



MASCOTTE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2006

RESULTS

The Board of Directors (the “Directors”) of Mascotte Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

| | | Year ended 31st March | |
|--|-------|-----------------------|------------------------|
| | | 2006 | 2005 |
| | Notes | HK\$'000 | HK\$'000 (restated) |
| Turnover | 3 | 209,396 | 182,661 |
| Cost of sales | | (151,248) | (130,555) |
| Gross profit | | 58,148 | 52,106 |
| Other income | | 1,729 | 413 |
| Selling and distribution costs | | (6,940) | (9,297) |
| Administrative expenses | | (32,219) | (31,214) |
| Impairment loss on goodwill | | (2,799) | – |
| (Loss) gain on fair value changes on investment properties | | (21) | 1,431 |
| Finance costs | | (1,704) | (1,160) |
| Profit before taxation | 4 | 16,194 | 12,279 |
| Income tax expenses | 5 | (3,452) | (5,519) |
| Profit for the year | | 12,742 | 6,760 |
| Attributable to: | | | |
| Equity holders of the Company | | 12,472 | 6,560 |
| Minority interests | | 270 | 200 |
| | | 12,742 | 6,760 |
| Dividend | 6 | 4,240 | 4,240 |
| Earnings per share | | | |
| Basic | 7 | HK2.9 cents | HK1.5 cents |

CONSOLIDATED BALANCE SHEET

| | As at 31st March | |
|--|-----------------------|------------------------|
| | 2006 | 2005 |
| | HK\$'000 | HK\$'000 (restated) |
| Non-current assets | | |
| Investment properties | 34,650 | 29,880 |
| Property, plant and equipment | 47,439 | 48,394 |
| Prepaid lease payments | 4,694 | 4,985 |
| Goodwill | 4,243 | 7,042 |
| Deposits paid | 18,000 | 18,300 |
| | <u>109,026</u> | <u>108,601</u> |
| Current assets | | |
| Inventories | 8,667 | 8,230 |
| Prepaid lease payments | 435 | 423 |
| Trade and bills receivables | 27,098 | 23,701 |
| Loans receivable | 46,710 | 46,710 |
| Other receivables and prepayments | 12,050 | 14,488 |
| Income tax recoverable | – | 149 |
| Bank balances and cash | 44,736 | 34,566 |
| | <u>139,696</u> | <u>128,267</u> |
| Current liabilities | | |
| Trade payables | 13,677 | 9,126 |
| Other payables and accrued charges | 9,795 | 8,725 |
| Dividend payable | 408 | 405 |
| Income tax payable | 6,539 | 4,562 |
| Bank borrowings | 16,415 | 22,908 |
| | <u>46,834</u> | <u>45,726</u> |
| Net Current Assets | <u>92,862</u> | <u>82,541</u> |
| | <u><u>201,888</u></u> | <u><u>191,142</u></u> |
| Capital and Reserves | | |
| Share capital | 42,400 | 42,400 |
| Reserves | 148,174 | 138,846 |
| | <u>190,574</u> | <u>181,246</u> |
| Equity attributable to equity holders of the Company | 190,574 | 181,246 |
| Minority interests | 3,205 | 2,853 |
| | <u>193,779</u> | <u>184,099</u> |
| Total Equity | <u>193,779</u> | <u>184,099</u> |
| Non-current liability | | |
| Bank borrowings | 8,109 | 7,043 |
| | <u>8,109</u> | <u>7,043</u> |
| | <u><u>201,888</u></u> | <u><u>191,142</u></u> |

Notes:

1. APPLICATION OF NEW/REVISED 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 “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests have been changed. The changes in presentation have been applied retrospectively. 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 and/or prior accounting years are prepared and presented.

