GAY GIANO INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2006

FINANCIAL SUMMARY

The Board of Directors (the "Board") of Gay Giano International Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended March 31, 2006 with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended March 31, 2006

	Notes	2006 HK$'000	2005 HK$'000
TURNOVER	3	**132,785**	126,404
Cost of sales		**(44,123)**	(38,076)
GROSS PROFIT		**88,662**	88,328
Other income		**971**	5,526
Distribution costs		**(46,363)**	(43,090)
Administrative expenses		**(41,450)**	(36,317)
PROFIT FROM OPERATIONS	4	**1,820**	14,447
Finance costs	5	**(140)**	(265)
PROFIT BEFORE TAX		**1,680**	14,182
Tax expense	6	**463**	(235)
PROFIT FOR THE YEAR		**2,143**	13,947
ATTRIBUTABLE TO:			
— Equity holders of the Company		**2,143**	13,947
Dividend	8	**NIL**	NIL
EARNINGS PER SHARE			
— Basic	7	**HK1.07 cents**	HK6.97 cents
— Diluted	7	**HK1.07 cents**	HK6.95 cents

CONSOLIDATED BALANCE SHEET

As at March 31, 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,223**	14,662
Rental deposits		**6,277**	5,853
Deferred tax assets		**571**	—
Total non-current assets		**20,071**	20,515
CURRENT ASSETS			
Inventories		**27,395**	19,272
Trade receivables	*9*	**1,063**	2,022
Prepayments, deposits and other receivables		**4,216**	3,946
Pledged bank deposits		**3,500**	3,500
Cash and cash equivalents		**12,193**	14,091
Total current assets		**48,367**	42,831
CURRENT LIABILITIES			
Trade payables	*10*	**2,767**	1,463
Accrued liabilities and other payables		**6,695**	6,304
Tax payable		**7**	250
Bank loans (secured)		**4,867**	2,263
Other loan (secured)		**59**	1,924
Obligations under finance leases		**78**	123
Total current liabilities		**14,473**	12,327
NET CURRENT ASSETS		**33,894**	30,504
TOTAL ASSETS LESS CURRENT LIABILITIES		**53,965**	51,019
NON-CURRENT LIABILITIES			
Other loan (secured)		**—**	59
Obligations under finance leases		**138**	216
Employee benefits		**1,503**	964
Total non-current liabilities		**1,641**	1,239
TOTAL NET ASSETS		**52,324**	49,780
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**20,013**	20,006
Reserves		**32,311**	29,774
TOTAL EQUITY		**52,324**	49,780

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

In the current year, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after January 1, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and the consolidated statement of changes in equity. The changes in presentation have been applied retrospectively.

The applicable HKFRSs are set out below.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earning Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payments
HKAS-INT 15	Operating Leases — Incentives
HKAS-INT 21	Income Taxes — Recovery of Revalued Non-Depreciable Assets

The adoption of HKAS 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 36, 37 and 40, HKFRS 2 and HKAS-INT 15 and 21 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 affects certain presentation in the income statement, balance sheet, and statement of changes in equity.

- HKAS 8, 16 and 21 affect certain disclosures of the financial statements.

- HKAS 2, 7, 10, 12, 14, 18, 19, 23, 27, 33, 36, 37 and 40, and HKAS-INT 15 and 21 do not have any impact on the Group as the Group's accounting policies already comply with the standards.

- HKAS 24 affects the identification of related parties and the disclosure of related party transactions.

2. POTENTIAL IMPACT ARISING ON THE NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Group has not yet applied the following new HKFRSs that have been issued but not yet been effective. The directors of the Company anticipated that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

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

3. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the net invoiced value of goods sold, after goods returns and trade discounts, from retail and wholesale of ladies' and men's fashion apparel and complementary accessories.

Business segments

No segment analysis for business segment is presented as the Group principally operates in one business segment, which is the retail and wholesale of fashion apparel.

Geographical segments

The following table presents the revenue, results, assets and expenditure information for the geographical segments of the Group:

	Hong Kong		**PRC**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**131,337**	122,417	**1,448**	3,987	**132,785**	126,404
Segment results	**1,950**	14,926	**(130)**	(479)	**1,820**	14,447
Other segment information:						
Segment assets	**57,841**	52,405	**10,597**	10,941	**68,438**	63,346
Capital expenditure	**2,912**	3,077	**115**	13	**3,027**	3,090

