LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2006

INTERIM RESULTS HIGHLIGHTS

- Shipment value amounted to approximately US$494.4 million (equivalent to HK$3,856.3 million), an increase of approximately 13.4% as compared to approximately US$435.9 million (equivalent to HK$3,400.0 million) for the corresponding period of last year.
- Profit for the period amounted to approximately US$4.3 million (equivalent to HK$33.5 million), a decrease of approximately 59.4% as compared to approximately US$10.5 million (equivalent to HK$81.9 million) for the corresponding period of last year.
- Turnover grew by approximately 96.9% to approximately US$193.7 million (equivalent to HK$1,510.9 million) as compared to approximately US$98.4 million (equivalent to HK$767.5 million) for the corresponding period of last year.
- Declared an interim dividend of 1.8 HK cents (equivalent to 0.23 US cent) per share.

UNAUDITED INTERIM RESULTS

The board ("Board") of directors ("Directors") of Linmark Group Limited ("Company" or "Linmark") is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the "Group") for the six months ended 31 October 2006 ("period under review"), together with comparative figures for the previous corresponding period, as follows:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Interim Income Statement

		For the six months ended 31 October	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*3*	**193,680**	98,377
Cost of sales		**(166,922)**	(70,790)
Gross profit		**26,758**	27,587
Other income		**2,197**	1,172
General and administrative expenses		**(23,205)**	(20,695)
Excess of interest in fair value of acquired subsidiaries' net assets over cost		**–**	3,428
Operating profit	*4*	**5,750**	11,492
Finance costs		**(573)**	(110)
Share of loss of a joint venture		**(28)**	(31)
Profit before income tax		**5,149**	11,351
Income tax expense	*5*	**(872)**	(808)
Profit for the period		**4,277**	10,543
Attributable to:			
Equity holders of the Company		**4,403**	10,492
Minority interest		**(126)**	51
		4,277	10,543
Dividends	*6*	**1,529**	2,350
Earnings per share for profit attributable to equity holders of the Company (expressed in US cent per share)	*7*		
– Basic		**0.7**	1.6
– Diluted		**0.7**	1.6

Condensed Consolidated Interim Balance Sheet

	Notes	At 31 October 2006 (Unaudited) US$'000	At 30 April 2006 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**4,043**	3,236
Intangible assets		**115,736**	113,415
Other asset		**83**	83
Investment in a joint venture		**93**	121
		119,955	116,855
CURRENT ASSETS			
Inventories		**18,564**	13,540
Trade receivables	*9*	**36,933**	34,522
Prepayments, deposits and other receivables		**10,122**	6,746
Amounts due from related companies		**335**	193
Cash and cash equivalents		**38,811**	37,609
		104,765	92,610
CURRENT LIABILITIES			
Trade payables	*10*	**42,216**	44,589
Accruals and other payables		**27,501**	17,173
Short-term bank loans		**8,850**	8,850
Trust receipts bank loans		**5,585**	–
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets – due within one year		**12,841**	12,286
Current income tax liabilities		**2,636**	2,901
		99,629	85,799
NET CURRENT ASSETS		**5,136**	6,811
TOTAL ASSETS LESS CURRENT LIABILITIES		**125,091**	123,666
NON-CURRENT LIABILITIES			
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets – due after one year		**15,781**	17,073
Post-employment benefits		**1,222**	1,691
Deferred income tax liabilities		**136**	125
		17,139	18,889
NET ASSETS		**107,952**	104,777

	At 31 October 2006 (Unaudited) *US$'000*	At 30 April 2006 (Audited) *US$'000*
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**13,337**	13,337
Reserves	**64,020**	61,907
	77,357	75,244
Minority interest	**30,595**	29,533
TOTAL EQUITY	**107,952**	104,777

Notes:

1. Basis of preparation

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2006 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements as at and for the year ended 30 April 2006.

2. Accounting policies

The accounting policies are consistent with those as described in the Group's annual financial statements for the year ended 30 April 2006, except that the Group has changed certain of its accounting policies following its adoption of the new/revised IAS, International Financial Reporting Standards ("IFRS") issued by the IASB and International Financial Reporting Interpretations Committee Interpretation ("IFRIC-Int") issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which are effective from accounting periods beginning on or after 1 January 2006 and relevant to its operations. The changes to the Group's accounting policies and the effect of adopting these new policies are set out below.

- IAS 39 and IFRS 4 (Amendments), "Financial guarantee contracts". These amendments require issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. There is no financial guarantee contract issued at the Group level.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 30 April 2007 and have not been early adopted.

- IFRIC-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with IFRIC-Int 9.

