Sino Prosper Holdings Limited
中盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 766)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The board ("Board") of directors (the "Directors") of Sino Prosper Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2006 together with comparative figures for the previous year, which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2006
(Expressed in Hong Kong dollars)

	Notes	**2006** *HK$'000*	2005 *HK$'000* (As restated)
Turnover	*3*	**1,867**	134,040
Cost of sales		**(1,400)**	(120,084)
Gross profit		**467**	13,956
Other operating income	*5*	**1,229**	328
Administrative expenses		**(32,009)**	(13,770)
Finance costs		**(40)**	(13)
(Loss)/Profit before taxation	*6*	**(30,353)**	501
Taxation	*7*	**–**	–
(Loss)/profit for the year		**(30,353)**	501
Attributable to:			
Equity holders of the Company		**(29,913)**	501
Minority interests		**(440)**	–
		(30,353)	501
Dividends	*9*	**–**	–
(Loss)/Earnings per share for (loss)/profit attributable to equity holders of the Company for the year:			
Basic and diluted	*8*	**HK(3.13 cents)**	HK0.06 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2006

(Expressed in Hong Kong dollars)

	2006	2005
	HK$'000	*HK$'000*
		(As restated)
Non-current assets		
Property, plant and equipment	**986**	787
Current assets		
Trade receivables	**–**	129,651
Prepayments, deposits and other receivables	**64,118**	16,008
Secured promissory note	**–**	3,592
Amount due from the Controlling Shareholder	**–**	24
Amounts due from minority shareholders	**3,583**	–
Bank balances and cash	**135,064**	38,642
	202,765	187,917
Current liabilities		
Other payables and accruals	**12,395**	43,105
Obligation under a hire-purchase contract	**186**	186
	12,581	43,291
Net current assets	**190,184**	144,626
Total assets less current liabilities	**191,170**	145,413
Non-current liabilities		
Obligation under a hire-purchase contract	**497**	683
Net assets	**190,673**	144,730
Capital and reserves		
Share capital	**11,495**	9,150
Reserves	**176,068**	135,580
Equity attributable to equity holders of the Company	**187,563**	144,730
Minority interests	**3,110**	–
Total equity	**190,673**	144,730

Notes:

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented:

Investment Properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties, which requires gains or losses arising from changes in the fair value of investment properties to be recognized directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor standard were measured at open market values, with revaluation surpluses or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve was charged to the income statement. Where a deficit had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the deficit previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 April 2005 onwards. The adoption of HKAS 40 has had no material effect on the results for the current or prior accounting years.

Financial instruments
In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 and HKAS 39 has had no material impact on how the financial instruments of the Group are presented for current and prior accounting years.

Share-based payments
In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognized where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). In addition, the Group has early adopted HK(IFRIC)-Int 8 "Scope of HKFRS 2" which is effective for annual periods beginning on or after 1 May 2006.

The principal impacts of HKFRS 2 on the Group are in relation to (i) the expensing of the fair value of share options granted to directors, employees and consultants of the Company, determined at the date of grant of the share options, over the vesting period; and (ii) the expensing of the fair value of the call option granted by the Controlling Shareholder to CMEC International Trading Import & Export Co., Ltd. ("CMEC International Trading") in recognition of the proposed cooperation for the bitumen extraction project with the Group during the year ended 31 March 2006.

Prior to the application of HKFRS 2, the Group did not recognize the financial effect of the share options granted to directors, employees and consultants of the Company until they were exercised. The Group has applied HKFRS 2 to share options that were granted after 7 November 2002 and had not yet vested at 1 January 2005. Comparative figures have been restated. The share-based payment expense has been included in administrative expenses.

The Group has also applied HKFRS 2 and HK(IFRIC)-Int 8 to the call option granted by the Controlling Shareholder to CMEC International Trading in recognition of the proposed cooperation for the bitumen extraction project with the Group during the year ended 31 March 2006. The share-based payment expense has also been included in administrative expenses.