4. PROFIT FROM OPERATIONS

	2006	2005
	HK$'000	*HK$'000*
Profit from operations is stated after charging:		
Cost of inventories sold	**44,123**	38,076
Staff costs (excluding directors' emoluments)*		
Wages and salaries	**35,573**	32,987
Retirement benefits	**1,805**	1,833
Provision for long service payments	**539**	—
	37,917	34,820
Write-down of inventories to net realisable value*	**877**	1,797
Depreciation of property, plant and equipment*		
— Owned	**3,358**	1,962
— Leased	**102**	116
Minimum lease payments under operating leases on land and buildings*	**31,996**	29,643
Auditors' remuneration	**320**	310
Loss on write-off and disposals of property, plant and equipment, net	**1,329**	—
Exchange losses, net*	**—**	472
and after crediting:		
Surplus on revaluation of investment properties	**—**	1,270
Gain on write-off and disposals of property, plant and equipment, net	**—**	3,601
Royalty fee income	**616**	616
Interest income	**176**	11
Exchange gains, net*	**741**	—

* Cost of inventories sold includes direct staff costs, operating lease rentals on land and buildings, write-down of inventories to net realisable value, net exchange gains/losses and depreciation of property, plant and equipment in aggregate of HK$7,109,000 (2005: HK$7,860,000), which are included in the above respective captions of expenses.

5. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest expenses on:		
Bank loans and overdrafts	**123**	128
Obligations under finance leases	**12**	29
Other loan wholly repayable within five years	**5**	—
Other loan not wholly repayable within five years	**—**	108
Total finance costs	**140**	265

6. TAX EXPENSE

The amount of tax expense in the consolidated income statement represents:

	2006	2005
	HK$'000	*HK$'000*
Current tax — provision for Hong Kong Profits Tax		
— tax for the year	**5**	187
— under provision in respect of prior years	**68**	—
	73	187
Current tax — overseas		
— tax for the year	**35**	48
Deferred tax		
— current year	**(571)**	—
	(463)	235

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

The Company's subsidiary established in the PRC is subject to Enterprise Income Tax at a rate of 15% (2005: 15%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of HK$2,143,000 (2005: HK$13,947,000) and the weighted average number of 200,127,000 (2005: 200,031,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2006	2005
	Number of shares	Number of shares
	'000	*'000*
Issued ordinary shares at beginning of the year	**200,060**	200,030
Effect of share options exercised	**67**	1
Weighted average number of ordinary shares at end of the year	**200,127**	200,031

The calculation of diluted earnings per share is based on the profit for the year of HK$2,143,000 (2005: HK$13,947,000) and the weighted average number of 200,133,000 (2005: 200,652,000) ordinary shares. The weighted average number of ordinary shares used in the calculation is the weighted average number of 200,127,000 (2005: 200,031,000) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 6,000 (2005: 621,000) ordinary shares assumed to have been issued at no consideration upon exercise of all share options outstanding during the year.

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended March 31, 2006 (2005: nil).

9. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables at the balance sheet date, based on the invoice dates:

	2006	2005
	HK$'000	*HK$'000*
0 — 30 days	**436**	517
31 — 60 days	**—**	232
Over 60 days	**627**	1,273
	1,063	2,022

Normal credit terms granted by the Group to its customers ranges from 30 to 60 days of invoice date. The Group grants credit terms of over 60 days to certain customers of long business relationship or with high creditability.

Included in trade receivables is the following amount denominated in a currency other than the functional currency of the Group to which it relates:

	2006	2005
	'000	*'000*
Renminbi	**783**	1,834

10. TRADE PAYABLES

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

	2006	2005
	HK$'000	*HK$'000*
0 — 30 days	**1,744**	883
31 — 60 days	**792**	263
Over 60 days	**231**	317
	2,767	1,463

Included in trade payables are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2006	2005
	'000	*'000*
Euro	**8**	22
Renminbi	**50**	185
United States Dollars	**—**	1

BUSINESS AND OPERATION REVIEW

Business Review

During the year, the Group continued to apply different strategies to improve the overall performance. However, facing the inflationary pressure in imported material, local rental and human resources costs and the weakened economic recovery, the result of the struggle contributed by the management was impaired accordingly.

The Group continued to focus on the fashion apparel retail market in Hong Kong. The turnover of the Group for the year was approximately HK$132.8 million (2005: HK$126.4 million), representing an approximately 5% increase than last year. This achievement is contributed by our wider distribution channel and effective marketing strategies. However, the keen price competition in fashion market and the weakened consumption sentiment limited the degree of improvement of the turnover for the year.

The gross profit margin of the Group for the year ended March 31, 2006 was maintained at a relatively high level at approximately 67% (2005: 70%), representing a 3% decrease when compared with last year. The management of the Group had imposed different efforts in production cost control to maintain the gross profit margin. However, the imported inflation of fabrics and fashion accessories from European countries and the keen price competition has lowed down the gross profit ratio of the Group. Certain production cost minimizing plans will be applied in next financial period in order to maintain the high gross profit margin level of the Group in the long run.