- IFRS 7, "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. IAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from financial year/period beginning 1 May 2007.

3. Segmental information

An analysis of the Group's segmental information for the six months ended 31 October 2006 and the previous corresponding period by business and geographical segments is as follows:

Primary reporting format – business segments

At 31 October 2006, the Group is organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (garment-related procurement services and value-added services relating to the procurement agency business).

The segment information for the six months ended 31 October 2006 is as follows:

	Unaudited For the six months ended 31 October 2006		
	Sales of merchandise *US$'000*	**Provision of services** *US$'000*	**Total** *US$'000*
REVENUE			
External revenue	**178,689**	**14,991**	**193,680**
SEGMENT RESULTS	**4,079**	**2,603**	**6,682**
Interest income			**428**
Finance costs			**(573)**
Share of loss of a joint venture			**(28)**
Unallocated corporate expenses *(Note)*			**(1,360)**
Profit before income tax			**5,149**
Income tax expense			**(872)**
Profit for the period			**4,277**

Note: Approximately US$1.0 million of these expenses associated with the Group's restructuring.

	Unaudited For the six months ended 31 October 2005		
	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
REVENUE			
External revenue	78,888	19,489	98,377
SEGMENT RESULTS	2,978	5,132	8,110
Interest income			424
Excess of interest in fair value of acquired subsidiaries' net assets over cost			3,428
Finance costs			(110)
Share of loss of a joint venture			(31)
Unallocated corporate expenses			(470)
Profit before income tax			11,351
Income tax expense			(808)
Profit for the period			10,543

Secondary reporting format – geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue by geographical locations of customers.

	For the six months ended 31 October	
	2006 **(Unaudited)** ***US$'000***	2005 (Unaudited) *US$'000*
Europe	**130,703**	40,184
Australia	**19,258**	18,097
Africa	**17,778**	14,064
North America	**12,188**	15,765
Hong Kong	**4,385**	4,178
Others	**9,368**	6,089
	193,680	98,377

4. Operating profit

Operating profit has been arrived at after (crediting)/charging:

	For the six months ended 31 October	
	2006	2005
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Interest income	**(428)**	(424)
Reimbursement income from customers	**(481)**	(243)
Depreciation of property, plant and equipment	**699**	626
Amortisation of intangible assets *(Note)*	**419**	–

Note: Amortisation of expenses incurred for renewing a buying agency agreement.

5. Income tax expense

	For the six months ended 31 October	
	2006	2005
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current income tax		
– Hong Kong profits tax	**842**	614
– overseas taxation	**29**	196
Deferred income tax	**1**	(2)
	872	808

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates.

6. Dividends

On 12 January 2006, a dividend of 2.7 HK cents per share was paid to shareholders of the Company as the interim dividend in respect of the year ended 30 April 2006.

On 30 August 2006, a dividend of 2.9 HK cents per share was paid to shareholders of the Company as the final dividend in respect of the year ended 30 April 2006.

The Directors recommend the payment of an interim dividend of 1.8 HK cents per share in respect of the six months ended 31 October 2006 and such interim dividend will be paid in cash on or about 11 January 2007 to shareholders whose names appear on the register of members of the Company on 4 January 2007.

7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 October 2006 was based on the profit attributable to equity holders of the Company of approximately US$4,403,000 (2005: US$10,492,000) and on the weighted average number of approximately 666,845,000 (2005: 656,523,000) shares in issue during the period under review.

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 31 October 2006.

The calculation of the diluted earnings per share for the six months ended 31 October 2005 was based on the profit attributable to equity holders of the Company of approximately US$10,492,000 and on the weighted average number of approximately 661,483,000 shares issued and issuable, comprising the weighted average number of approximately 656,523,000 shares in issue during the financial period and the weighted average number of approximately 4,960,000 shares, as adjusted for the dilutive effect of share options outstanding during the period under review.

8. Additions in property, plant and equipment

During the six months ended 31 October 2006, the Group spent approximately US$1,801,000 (2005: US$819,000) on acquisition of property, plant and equipment.

9. Trade receivables

The general credit terms granted to customers range from 60 days to 90 days. The ageing analysis of trade receivables is as follows:

	At 31 October 2006 (Unaudited) *US$'000*	At 30 April 2006 (Audited) *US$'000*
0 – 30 days	**24,018**	22,687
31 – 60 days	**8,298**	8,116
61 – 90 days	**1,968**	2,205
91 – 365 days *(Notes)*	**5,199**	4,644
Over 1 year *(Notes)*	**3,283**	2,447
	42,766	40,099
Less: Provision for impairment of trade receivables	**(5,833)**	(5,577)
	36,933	34,522

Notes:

(i) As of the date of this announcement, approximately US$0.7 million of these balances has subsequently been settled since 31 October 2006.