2. SUMMARY OF EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The effects of changes in the accounting policies described above on the results for the current and prior years are as follows:

	2006	2005
	HK$'000	*HK$'000*
Expenses in relation to share options granted to directors and employees	**2,744**	4,983
Expenses in relation to share options granted to consultants	**–**	80
Expense in relation to the grant of the call option by the Controlling Shareholder to CMEC International Trading in recognition of the proposed cooperation for the bitumen extraction project with the Group	**12,640**	–
Increase in loss/decrease in profit for the year	**15,384**	5,063
Attributable to:		
Equity holders of the Company	**15,384**	5,063
Minority interests	**–**	–
	15,384	5,063

The cumulative effects of the application of the new HKFRSs on 31 March 2005 and 1 April 2005 are summarized below:

	As at 31 March 2005 (Originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31 March 2005 (Restated) *HK$'000*	Adjustments *HK$'000*	**As at 1 April 2005 (Restated)** ***HK$'000***
Net assets	144,730	–	144,730	–	**144,730**
Share capital	9,150	–	9,150	–	**9,150**
Share premium	59,480	–	59,480	–	**59,480**
Share options reserve	–	5,063	5,063	–	**5,063**
Retained profits	76,100	(5,063)	71,037	–	**71,037**
Total equity	144,730	–	144,730	–	**144,730**

The HKICPA has issued the following standards and interpretations that are not yet effective. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

		Notes
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 and 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*

Notes:

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 Group has early adopted HK(IFRIC)-Int 8 "Scope of HKFRS 2" in the preparation of the financial statements for the year ended 31 March 2006.

3. TURNOVER

	2006 ***HK$'000***	2005 *HK$'000*
Sales of properties, net of applicable sales tax	**–**	134,040
Sales of asphaltic rocks	**1,867**	–
	1,867	134,040

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Business segments	Energy and natural resources		Property development and management		Total	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
						(As restated)
TURNOVER						
External sales	**1,867**	–	**–**	134,040	**1,867**	134,040
RESULTS						
Segment results	**(14,796)**	–	**–**	514	**(14,796)**	514
Unallocated income					**1,229**	–
Unallocated corporate expenses					**(16,746)**	–
Finance costs					**(40)**	(13)
(Loss)/Profit before taxation					**(30,353)**	501
Taxation					**–**	–
(Loss)/Profit for the year					**(30,353)**	501
ASSETS						
Segment assets	**64,199**	–	**–**	188,704	**64,199**	188,704
Unallocated assets					**139,552**	–
Total assets					**203,751**	188,704
LIABILITIES						
Segment liabilities	**381**	–	**10,364**	43,974	**10,745**	43,974
Unallocated liabilities					**2,333**	–
Total liabilities					**13,078**	43,974
OTHER INFORMATION						
Capital expenditures	**279**	–	**–**	1,090		
Depreciation	**–**	–	**–**	317		

Geographical segments	Hong Kong		PRC		Other Asia Pacific countries	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**1,867**	–	**–**	134,040	**–**	–
Carrying amounts of segment assets	**9,706**	–	**187,829**	188,704	**6,216**	–
Capital expenditures	**309**	–	**–**	1,090	**279**	–

5. OTHER OPERATING INCOME

	2006	2005
	HK$'000	*HK$'000*
Interest income from bank deposits	**92**	328
Net exchange gains	**1,135**	–
Gain on disposal of property, plant and equipment	**2**	–
	1,229	328

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation has been arrived at after charging the following:

	2006 *HK$'000*	2005 *HK$'000* (As restated)
Staff costs		
– Directors' emoluments	**3,972**	7,941
– Other staff salaries and allowances	**1,220**	614
– Share options granted to employees	**2,744**	–
– Other staff retirement benefits schemes contributions	**46**	12
	7,982	8,567
Depreciation of property, plant and equipment		
– Owned assets	**86**	23
– Leased assets	**294**	294
	380	317
Operating lease rentals in respect of land and buildings	**974**	327
Net exchange losses	**–**	53
Impairment loss on investment in an associate	**–**	352
Auditors' remuneration	**400**	330
Expense in relation to the grant of the call option by the Controlling Shareholder to CMEC International Trading in recognition of the proposed cooperation for the bitumen extraction project with the Group	**12,640**	–

7. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries had no assessable profits derived from or arising in Hong Kong for the years ended 31 March 2005 and 2006. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Taxation can be reconciled to the (loss)/profit per the income statement as follows:

	2006 *HK$'000*	2005 *HK$'000* (As restated)
(Loss)/Profit before taxation	**(30,353)**	501
Taxation at domestic income tax rate of 17.5%	**(5,312)**	88
Tax effects of:		
Income not taxable in determining taxable profit	**(266)**	(2,422)
Expenses not deductible in determining taxable profit	**2,692**	948
Estimated tax losses not recognized	**2,908**	1,420
Utilization of losses not previously recognized	**(20)**	(19)
Depreciation allowance in excess of related depreciation expenses	**(2)**	(15)
Taxation for the year	**–**	–

No deferred tax liabilities have been recognized in the financial statements as the Group and the Company did not have material temporary differences as at 31 March 2005 and 2006.

8. (LOSS)/EARNINGS PER SHARE

	2006	2005 (As restated)
(Loss)/Profit attributable to equity holders of the Company for the purpose of basic and diluted (loss)/earnings per share	**(HK$29,913,000)**	HK$501,000

	2006	2005
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**956,862,465**	822,369,863

The computation of diluted (loss)/earnings per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

9. DIVIDENDS

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

BUSINESS REVIEW

For the year ended 31 March 2006, the Group recorded a turnover of approximately HK$1,867,000 from the sale of asphaltic rocks. For the year ended 31 March 2005, the Group recorded a turnover of approximately HK$134,040,000 from the sale of residential and commercial properties. This represents a decrease in turnover of approximately 99% as compared to last year. For the year ended 31 March 2006, the Group's net loss attributable to shareholders was approximately HK$29,913,000 (year ended 31 March 2005 (restated): net profit of approximately HK$501,000).

The Group has adopted new applicable accounting standards in the preparation of financial statements under review. Excluding the effect of new applicable accounting standards, the Group's net loss attributable to shareholders for the year would be reduced to approximately HK$14,529,000. The Group has been transforming to focus its development on energy and resources businesses, which are still on investing and developing stage. The following sets out briefly the progress of these projects, which the Group has been working on.

1. CNPC Sino Prosper Petroleum and Gas Company Ltd ("CNPC")

On 15 March 2005, Sino Prosper Gas Limited ("SPGL"), a wholly-owned subsidiary of the Company, and Wuhan Hengsheng Shimao Petroleum Natural Gas Pipeline Engineering Company Limited ("Hengsheng Shimao") agreed to set up a sino-foreign equity joint venture company in the PRC, namely, CNPC. CNPC will be principally engaged in the wholesale, sale, transportation and storage of petroleum gas including liquefied natural gas, liquefied petroleum gas and other petroleum products. Upon the establishment, CNPC will be owned as to 95% by the Group and as to 5% by Hengsheng Shimao. The total investment of CNPC will amount to RMB125 million (equivalent to approximately HK$117.9 million). The registered capital of CNPC in the sum of RMB50 million will be contributed as to RMB47.5 million in cash (equivalent to approximately HK$44.8 million) by SPGL and as to RMB2.5 million in cash (equivalent to approximately HK$2.4 million) by Hengsheng Shimao.

2. Indonesia-Bitumen Joint Venture Extraction Project

a) *Establishment of new joint venture in Indonesia, 65% of shares owned by the Company*

The above project has been entrusted to Beijing Petrochemical Design Institute. The responsibility of Beijing Petrochemical Design Institute is to carry out the tasks in relation to technology, equipment and design, and it has completed the final trial program. It is expected to start commercial production in the near future. At the same time, the Company has collaborated with China National Machinery & Equipment Import and Export Corporation for further exploration in the area of north Buton Island in cooperation with Indonesia PT. Sarana Bagja Bumi and BGP, Inc., China National Petroleum Corporation.

b) *Co-operation with China National Machinery & Equipment Import and Export Corporation ("CMEC")*
In 2005, Sino Prosper Resources Limited ("SPRL"), a wholly-owned subsidiary of the Company, entered into an agreement with CMEC, pursuant to which, CMEC would be responsible for the production and management of the bitumen mine in Buton Island of Indonesia ("Buton Bitumen Mine") extraction project, and would provide financing arrangement including seller's credit.