During the year, the Group tried to develop the distributional channel and the total number of retail outlet as at March 31, 2006 is 15 (2005: 13) with total controlled retail area of 24,911 sq. feet (2005: 24,901 sq. feet). In order to achieve the strategic goal of retail outlet area optimization, the Group continued the progress of relocation of the existing retail outlets and opened certain new shops in different area. As a result, the total number of retail outlets increased with a similar level of total controlled retail area in this year and the ratio of turnover per square foot is improved accordingly. This retail area optimization strategy effectively controlled the overall rental expenditure of the Group in the existing rental inflationary trend in retail market. On the other hand, certain retail outlets were renovated so as to enhance the brand image and to provide a more comfortable shopping environment to our customers.

The net profit for the year ended March 31, 2006 is approximately HK$2.1 million (2005: HK$13.9 million), decreased by approximately 85% from last year. The considerable decrease in net profit during the year is mainly due to the worsened operating environment in retail market and an one-off property disposal profit of approximately HK$4.9 million was recorded in last year. The ratio of distribution costs to turnover and administrative expenses to turnover for the year are maintained at the level of approximately 35% (2005: 34%) and 31% (2005: 29%) respectively. Despite the tight fiscal discipline on operating expenses, the ratio of distribution and administrative expenses increased slightly due to the burden of inflating human resources and retail rental cost.

Prospect

The Group will focus on the retail fashion market in Hong Kong. Facing the uncertain momentum of local economic growth and the inflationary pressure of the operating environment, the Group will continue to deploy prudent cost control and distributional strategies on our future retail outlets development. Looking ahead, we believe that the firm commitment of the management to build brand loyalty, effective operational and financial strategies, along with our sophisticated yet contemporary apparel products and effective distribution channel, will support the Group's healthy growth and enable us to gain access to additional business opportunities that may be presented to the Group in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at March 31, 2006, net current assets and current ratio of the Group were approximately HK$33.9 million (2005: HK$30.5 million) and 3.3 (2005: 3.5), respectively. The current assets mainly comprised inventories of approximately HK$27.4 million (2005: HK$19.3 million), accounts receivable of approximately HK$1.1 million (2005: HK$2.0 million) and cash and bank balances of approximately HK$12.2 million (2005: HK$14.1 million). The Group had total assets of approximately HK$68.4 million (2005: HK$63.3 million), current liabilities of approximately HK$14.5 million (2005: HK$12.3 million), non-current liabilities of approximately HK$1.6 million (2005: HK$1.2 million) and shareholders' equity of approximately HK$52.3 million (2005: HK$49.8 million).

The overall gearing ratio for the year was maintained at 9.8% (2005: 9.2%) with total borrowings of approximately HK$5.1 million (2005: HK$4.6 million) and net worth of approximately HK$52.3 million (2005: HK$49.8 million) as at March 31, 2006. Overall gearing ratio is defined as the total borrowings over the net worth.

The Group recorded a net cash inflow from operating activities of approximately HK$0.5 million (2005: HK$7.4 million) for the year and repaid aggregated bank and other loans of HK$4.2 million. (2005: HK$4.3 million).

Treasury policies

The Group generally finances its operations with internally generated cash flows and loans facilities provided by banks and financial institutions in Hong Kong. As of March 31, 2006, the total outstanding short-term borrowings stood at approximately HK$5.0 million (2005: HK$4.3 million). Borrowing methods used by the Group mainly include bank loans and other loans from financial institutions. The interest rates of most of these loans are determined by reference to the Hong Kong dollar prime rate. The Group had no interest rate hedging arrangement during the year. The directors believe that the Group has sufficient financial resources to discharge its debts and to finance its operations and capital expenditures.

Capital expenditure

Capital expenditures amounted to approximately HK$3.0 million (2005: HK$3.1 million) for the year ended March 31, 2006. These expenditure were mainly used in retail network improvement. There were no material capital commitments at March 31, 2006 (2005: Nil).

Pledge of assets and contingent liabilities

At March 31, 2006, the Group pledged the leasehold land and buildings in Hong Kong with an aggregate net book value of approximately HK$5.4 million (2005: HK$5.2 million). At March 31, 2006, the Group had no significant contingent liabilities (2005: Nil).

Investment in properties

The Group's leasehold land and buildings were valued at approximately HK$5.4 million (2005: HK$5.2 million) at March 31, 2006 by Savills Valuation and Professional Services Limited on an open market, existing use basis. This valuation gave rise to a revaluation surplus of approximately HK$0.3 million which has been credited to reserves. Such leasehold land and buildings were reclassified from investment properties to leasehold land and buildings at March 31, 2005. Upon reclassification at March 31, 2005, the properties were revaluated and the revaluation surplus arising thereon amounted to HK$1.3 million was credited to income statement.