Business Combinations

In the current year, the Group has applied HKFRS 3 “Business Combinations” which is effective for business combinations for which the agreement date is on or after 1st January, 2005 and for goodwill and negative goodwill existed on 1st April, 2005. The principal effects of the application of the transitional provisions of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisitions prior to 1st April, 2001 was held in reserves, and goodwill arising on acquisitions after 1st April, 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves of HK\$10,638,038 has been transferred to the Group’s retained profits on 1st April, 2005. With respect to goodwill previously capitalised on the balance sheet, the Group on 1st April, 2005 eliminated the carrying amount of the related accumulated amortisation of HK\$3,791,854 to the cost of goodwill. The Group has discontinued amortising such goodwill from 1st April, 2005 and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2005 have not been restated (see note below for the financial impact).

Excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost (previously known as “negative goodwill”)

In accordance with HKFRS 3, any excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of acquisition (“discount on acquisition”) is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous years, negative goodwill arising prior to 1st April, 2001 was held in reserve. In accordance with the relevant transitional in HKFRS 3, negative goodwill previous recognised in reserve of HK\$2,079,850 on 1st April, 2005 has been transferred to retained profits (see note below for financial impact).

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. The application of HKAS 32 did not have material effect on the consolidated financial statements. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset’s cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets from 1st April, 2005 onwards. As a result, the Group’s bills receivables of HK\$2,347,737 discounted with full recourse which were derecognised prior to 1st April, 2005 have not been restated. As at 31st March, 2006, the Group’s bills receivables discounted with full recourse have not been derecognised. Instead, the related borrowings of HK\$1,160,396 have been recognised on the balance sheet date. This change in accounting policy has had no material effect on results for the current year.

Leases

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are treated as operating lease and reclassified to "prepaid lease payments", which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note below for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

Investment Properties

In the current year, the Group has 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 recognised directly in the consolidated income statement for the period in which they arise. In previous years, investment properties under SSAP 13 were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the consolidated income statement. Where a decrease had previously been charged to the consolidated income statement and revaluation increase subsequently arose, that increase was credited to the consolidated income statement to the extent of the decrease previously charged. In previous years, under SSAP 13 depreciation is provided where the unexpired term of the relevant lease or the term of the joint venture to which the investment properties are held is twenty years or less. On adoption of HKAS 40, no depreciation is required to be provided under fair value model. This change in accounting policy has been applied retrospectively. Comparative figures for 2005 have been restated (see note below for financial impact).

2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the adoption of new HKFRSs on the results for the year are as follows:

| | 2006 HK\$'000 | 2005 HK\$'000 |
|---|------------------|------------------|
| <i>HKFRS 3</i> | | |
| Decrease in amortisation of goodwill (included in administrative expenses) | 1,083 | – |
| <i>HKAS 40</i> | | |
| Decrease in depreciation of investment properties | 1,195 | 1,043 |
| (Increase) decrease in (loss) gain on fair value changes of investment properties | (1,195) | (1,043) |
| Increase in profit for the year attributable to equity holders of the Company | <u>1,083</u> | <u>–</u> |

The cumulative effects of the adoption of the new HKFRSs as at 31st March, 2005 and 1st April, 2005 are summarised below:

| | As at 31st March, 2005 (originally stated) HK\$'000 | Retrospective adjustments HKAS17 HK\$'000 | As at 31st March, 2005 (restated) HK\$'000 | Adjustments on 1st April, 2005 HKFRS 3 HK\$'000 | As at 1st April, 2005 (restated) HK\$'000 |
|-------------------------------|--|--|---|--|--|
| Balance sheet items | | | | | |
| Property, plant and equipment | 53,802 | (5,408) | 48,394 | – | 48,394 |
| Prepaid lease payments | – | 5,408 | 5,408 | – | 5,408 |
| Retained profits | 64,784 | – | 64,784 | (8,558) | 56,226 |
| Goodwill reserve | (10,638) | – | (10,638) | 10,638 | – |
| Negative goodwill reserve | 2,080 | – | 2,080 | (2,080) | – |