c) *Co-operation Agreement with China Huayou Group Corporation ("Huayou")*
On 12 September 2005, SPRL and Huayou, a wholly-owned subsidiary of China National Petroleum Corporation ("CNPC"), entered into a co-operation agreement. According to the agreement, Huayou undertakes to distribute the marine fuel oil produced or extracted from the Buton Bitumen Mine for a tenure of 10 years from the date of the co-operation agreement and SPRL agreed to supply not less than 1,200,000 metric tons of marine fuel oil to Huayou for the first year after production or extraction of the marine fuel oil from the Buton Bitumen Mine which is estimated to be prior to the year 2007.

Huayou is a wholly-owned subsidiary of CNPC, CNPC is one of the two largest state-owned petroleum corporations in the PRC in 2005. CNPC currently holds two Hong Kong listed subsidiaries, namely PetroChina Company Limited and CNPC (Hong Kong) Limited.

The business of Huayou is well diversified which covers the production and marketing of oil and gas products, development and exploration of natural gas, production and distribution of high grade lubricating oil, development of chemical agents used in oil fields and the refining industry, and production of advanced building materials, etc.

d) *Co-operation Agreement with China Everbright Petroleum Exploitation & Investment Co., Ltd. ("China Everbright Petroleum Exploitation & Investment")*
On 14 March 2006, Sino Prosper Asphalt Investment Limited ("SPAI"), a wholly-owned subsidiary of the Company and China Everbright Petroleum Exploitation & Investment, a wholly-owned subsidiary of China Everbright Group, have entered into a co-operation agreement. China Everbright Petroleum Exploitation & Investment undertakes to distribute the asphalt and asphaltic rocks produced or extracted from the Buton Bitumen Mine for a tenure of 10 years from the date of the co-operation agreement and SPAI agreed to supply not less than 1,000,000 metric tons of asphalt and asphaltic rocks to China Everbright Petroleum Exploitation & Investment in the first year after the commencement of the production of asphalt and asphaltic rocks from the Buton Bitumen Mine which is estimated to be prior to the year 2007 and increase the supply thereafter in accordance with the production output of the Buton Bitumen Mine.

China Everbright Petroleum Exploitation & Investment is a subsidiary of China Everbright Group which is a core state-owned enterprise under the jurisdiction of the PRC government. China Everbright Group mainly focuses on the financial sector and its businesses cover banking, securities, insurance and investment management. China Everbright Group controls over sixty directly affiliated enterprises and it currently holds two Hong Kong listed subsidiaries, namely China Everbright Limited and China Everbright International Limited.

China Everbright Petroleum Exploitation & Investment invests in and operates a well-developed, vertically integrated petroleum and natural gas system. In addition to petroleum and natural gas development, storage, distribution and sales, China Everbright Petroleum Exploitation & Investment is active in petroleum related high-tech services.

3. Coal Mining Development in Xinjiang, PRC
On 28 March 2006, Sino Prosper Coal Mining Investment Limited ("SPCL"), a wholly-owned subsidiary of the Company, entered into a conditional acquisition agreement with Ample Pacific Group Limited and On Faith Group Limited (collectively, the "Vendors") to acquire (i) the entire issued share capital of Sky Gain Development Limited ("Sky Gain"), at a consideration of HK$479,968,600; and (ii) such amount equivalent to 100% of the face value of the loans outstanding made by or on behalf of the Vendors to Sky Gain as at the date of completion of the acquisition agreement at the consideration of HK$1.00. Upon completion, SPCL will be legally and beneficially interested in the entire issued share capital of Sky Gain which is the legal and beneficial owner of 51% of the registered capital in Xinjiang Jingxin Mineral Development Company Limited ("Xinjiang Jingxin Mineral"). Completion of the acquisition is conditional upon satisfaction of various conditions precedent, and therefore may or may not proceed.

