

PERFECTECH INTERNATIONAL HOLDINGS LIMITED

(威發國際集團有限公司)*

(the "Company")

(incorporated in Bermuda with limited liability)

(Stock Code: 765)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2006

INTERIM RESULTS

The directors of the Company (the "Director") hereby announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2006 and the comparative figures in 2005 were as follow:-

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2006

		(Unaudited)	
		For the six months	
		ended 30th June,	
		2006	2005
	Notes	HK\$'000	HK\$'000
Revenue	2 & 3	196,231	197,567
Cost of sales		<u>(166,777)</u>	<u>(173,866)</u>
Gross profit		29,454	23,701
Other income	4	6,317	3,935
Distribution costs		(9,357)	(9,805)
Administrative expenses		(20,196)	(21,334)
Other expenses	5	(1,575)	(1,355)
Finance costs		<u>(321)</u>	<u>(429)</u>
Profit before tax		4,322	(5,287)
Income tax expenses	7	<u>(268)</u>	<u>(3)</u>
Profit for the period		<u>4,054</u>	<u>(5,290)</u>
Attributable to:			
Equity holders of the parent		3,740	(5,097)
Minority interests		<u>314</u>	<u>(193)</u>
		<u>4,054</u>	<u>(5,290)</u>
Dividends paid	8	<u>4,622</u>	<u>13,788</u>
Earnings (loss) per share	9		
Basic		<u>1.21 cents</u>	<u>(1.66) cents</u>
Diluted		<u>N/A</u>	<u>(1.66) cents</u>

CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2006 AND 31ST DECEMBER 2005

		(Unaudited) 30th June, 2006 HK\$'000	(Audited) 31st December, 2005 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		80,400	85,411
Prepaid lease payments		324	366
Investment properties		8,340	8,340
Goodwill		3,882	3,882
Deferred tax assets		1,053	1,062
		<u>93,999</u>	<u>99,061</u>
CURRENT ASSETS			
Inventories		132,920	93,485
Trade and other receivables	10	89,868	82,250
Prepaid lease payments		74	69
Amount due from a minority shareholder of a subsidiary		190	200
Tax recoverable		1,734	2,220
Investment in bonds		257	629
Investments held-for-trading		15,581	8,451
Derivative financial instruments		350	350
Pledged bank deposits		12,852	8,724
Bank balances and cash		18,620	32,279
		<u>272,446</u>	<u>228,657</u>
CURRENT LIABILITIES			
Trade and other payables	11	67,981	49,773
Tax liabilities		1,419	820
Bank borrowings			
– due within one year		27,692	6,000
Bank overdraft		455	–
Obligations under a finance lease			
– due within one year		34	135
		<u>97,581</u>	<u>56,728</u>
NET CURRENT ASSETS		<u>174,865</u>	<u>171,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>268,864</u>	<u>270,990</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,682	3,022
Bank borrowings			
– due after one year		–	500
		<u>2,682</u>	<u>3,522</u>
NET ASSETS		<u>266,182</u>	<u>267,468</u>
CAPITAL AND RESERVES			
Share capital		30,663	31,054
Reserves		229,132	230,341
Equity attributable to equity holders of the parent		<u>259,795</u>	<u>261,395</u>
Minority interests		6,387	6,073
TOTAL EQUITY		<u>266,182</u>	<u>267,468</u>

NOTES

1. BASIS OF PREPARATION AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2005 except as described below:

In the current period, 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 1 January 2006 as follows:

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 instruments: Disclosures
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environment rehabilitation funds
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment

The application of these new HKFRSs has had no significant impact on the Group’s result and financial position.

2 BUSINESS SEGMENTS

For management purposes, the Group's business is currently divided into four segments, namely manufacture and sale of novelties and decorations, manufacture and sale of packaging products, trading of PVC films and plastic materials and manufacture and sale of toys products forming the basis of the Group's business segments reporting.

