$4.5 million) and HK\$49.5 million (2005: HK\$0.8 million) respectively.

(V) Rights Issues

A resolution was passed by the shareholders of the Company at a special general meeting on 16 November 2005 to approve the allotment of 1,047,260,766 shares at a price of HK\$0.15 per share on the basis of three shares for every existing Company share.

The rights issue was completed on 6 December 2005 and net proceeds of approximately HK\$153.2 million was received.

(VI) Employees

At the balance sheet date, the Group employed approximately 560 employees, of which approximately 71% of whom were located in Hong Kong. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$59.9 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

CORPORATE GOVERNANCE

(I) General

The Company is committed to maintaining high standards of corporate governance. During the year, save as disclosed in the Company's latest interim report for the six months ended 30 September 2005, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Detailed information

on the Company's corporate governance practices is set out in Corporate Governance Report included in the Company's 2006 Annual Report to be despatched to the shareholders in due course.

(II) Model Code on Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year.

(III) Audit Committee

The Audit Committee has reviewed with management and accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the full year financial statements and reports for the year ended 31 March 2006. The Audit Committee comprises Mr. Yuen Chi Choi (the Chairman of the Audit Committee), Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou who are the Independent Non-executive Directors of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PROPOSED AMENDMENTS TO BYE-LAWS

To ensure compliance with the Code on Corporate Governances Practices in Appendix 14 of the Listing Rules and the amendments on the removal of directors which came into effect on 1 January 2005 and 1 March 2006 respectively, the Directors propose that the Bye-Laws be amended in the manner set out in the special resolutions of the notice of the Annual General Meeting in Appendix III to the circular.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2006 annual report of the Group containing the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 14 July 2006

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, four independent non-executive Directors, namely, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

Please also refer to the published version of this announcement in The Standard.