3. SEGMENTS INFORMATION

Business segments

Segment information about these businesses is presented below:

| | Year ended 31st March, 2006 | | |
|--------------------------------|--|--|---------------------------------|
| | Manufacture and sales of goods <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
| TURNOVER | | | |
| To external customers | <u>206,297</u> | <u>3,099</u> | <u>209,396</u> |
| RESULT | | | |
| Segment results | <u>17,875</u> | <u>1,567</u> | 19,442 |
| Unallocated other income | | | 1,076 |
| Unallocated corporate expenses | | | (2,620) |
| Finance costs | | | <u>(1,704)</u> |
| Profit before taxation | | | 16,194 |
| Income tax expenses | | | <u>(3,452)</u> |
| Profit for the year | | | <u>12,742</u> |

| | Year ended 31st March, 2005 | | |
|--------------------------------|--|--|---------------------------------|
| | Manufacture and sales of goods <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
| TURNOVER | | | |
| To external customers | <u>179,504</u> | <u>3,157</u> | <u>182,661</u> |
| RESULT | | | |
| Segment results | <u>14,191</u> | <u>1,754</u> | 15,945 |
| Unallocated other income | | | 41 |
| Unallocated corporate expenses | | | (2,547) |
| Finance costs | | | <u>(1,160)</u> |
| Profit before taxation | | | 12,279 |
| Income tax expenses | | | <u>(5,519)</u> |
| Profit for the year | | | <u>6,760</u> |

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> |
|--------------------------|-------------------------|-------------------------|
| Europe | 131,601 | 107,650 |
| United States of America | 24,330 | 23,762 |
| Hong Kong | 18,518 | 19,252 |
| Other regions in the PRC | 8,114 | 6,060 |
| Others | <u>26,833</u> | <u>25,937</u> |
| | <u>209,396</u> | <u>182,661</u> |

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> (restated) |
|--|-------------------------|---------------------------------------|
| Impairment loss on receivables | 1,333 | 1,603 |
| Allowance for inventories | 4 | 733 |
| Amortisation of goodwill included in administrative expenses | – | 1,083 |
| Amortisation of prepaid lease payments | 435 | 416 |
| Depreciation of property, plant and equipment | 2,360 | 2,477 |
| Loss on disposal of property, plant and equipment | 30 | – |
| Loss on disposal of investment property | 48 | – |
| Interest on bank borrowing | 1,704 | 1,160 |
| | <u>1,704</u> | <u>1,160</u> |

5. INCOME TAX EXPENSES

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| The charge comprises: | | |
| Current year | | |
| Hong Kong | 3,048 | 2,406 |
| Other regions in the PRC | 353 | 316 |
| | <u>3,401</u> | <u>2,722</u> |
| (Over)/underprovision in prior years | | |
| Hong Kong | (1) | 2,610 |
| Other regions in the PRC | 52 | 187 |
| | <u>51</u> | <u>2,797</u> |
| | <u>3,452</u> | <u>5,519</u> |

Hong Kong Profits Tax is calculated at 17.5% (2005:17.5%) of the estimated assessable profits for the year. Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDEND

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Final Proposal – HK1 cent per ordinary share (2005: HK 1 cent) | 4,240 | 4,240 |
| | <u>4,240</u> | <u>4,240</u> |

The final dividend proposed after the year end is subject to the approval of shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the year of HK\$12,472,177 (2005: HK\$6,559,923) and on 424,000,100 shares in issue throughout the year.

No diluted earnings per share has been presented as there were no dilutive ordinary shares in issue in 2006 or 2005.

FINANCIAL RESULTS

For the year ended 31st March, 2006, the Group achieved a turnover of approximately HK\$209.4 million, representing an increase of 14.6% when compared with previous corresponding year.

Profit before taxation and profit attributable to equity holders of the Company for the year ended 31st March, 2006 amounted to approximately HK\$16.2 million and HK\$12.5 million respectively (2005: HK\$12.3 million and HK\$6.6 million respectively). Such increases in profit were mainly attributable to an increase in turnover of the Group's manufacture and sale activity. Earnings per share for the year ended 31st March, 2006 was HK2.9 cents (2005: HK1.5 cents).