For the six months ended 30th June, 2006 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	27,835	70,778	37,821	59,797	–	196,231
Inter-segment sales	3	8,442	3,745	–	(12,190)	–
Total revenue	<u>27,838</u>	<u>79,220</u>	<u>41,566</u>	<u>59,797</u>	<u>(12,190)</u>	<u>196,231</u>
RESULT						
Segment result	<u>1,219</u>	<u>(3,175)</u>	<u>1,013</u>	<u>5,117</u>	<u>(863)</u>	3,311
Income from investments						2,508
Unallocated corporate expenses						(1,176)
Finance costs						(321)
Profit before tax						4,322
Income tax expenses						(268)
Profit for the period						<u>4,054</u>

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET

As at 30th June, 2006 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	104,189	115,814	43,250	60,461	323,714
Unallocated corporate assets					42,731
Consolidated total assets					<u>366,445</u>
LIABILITIES					
Segment liabilities	23,233	24,292	2,265	18,954	68,744
Bank borrowings					28,181
Unallocated corporate liabilities					3,338
Consolidated total liabilities					<u>100,263</u>

OTHER INFORMATION

For the six months ended 30th June, 2006 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	1,440	1,148	84	2,067	4,739
Depreciation of property, plant and equipment	2,594	4,228	32	2,896	9,750
Release of prepaid lease payments	–	–	–	37	37

For the six months ended 30th June, 2005 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	25,687	67,946	59,774	44,160	–	197,567
Inter-segment sales	397	8,652	2,139	1,936	(13,124)	–
Total revenue	<u>26,084</u>	<u>76,598</u>	<u>61,913</u>	<u>46,096</u>	<u>(13,124)</u>	<u>197,567</u>
RESULT						
Segment result	<u>(2,572)</u>	<u>(821)</u>	<u>1,063</u>	<u>(813)</u>	<u>(956)</u>	(4,099)
Income from investments						578
Unallocated corporate expenses						(1,337)
Finance costs						(429)
Loss before tax						(5,287)
Income tax expenses						(3)
Loss for the period						<u>(5,290)</u>

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET*As at 31st December, 2005 (Audited)*

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	79,419	107,724	45,572	58,821	291,536
Unallocated corporate assets					<u>36,182</u>
Consolidated total assets					<u><u>327,718</u></u>
LIABILITIES					
Segment liabilities	10,149	20,237	1,132	16,824	48,342
Bank borrowings					6,500
Unallocated corporate liabilities					<u>5,408</u>
Consolidated total liabilities					<u><u>60,250</u></u>

OTHER INFORMATION*For the six months ended 30th June, 2005 (Unaudited)*

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	2,825	5,448	16	1,359	9,648
Depreciation of property, plant and equipment	2,735	4,268	29	3,175	10,207
Release of prepaid lease payments	–	–	–	37	37

3 GEOGRAPHICAL SEGMENTS

The following table provides an analysis of the Group's sales by geographical segments:

	(Unaudited)	
	For the six months ended 30th June,	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales revenue by geographical market:		
Hong Kong	114,836	135,544
Europe	28,313	13,036
America	21,287	17,843
Asia (other than Hong Kong)	30,567	27,912
Others	1,228	3,232
	<u>196,231</u>	<u>197,567</u>

The following is analysis of the carrying amount of segment assets analysed by geographical areas in which the assets are located:

	(Unaudited) 30th June, 2006 HK\$'000	(Audited) 31st December, 2005 HK\$'000
Hong Kong	146,297	139,807
The People's Republic of China (the "PRC")	220,148	187,911
	<u>366,445</u>	<u>327,718</u>

The following is analysis of the additions to property, plant and equipment analysed by geographical areas in which the assets are located:

	(Unaudited) For the six months ended 30th June, 2006 HK\$'000	2005 HK\$'000
Hong Kong	39	35
The PRC	4,700	9,613
	<u>4,739</u>	<u>9,648</u>

4 OTHER INCOME

	(Unaudited) For the six months ended 30th June, 2006 HK\$'000	2005 HK\$'000
Rental income	214	242
Interest income	361	322
Dividend income from investments held-for-trading	84	175
Gain on disposal of investments held-for-trading	3,999	1,720
Gain on disposal of investment in bonds	-	37
Gain on disposal of property, plant and equipment	-	103
Others	1,659	1,336
	<u>6,317</u>	<u>3,935</u>

