



LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 255)

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and investors that based on its management accounts, the Group's profits for the six months ended 30 June, 2006 will be substantially lower than those for the corresponding period in 2005.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

The board of directors (the "Board") of Lung Kee (Bermuda) Holdings Limited (the "Company") and together with its subsidiaries (the "Group"), wishes to inform the shareholders of the Company and investors that based on its management accounts, the Group's profits for the six months ended 30 June, 2006 will be substantially lower than those for the corresponding period in 2005 ("Decrease in Profits").

The Decrease in Profits is partly due to the rise in the cost of labour and raw materials. The expansion of the production facilities of the Group in the People's Republic of China which resulted in the increase in the amount of depreciation on plants and machinery also contributes to the change.

Further details of the Group's performance will be disclosed when the interim results for the six months ended 30 June 2006 is being announced.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Lung Kee (Bermuda) Holdings Limited
Siu Yuk Lung
Managing Director

Hong Kong, 4 August, 2006

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Mak Koon Chi, Mr. Wai Lung Shing and Mr. Fung Wai Hing, the non-executive director of the Company is Mr. Chan Chun Sing, Colin and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.

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