(ii) Approximately US$3.0 million (as at 30 April 2006: US$2.1 million) of these balances relates to customers which have credit terms of 90 days or more.

10. Trade payables

The ageing analysis of trade payables is as follows:

	At 31 October 2006 (Unaudited) *US$'000*	At 30 April 2006 (Audited) *US$'000*
0 – 30 days	**18,830**	20,002
31 – 60 days	**9,155**	15,485
61 – 90 days	**10,473**	5,093
91 – 365 days	**3,077**	4,009
Over 1 year	**681**	–
	42,216	44,589

11. Related party transactions

(a) During the six months ended 31 October 2006, the Group had the following material related party transactions:

Identity of related parties	*Notes*	Nature of transactions	For the six months ended 31 October 2006 (Unaudited) *US$'000*	2005 (Unaudited) *US$'000*
Subsidiaries of Roly International Holdings Ltd.	*(i)*	Rental expense	**16**	47
Turmar Limited	*(i)*	Rental expense	**64**	65
Ken Ball Limited	*(i)*	Rental expense	**54**	54
Premier Consultants Limited	*(ii)*	Consultancy fee	**15**	58

Subsidiaries of Roly International Holdings Ltd. are fellow subsidiaries of the Company.

Turmar Limited is 100% owned by Mr. WANG Lu Yen, a director of the Company, and his spouse.

Ken Ball Limited is 100% owned by Mr. Peter Loris SOLOMON, a director of the Company.

Premier Consultants Limited is 100% owned by Mr. Barry Richard PETTITT, a director of ISO International (Holdings) Limited, a wholly owned subsidiary of the Company.

Notes:

(i) Rental expense was determined based on market rate and floor area.

(ii) Consultancy fee was charged in accordance with the terms of agreement made between the parties.

(b) The amounts due from related companies were unsecured, non-interest bearing and repayable within one year.

(c) Key management compensation:

	For the six months ended 31 October 2006 (Unaudited) *US$'000*	2005 (Unaudited) *US$'000*
Salaries, bonuses and allowances	**771**	1,109
Pension costs – definded contribution plans	**33**	30
Share options – value of employment services	**26**	63
	830	1,202

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

For the six months ended 31 October 2006, shipment value amounted to approximately US$494.4 million (equivalent to HK$3,856.3 million), an increase of approximately 13.4% as compared to approximately US$435.9 million (equivalent to HK$3,400.0 million) for the corresponding period of last year. The Group's performance is most accurately reflected by shipment value instead of turnover.

The Group's turnover increased by approximately 96.9% against the same period of last year to approximately US$193.7 million (equivalent to HK$1,510.9 million). The significant increase was principally attributed to the Group's acquisition of Dowry Peacock Group Limited ("Dowry Peacock").

Operating expenses including finance costs increased by approximately 14.3% to approximately US$23.8 million (equivalent to HK$185.6 million). The increase was mainly due to the acquisition of Dowry Peacock as well as costs associated with the Group's restructuring amounting to approximately US$1.0 million (equivalent to HK$7.8 million) and provision for doubtful debts of approximately US$1.8 million (equivalent to HK$14.0 million).

The Group's profit after income tax amounted to approximately US$4.3 million (equivalent to HK$33.5 million), a decrease of approximately 59.4% as compared to approximately US$10.5 million (equivalent to HK$81.9 million) for the corresponding period of last year. The decrease was mainly due to the departure of Warnaco Inc., one of the Group's key customers in North America, which decided to consolidate its retail and sourcing functions in Asia during the last financial year. The Group has faced many challenges with its value-added services and advisory business. In addition, the Group has tightened its credit policy, which resulted in an increase of provision made during the period under review. The Group is taking various measures to enhance efficiency and save cost.

Net profit after income tax as a percentage of shipment value declined to approximately 0.87% from 2.42%. Excluding the US$1.0 million (equivalent to HK$7.8 million) restructuring expenses, the adjusted net profit after income tax as a percentage of shipment value would be approximately 1.07%.