5 OTHER EXPENSES

	(Unaudited) For the six months ended 30th June, 2006 HK\$'000	2005 HK\$'000
Decrease in fair value of investments held-for-trading	1,575	1,322
Exchange loss	-	33
	<u>1,575</u>	<u>1,355</u>

6 PROFIT BEFORE TAX

Profit before tax was stated after charging depreciation of HK\$9,750,000 (2005 : HK\$10,207,000)

7 INCOME TAX EXPENSES

	(Unaudited) For the six months ended 30th June,	
	2006	2005
	HK\$'000	HK\$'000
Tax charge comprises:		
Hong Kong Profits tax		
Current year	598	274
Deferred taxation	(330)	(271)
	<u>268</u>	<u>3</u>

Hong Kong Profits tax is calculated at 17.5% of the estimated assessable profits for both periods.

8 DIVIDENDS PAID

	(Unaudited) For the six months ended 30th June,	
	2006	2005
	HK\$'000	HK\$'000
Final paid:		
1.5 cents per share for 2005 (2005: 4.5 cents per share for 2004)	<u>4,622</u>	<u>13,788</u>

The directors have resolved to declare an interim dividend of 1 cent (2005: 0.5 cent) per share.

9 EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on profit attributable to equity shareholders of the Company for the period of approximately HK\$3,740,000 (2005 : loss of HK\$5,097,000) and the following data :

	(Unaudited) For the six months ended 30th June,	
	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	308,570,590	306,621,497
Effect of dilutive potential ordinary shares on share options	<u>–</u>	<u>1,072,381</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>308,570,590</u>	<u>307,693,878</u>

No diluted earnings per share has been presented because the exercise prices of the Company's options were higher than the average market prices of the shares for the six months ended 30th June, 2006.

10 TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of the Group's trade receivables at end of the period:

	(Unaudited) 30th June, 2006 HK\$'000	(Audited) 31st December, 2005 HK\$'000
0-60 days	66,495	48,281
61-90 days	12,869	13,147
91-120 days	4,148	10,114
Over 120 days	3,660	6,921
	<u>87,172</u>	<u>78,463</u>

11 TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at end of the period:

	(Unaudited) 30th June, 2006 HK\$'000	(Audited) 31st December, 2005 HK\$'000
0-60 days	35,887	24,725
61-90 days	3,436	4,367
91-120 days	1,015	632
Over 120 days	968	339
	<u>41,306</u>	<u>30,063</u>

MANAGEMENT DISCUSSION AND ANALYSIS INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend for the six months ended 30th June, 2006 of 1 cent per share (2005: 0.5 cent) payable on or about 12th October, 2006 to shareholders on the register of members of the Company (the "Register of Members") on 6th October, 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 5th October, 2006 to 6th October, 2006, both days inclusive, during which period no share transfer will be registered. In order to qualify for the proposed interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00p.m. on 4th October, 2006.

BUSINESS REVIEW

During the period under review, the total revenue of the Group as a whole remained quite constant at approximately HK\$196,231,000 (2005: HK\$197,567,000), representing a less-than-one-percent decrease and recorded a profit attributable to equity shareholders of approximately HK\$3,740,000 (2005: loss of HK\$5,097,000).

The revenues of the segment of PVC film and plastic materials dropped by about 37% compared with last corresponding period's figure, and this difference in revenue was the biggest amongst the four business segments of the Group. For segment results, the greatest improvement comes from the segment of toy products which achieved turnaround from loss to profit and was the most profitable segment for the period under review. The worst performance comes from the segment of packaging products, which incurred a further loss of almost 4 times the amount from the last corresponding period. Details of the performance of each business segment during the period under review are discussed further below.

After going through a tough year of 2005, the Group continues to face a challenging year of 2006. Keen competitions exist where opportunities exist. The ever-increasing price of petroleum, the by-products of which form major components of the Group's business, and the annual increase in the minimum wages for labour in the PRC are the two major issues faced by the Group.