Properties leased in Hong Kong: the Group leases 15 (2005: 13) retail outlets from independent third parties with a total floor area of 24,911 sq.ft. (2005: 24,901 sq.ft). The Group also leases certain units at Siu Lek Yuen, Shatin, New Territories as warehouse and office space.

Property leased in the PRC: the production facilities and dormitories of the Group are located in Shediju, Shenzhen, PRC.

Segment Information

Details of the segment information of the Group are disclosed in Note 3 of this announcement.

Hong Kong is the major geographical segment of the Group. This segment incurred a profit of approximately HK$2.0 million (2005: HK$14.9 million). The decrease in profit is mainly due to the keen price competition and the worsened operating environment in Hong Kong retail market.

EMPLOYEES AND REMUNERATION POLICIES

As of March 31, 2006, the Group had employed approximately 187 (2005: 161) full-time employees in Hong Kong and approximately 375 (2005: 367) full-time employees in the PRC. The total number of full-time employees of the Group is 562 (2005: 528). The Group has a share option scheme for the benefit of its directors and eligible employees of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group had limited exposure to fluctuation in foreign currencies as most of its transactions were conducted in Hong Kong dollars and Renminbi. Exchange rates between these currencies were relatively stable during the year under review. However, the recent fluctuation of the exchange rate of EURO may render the Group suffering a greater exchange risk as in the forthcoming year, certain amount of the Group's raw materials are sourced from European countries. The Group had no foreign exchange rate hedging arrangement during the year. However, the management will monitor foreign exchange exposure and considers hedging significant foreign currency exposure should the need arises.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from September 21, 2006 to September 25, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited of 311-312 Two Exchange Square, Central, Hong Kong for registration not later than 4:00 p.m. on September 20, 2006.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended March 31, 2006, the Group has adopted and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, which became effective on January 1, 2005, except for the deviations from Code Provision A.4.2 which is explained in the following relevant paragraphs and also the code provision on internal controls which are to be implemented for accounting periods on or after July 1, 2005 pursuant to the CG Code.

According to the code provision A4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointments. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Bye-Laws of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third) shall retire from office by rotation at each annual general meeting of the Company, but the directors were not required to retire by rotation at least once every three years. In addition, according to the Bye-Laws of the Company, any directors appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting. In order to ensure full compliance with code provision A.4.2, a special resolution will be proposed to amend the relevant Bye-Laws of the Company at the forthcoming Annual General Meeting to be held on September 25, 2006, so that every director appointed by the Board during the year, if any, shall retire at the next general meeting and every director shall be subject to retirement at least once every three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company (the "Directors"), the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee on March 14, 2000 with written terms of reference in accordance with the requirements of the CG Code. The audit committee has three members, including the Company's three independent non-executive Directors, namely Mr. Chan Ka Ling Edmond, Mr. Lo Wa Kei Roy and Mr. Ching Kwok Ho Samuel. Mr. Chan Ka Ling Edmond is the chairman of the audit committee. The audit committee acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. The duties of the audit committee are to review and provide supervision over the financial reporting process of the Group. The audit committee meets regularly with the management and the external auditors to discuss the accounting principles and practices adopted by the Group and financial reporting matters. The financial statements of the Group for the year ended March 31, 2006 have been reviewed by the audit committee and there were 3 meetings held during the year ended March 31, 2006.

REMUNERATION COMMITTEE

The Company established a remuneration committee on September 28, 2005 with terms of reference in compliance with the provisions set out in the CG Code. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. It comprises three members, including the Company's two independent non-executive Directors, namely Mr. Chan Ka Ling Edmond and Mr. Lo Wa Kei Roy and an executive director, Ms. Yung Wing Sze Vivian. Mr. Chan Ka Ling Edmond is the chairman of the remuneration committee.

The remuneration committee meets at least once a year. During the financial year ended March 31, 2006, the remuneration committee has held 1 meeting on to review the existing remuneration packages of each Directors and senior management of the Company, and to recommend to the Board the salaries and bonuses of the Directors and senior management as necessary.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEB-SITE

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

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, customers, suppliers, bankers and professional advisors for their continued support. May I also thank my fellow directors and our staff for their dedication and contribution.

By Order of the Board
Cheung Yin Sheung Subraina
Chairman

Hong Kong, July 14, 2006

As at the date of this announcement, the directors of the Company is comprised of seven directors, of which three are executive directors, namely Ms. Cheung Yin Sheung Subraina, Mr. Tong Kwong Fat and Ms. Yung Wing Sze Vivian, a non-executive director, namely Ms. To Ming Oi Wendy, and three are independent non-executive directors, namely Mr. Chan Ka Ling Edmond, Mr. Lo Wa Kei Roy and Mr. Ching Kwok Ho Samuel.

Please also refer to the published version of this announcement in the China Daily.