4. Ethanol Project in Thailand

On 30 May 2006, Sino Prosper Ethanol Development Limited ("SPE"), a wholly-owned subsidiary of the Company, entered into a conditional agreement ("Heads of Agreement") with Picnic Corporation Public Company Limited ("Picnic Public") and Picnic Ethanol Company Limited ("Picnic Ethanol"), pursuant to which SPE and Picnic Public agree to jointly develop the Ethanol Project Phase 1 to be executed by Picnic Ethanol. Picnic Ethanol plans to start constructions of the Ethanol Project in the second half of 2006 and expects to complete the construction by mid 2007 with the estimated production capacity of 250,000 litres ethanol per day. Completion of the Heads of Agreement and the transactions contemplated thereunder is conditional upon satisfaction of various conditions precedent, and therefore may or may not proceed.

OUTLOOK AND NEW DEVELOPMENTS

Direct Focus on Energy Resources

Leveraging on the Group's establishment of the joint venture in Indonesia and its close collaboration with CMEC, it will be beneficial for the Company to complete the bitumen extraction project smoothly. The Group expects the said project will commence trial production in 2007 and generate significant profit to the Group.

Looking forward, since the PRC economy has sustained rapid growth of its economy and with a huge demand on various kinds of natural resources, the Group will actively explore investment opportunities on the related resources projects.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2006.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Save and except as hereinafter mentioned, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") for the year ended 31 March 2006 and has taken the following actions in order to achieve compliance with the Code:

(i) Code Provision A.2.1

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer of listed issuers should be separate and should not be performed by the same individual. Prior to 19 July 2005, the Company has not appointed any individual to the post of chief executive officer and the responsibilities of the chief executive officer have been performed by the executive Directors, including the Chairman. To ensure compliance with the Code and an effective operation of the Board, Mr. Tang Yan Tian has been appointed as the Chief Executive Officer ("CEO") of the Group on 19 July 2005 while the respective written terms of scope and responsibilities of each of the Chairman and CEO have been adopted.

(ii) Code Provision B.1.1

Pursuant to code provision B.1.1 of the Code, listed issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. To ensure compliance with the Code, the remuneration committee has been established by the Board on 18 July 2005 and its terms of reference have been prepared in accordance with the requirements of the Code.

(iii) Code Provision A.4.1

Pursuant to code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. However, the non-executive and independent non-executive Directors are not appointed for specific terms as required, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association ("Articles") of the Company. In order to ensure compliance with the Code, the Company will arrange to fix the terms of offices of each of the non-executive and independent non-executive Directors, subject to earlier determination and the re-election and rotational requirements in accordance with the Articles.

(iv) Code Provision A.4.2

Pursuant to code provision A.4.2 of the Code, all directors of a listed company appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their respective appointments. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Nevertheless, the existing article 108 of the Articles, which provides for the rotational requirements of the Directors, stipulates that, among other matters, the Chairman is not subject to retirement by rotation at annual general meetings of the Company. As such, Mr. Leung Ngai Man, the Chairman of the Board, has not retired from his office as a Director since his appointment in 2001. To ensure compliance with the Code, a special resolution will be proposed to amend the relevant provisions of the Articles at the forthcoming annual general meeting ("Annual General Meeting") of the Company so that the Articles will be consistent with code provision A.4.2. Mr. Leung will also voluntarily retire from his office as a Director at the Annual General Meeting and, being eligible, will offer himself for re-election as a Director at the Annual General Meeting.

(V) Code Provision B.1.3(b)

Pursuant to code provision B.1.3(b), the Remuneration Committee should have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management and make recommendations to the board of the remuneration of non-executive directors. However, for the year ended 31 March 2006, a salaried executive Director was appointed and his remuneration was mutually agreed between the Chairman of the Board and that executive Director. To ensure compliance with the Code, Remuneration Committee meeting will be held to determine remuneration packages of that executive Director and any newly appointed Directors in the future.

By Order of the Board
Tang Yan Tian
Chief Executive Officer

Hong Kong, 27 July 2006

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Leung Ngai Man, Mr. Tang Yan Tian, Mr. Yeung Kit and Mr. Wong Wa Tak, one non-executive Director, namely Mr. Gao Shi Kui and three independent non-executive Directors, namely Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. Leung Wai Cheung.

Please also refer to the published version of this announcement in International Herald Tribune.