Novelties and decorations

The revenue of the novelties and decorations segment increased by about 8% amounting to approximately HK\$27,835,000, with a profit of approximately HK\$1,219,000. As stated in the 2005 Annual Report, it is the Group's policy to improve the profit margin by raising the selling price. The segment was quite successful in adopting such policy and its performance was thus improved during the first half of the year.

Packaging products

Although the revenue in the packaging segment increased slightly by about 4% amounting to HK\$70,778,000, the segment still recorded a loss of approximately HK\$3,175,000, representing almost 4 times the loss incurred in the last corresponding period. Certain old business lines/products, especially the sales and manufacture of PVC-film packaging products, were no longer profitable and the Group is now in the process of repositioning the product mix. Thus, the performance of this segment will be highly dependent on the success of the new product lines.

Trading activities

Since the price of oil and petroleum has experienced a continuous increase since 2004, the prices for both PVC film and plastic materials have surged accordingly and keep fluctuating significantly. In order to minimize the risks of bad debts from customers who may suffer from high cost of sales due to the high prices of by-products of petroleum, the segment adopts a prudent policy in selecting customers and in controlling the volume of business. As such, the revenue of the segment dropped by about 37% to approximately HK\$37,821,000. Nevertheless, as the segment adopts the policy of maintaining profit margin at a reasonable level, the segment made a contribution of approximately HK\$1,013,000 to the profit of the Group.

Toy products

With the completion of the acquisition of the entire interest in the toy business in June 2005, the benefits from synergy effects, together with the improvement in efficiency and productivity since then, began to reflect in the results of the segment in the first half of the year. The segment recorded a profit of approximately HK\$5,117,000 (while there was a loss of approximately HK\$813,000 in the first half of 2005) and was the most profitable segment of the Group during the period under review. Revenue also increased by about 35% to approximately HK\$59,797,000, almost the same level as in 2004.

Investments

To better utilize the available cash on hand, the Group has invested in the securities of several unlisted companies in different industries as long-term investments. As at 30th June, 2006, the total investments therein were approximately HK\$257,000 (31st December, 2005: HK\$629,000). All of these investments were held in convertible notes or preferred shares, which ensured the earning of regular income from the investments.

Investment in listed securities is held for short-term purposes for capital gain in the value of the securities. As at the balance sheet date, the market value of investment in securities was approximately HK\$15,581,000 (31st December, 2005: HK\$8,451,000).

As at 30th June, 2006, the Group carried outstanding forward contracts which entailed a commitment for purchase of listed securities of notional amount of approximately HK\$50,804,000 (31st December, 2005: HK\$27,963,000). The commitment will be settled monthly with an amount ranging from approximately HK\$4 million to HK\$7 million. Usually the securities acquired will be disposed of shortly, and thus the commitment is not expected to have a material adverse impact on cash flow.

FUTURE PLAN AND PROSPECT

Since the segment of packaging products incurred a substantial loss in the first half of the year, much effort will have to be put in stopping further loss. Measures such as discontinuing the operation of certain businesses within the segment and re-studying the feasibility of new projects are being considered. Further investment on capital expenditure will only be made when necessary.

Although the average 20% increase in the minimum wage of labour in the PRC effective from 1st July, 2006 together with the adverse performance of the segment of packaging products are expected to continue to affect the Group's performance, since the segments of novelties and decorations, due to the improvement in profit margin, and toy products continue to grow and contribute to the Group and are expected to continue improvement in the second half of the year, the Directors of the Company are optimistic about the overall improvement of performance of the Group in the coming quarters.

Liquidity and financial resources

As at 30th June, 2006, the Group had no long-term finance lease obligations and bank borrowings (31st December, 2005: HK\$500,000), while the short-term bank borrowings and overdraft were approximately HK\$28,181,000 (31st December, 2005: HK\$6,135,000), and the net book value of the Group's plant and machinery of approximately HK\$240,000 (31st December, 2005: HK\$297,000) was held under a finance lease. The gearing ratio of the Group, measured by total bank and other borrowings divided by equity, was approximately 10.85% (31st December, 2005: 2.54%).

Finance costs

The Group's finance cost amounted to approximately HK\$321,000 (2005: HK\$429,000).