FINAL DIVIDEND

The Directors proposed the payment of a final dividend of HK1 cent per ordinary share (2005: HK 1 cent) for the year ended 31st March, 2006. Subject to the approval of the shareholders at the annual general meeting to be held on 23rd August, 2006, the final dividend will be paid on or about 12th September, 2006.

BUSINESS REVIEW AND PROSPECTS

Manufacture and Sale of Photographic, Electrical and Multimedia Accessories

During this financial year, the demand of the Group's products remained strong and healthy and the Group achieved growth in both turnover and profit approximately of HK\$206.3 million and HK\$17.9 million, representing an increase of 14.9% and 25.9% over the last corresponding year.

Europe continued to be the Group's largest market, accounting for approximately 62.9% of the total turnover of this financial year. Total export sales to Europe rose to HK\$131.6 million, representing a growth of 22.2% as compared to that of the last corresponding year. The management has good knowledge and confidence in this market and will adhere to its established strategy to further penetrate into this very huge market.

In term of product category of photographic, electrical and multimedia accessories, the sale of multimedia accessories recorded encouraging growth this financial year. The Group's sale of multimedia accessories amounted to approximately 44% of the total turnover of this financial year (2005: approximately 35%). The growth was mainly attributable to the Group's strategy to extend relationships with major multimedia brand manufacturers and the positive market response of the Group's manufactured convergence products (textile and electronic combinations).

Property Portfolio Refinement

During this financial year, the Group was able to maintain a stable property letting income of approximately HK\$3.1 million when compared with HK\$3.2 million last corresponding year.

Prospects

The management continues to take a down-to-earth approach with a continued focus on new revenue channels in the Group's core business of accessories for photographic, multimedia and electrical products. The increased demand for digital SLR camera bags is helping to maintain a sustainable turnover in the photographic area albeit in a declining market, whereas extended relationships with multimedia brand manufacturers are allowing the Group to expand in the thriving audio market. Despite of the challenges ahead, the Group is confident to maintain its leading position in the photographic market; and at the same time to increase its market share in the multimedia market.

Following the acquisition completion of a PRC property located in Guangzhou, PRC as approved by the independent shareholders in the Special General Meeting held on 17th July, 2006, the property portfolio of the Group in the PRC is expected to accelerate the future growth in line with the promising economic growth of the PRC. The Directors consider that the acquisition will contribute positively to the operating results of the Group in future years. Details of the acquisition are noted in the circular dated 30th June, 2006 to the shareholders of the Company.

LIQUIDITY AND GEARING RATIO

As at 31st March, 2006, the Group recorded a total bank balances and cash of HK\$44.7 million (as at 31st March, 2005 of HK\$34.6 million). Moreover, the Group had current assets of HK\$139.7 million (as at 31st March, 2005 of HK\$128.3 million). The Equity attributable to equity holders of the Company was of HK\$190.6 million (as at 31st March, 2005 of HK\$181.2 million) and the total bank borrowings was of HK\$24.5 million (as at 31st March, 2005 of HK\$29.9 million); and accordingly, the gearing ratio was of 12.9% (as at 31st March, 2005 of 16.5%).

POST BALANCE SHEET EVENT

On 6th June, 2006, the Group entered into an agreement with Ms. Chan Oi Ling Maria Olimpia, the Chairman and executive director of the Group, to acquire 100% the issued share capital of Jet Star Industrial Limited (“Jet Star”), a private limited liability company incorporated in Hong Kong, for a total consideration of HK\$92,000,000. The principal asset of Jet Star is its interest in a PRC property, being a 20-storey commercial office building located in Liwan District, in Guangzhou City of Guangzhou Province, PRC. Jet Star is principally engaged in leasing and provision of property management services. The acquisition was completed upon the fulfillment of the conditions contemplated under the sale and purchase agreement subsequent to the balance sheet date.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company’s listed securities during the year ended 31st March, 2006.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the code provisions which set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules during the year ended 31st March, 2006 except for the following deviations:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of CEO, and it deviates from the Code. Ms. Chan Oi Ling, Maria Olimpia is the chairperson and has also carried out the responsibilities of CEO. Ms. Chan possesses essential leadership skills and has extensive knowledge in the business of the Group. The Board considers the present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies.
2. Code Provision A.4.1 provides that non-executive directors should be appointed for specific terms, subject to re-election. The independent non-executive directors (“INEDs”) of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to Bye-law 87(1) of the current Bye-laws of the Company, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the terms of appointment of the directors, including INEDs, cannot exceed three years.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Wong Yui Leung, Larry (chairman of audit committee), Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam. The consolidated financial statements for the year ended 31st March, 2006 of the Group have been reviewed by the audit committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 August 2006 to 22 August 2006 (both dates inclusive), during which period no transfer of Shares will be affected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, will have to be lodged with the Company’s registrar, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:00 p.m., 17 August 2006.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information required by paragraphs 45(1) to 45 (3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On Behalf of the Board
Chan Oi Ling, Maria Olympia
Chairman

Hong Kong, 26th July, 2006

As at the date of this announcement, the executive directors of the Company are Ms. Chan Oi Ling Maria Olympia, Mr. Lam Yu Ho. Daniel. Mr. Cheng Lok Hing, Mr. Cheng Chun Kit and Ms. Ji Hong and the independent non-executive directors of the Company are Mr. Wong Yui Leung, Larry. Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Mascotte Holdings Limited (the "Company") will be held at The Aberdeen Marina Club, 4th Floor, Bridge Room, 8 Shum Wan Road, Aberdeen, Hong Kong on Wednesday, 23 August 2006 at 3:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the audited financial statements of the Company for the year ended 31 March 2006 together with the reports of the directors of the Company (the "Directors") and auditors thereon;
2. To declare a final dividend for the year ended 31 March 2006;
3. To re-elect retiring Directors and to authorize the Directors to fix all their remuneration;
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorize the Directors to fix their remuneration;

SPECIAL BUSINESS

5. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

"THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares of the Company (the "Shares") or securities convertible into Shares, and to make or grant, offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares;

(iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares;

(iv) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or

(iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

6. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

“**THAT:**

(a) subject to paragraph (b) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited or on any other stock exchanges on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchanges (as amended from time to time), be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;

(c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”
7. To consider and, if thought fit, pass, with or without modification, the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of Resolutions 5 and 6 as set out in the notice of this meeting, the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 5 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By order of the Board
Au Kin Fai, Alfred
Company Secretary

Hong Kong, 26 July 2006

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or, if he is the holder of two or more shares, more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such person may vote at the meeting, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the office of the Company’s branch share registrars, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed from 18 August 2006 to 22 August 2006 (both dates inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, will have to be lodged with the Company’s registrar, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:00 p.m., 17 August 2006.
5. The board of Directors has recommended a final dividend for the year ended 31 March 2006 (the “Final Dividend”) of HK\$0.01 per Share and, if such dividend is declared by the members passing Resolution 2, it is expected to be paid on or about 12 September 2006.
6. In relation to Resolution 3, pursuant to bye-law 87 of the Bye-laws, Ms. Chan Oi Ling, Maria Olimpia, Mr. Lam Yu Ho, Daniel, Mr. Cheng Chun Kit and Mr. Wong Yui Leung, Larry will retire from office at the Annual General Meeting by rotation, and being eligible, will offer themselves himself for re-election.
7. In relation to Resolution 6, an explanatory statement (as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the “Listing Rules”) is set out in Appendix I to the circular containing this notice.
8. As at the date of this Announcement, the executive directors of the Company are Ms. Chan Oi Ling, Maria Olimpia, Mr. Lam Yu Ho, Daniel, Mr. Cheng Lok Hing, Mr. Cheng Chun Kit, Ms. Ji Hong and the independent non-executive directors of the Company are Mr. Wong Yui Leung, Larry, Mr. Lui Wai Shan, Wilson and Mr. Cheung Ngai Lam.