Pledge of Assets

At 30th June, 2006, the following assets were pledged to secure the margin loan facilities granted to the Group:

- (i) Investments held-for-trading with a carrying value of approximately of HK\$3,543,000 (31st December, 2005: HK\$2,915,000); and
- (ii) Bank balances and cash of approximately HK\$12,852,000 (31st December, 2005: HK\$8,724,000).

The margin loan facilities utilised by the Group at the balance sheet date amounted to approximately HK\$1,449,000 (31st December, 2005: HK\$1,329,000), which were included in other payables.

Employees and remuneration policies

As at 30th June, 2006, the Group employed approximately 5,300 full time employees. The Group remunerates its employees by reference to the prevailing industry practice as well as individual merits. The Group has also established a share option scheme for its full time employees.

Foreign currency exposure

The Group's sales and purchases are mainly denominated in Hong Kong Dollar and US Dollar, with some in Renminbi and Euro Dollar. Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exchange risk exposure in this regard.

As for currencies other than Hong Kong Dollar, the Group will closely monitor their movement trends in relation to US Dollar and will engage in exchange rate hedges when necessary.

At 30th June, 2006, the Group did not use any financial instrument for hedging purposes.

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

During the period under review, the Company purchased its own shares through the Stock Exchange as follows:

	No. of shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
Month of repurchase				
January 2006	350,000	0.540	0.530	188,552
February 2006	430,000	0.530	0.510	226,891
March 2006	1,592,000	0.550	0.480	805,985
May 2006	624,000	0.530	0.510	323,684
June 2006	910,000	0.520	0.510	472,414
	<u>3,906,000</u>			<u>2,017,526</u>

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange as its own code of corporate governance.

During the period under review, the Company had complied with the Code Provisions except for the following deviations:

Code A.2.1

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

While the Company does not have the position of chief executive officer, the responsibilities normally assumed by such a role is taken by the Managing Director. Mr. Poon Siu Chung is the Chairman and Managing Director of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Poon and believes that having Mr. Poon performing the roles of Chairman and Managing Director is beneficial to the business prospects of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms not less exacting than the required standard set out in Appendix 10 of the Listing Rules ("Model Code").

After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions during the six months ended 30th June, 2006.

Audit Committee

The Company has established an audit committee which comprises all non-executive Directors, Mr. Tong Wui Tung, Mr. Yip Chi Hung, Mr. Lam Yat Cheong and Mr. Ng Siu Yu, Larry. Mr. Ng Siu Yu, Larry is the chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2006 of the Company now reported on.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on the Company's policy and structure of remuneration for the Directors and senior management.

The Committee comprises Mr. Tong Wui Tung as an NED, Mr. Lam Yat Cheong, Mr. Yip Chi Hung, who is also the chairman of the Committee, and Mr. Ng Siu Yu, as INEDs, Mr. Poon Siu Chung as an Executive Director, and Mr. Yuen Che Wai, Victor, the Financial Controller of the Company.

The Committee is governed by its terms of reference, which are in line with the Code on Corporate Governance contained in Appendix 14 of the Listing Rules.

POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Company has purchased its own shares through the Stock Exchange as follows:

	No. of shares of HK\$0.10 each	Price per share		Aggregate consideration
		Highest HK\$	Lowest HK\$	paid HK\$
Month of repurchase				
July 2006	1,060,000	0.550	0.530	579,835
August 2006	764,000	0.550	0.550	423,634
	<u>1,824,000</u>			<u>1,003,469</u>

DIRECTORS OF THE COMPANY

As at the date of this announcement, Mr. Poon Siu Chung, Mr. Leung Ying Wai, Charles, Mr. Ip Siu On and Mr. Tsui Yan Lee, Benjamin are the executive directors of the Company, Mr. Ng Siu Yu, Larry, Mr. Yip Chi Hung, and Mr. Lam Yat Cheong are the independent non-executive directors of the Company, and Mr. Tong Wui Tung is the non-executive director of the Company.

On behalf of the Board
Poon Siu Chung
Chairman & Managing Director

Hong Kong, 13th September, 2006

* *For identification purpose only*

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