Segmental analysis

The acquisitions undertaken by the Group in the past few years have shifted the Group's business model from predominately commission-based to shipment value-based. The table below shows the shipment value to different markets during the period under review as compared to amounts in the previous corresponding period:

	Shipment value For the six months ended 31 October	
	2006	2005
	US$' million	*US$' million*
North America	**175.4**	257.5
Europe	**163.3**	67.7
Others	**155.7**	110.7
Total	**494.4**	435.9

During the period under review, shipment to Europe surged approximately 141.2% from approximately US$67.7 million (equivalent to HK$528.1 million) to approximately US$163.3 million (equivalent to HK$1,273.7 million). Shipment from this sector accounted for approximately 33.0% of the Group's total shipment. The growth was mainly from the increased revenue after the acquisition of 60% interest in Dowry Peacock, a UK-based consumer electronic products brand owner and supply chain management company. The acquisition was completed in October last year.

Shipment to North America decreased by approximately 31.9% from approximately US$257.5 million (equivalent to HK$2,008.5 million) to approximately US$175.4 million (equivalent to HK$1,368.1 million). However, North America remained as the Group's largest market, contributing approximately 35.5% of the Group's total shipment.

Shipment grouped under "Others" represents mainly shipment to the southern hemisphere. Its value increased from approximately US$110.7 million (equivalent to HK$863.5 million) to approximately US$155.7 million (equivalent to HK$1,214.5 million) at strong orders from customers in South Africa and Australia.

After a series of reorganisation initiatives implemented over the past few months, the Group's operational functions have been divided into four specific business units. This strategic move has duly promoted better cross selling among the various product divisions.

The Group completed its consolidation efforts involving the Shanghai and Hong Kong offices during the first and second quarter of this financial year, respectively. As a result, the Shanghai offices are now located within a single building, a practice that was subsequently mirrored in Hong Kong. Moreover, a new mega showroom similar in style to a department store was set up in the Hong Kong office. This particular display strategy not only offers an extraordinary sourcing experience to customers, but also encourages cross-selling opportunities among different business units.

In addition to restructuring the two offices, the Group reviewed its office network and closed a number of non-performing locations during the period under review. Such action has allowed the Group to lower operating costs to a more reasonable level and to sharpen its competitiveness.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$38.8 million (equivalent to HK$302.6 million) as at 31 October 2006. In addition, the Group has total banking facilities of approximately US$67.5 million (equivalent to HK$526.5 million) including borrowing facilities of approximately US$12.1 million (equivalent to HK$94.4 million).

The Group has a current ratio of 1.1 and a low gearing ratio of 0.1, based on interest-bearing borrowings of approximately US$14.4 million (equivalent to HK$112.3 million) and total equity of approximately US$108.0 million (equivalent to HK$842.4 million) as at 31 October 2006. There has not been any material change in the Group's borrowings since 31 October 2006.

Trade receivables increased slightly from approximately US$34.5 million (equivalent to HK$269.1 million) as at 30 April 2006 to approximately US$36.9 million (equivalent to HK$287.8 million) as at 31 October 2006. As at 31 October 2006, trade receivables aged over 90 days were approximately US$8.5 million (equivalent to HK$66.3 million) which are being carefully monitored by management.

The Group's net asset value as at 31 October 2006 was approximately US$108.0 million (equivalent to HK$842.4 million).

As at 31 October 2006, pledges of bank deposits amounted to approximately US$7.0 million (equivalent to HK$54.6 million) and there was a fixed and floating debenture over the assets of Dowry Peacock to cover banking facilities in the ordinary course of business. The Group had no material contingent liability as at 31 October 2006 and there has been no material change since then.

The majority of the Group's transactions during the period under review were denominated in US dollars, Hong Kong dollars and Sterling. During the period under review, foreign exchange risks from Sterling transactions were managed by the Group's treasury with the use of foreign exchange forward contracts.

Prospects

Although the business environment remains challenging, the management will continue to explore ways to improve profitability, including implementing cost-saving measures, improving efficiency to enhance margins, expanding customer base, negotiating with suppliers for better prices and enriching its product ranges by developing more exclusive range of products for distribution.

Apart from continuing to actively integrate and restructure its various business functions, the Group will focus on encouraging cross-selling among its existing and new customers. The management expects to see favourable outcomes of these endeavors in the coming years after customers have experienced the advantages of its comprehensive product offerings and one-stop service.

Linmark Electronics Limited's ("LEL") business remains to be a challenge but it is expected that there will be a slight improvement in the operating margins in the second half of the current financial year. The Group will review its business strategy and continue to explore ways to improve its profitability although it is not expected LEL to have a material impact to the Group's profitability in the short term.

While management expects that its business and initial consolidation efforts will be confronted with various challenges, it is confident that the Group will benefit in the long-term by taking decisive and prudent action during the current financial year.

Voluntary delisting proposal of Roly International Holdings Ltd.

The board of directors has been informed that a proposal ("Proposal") from RI Special Holdings Bermuda Limited, a company owned by Mr. WANG Lu Yen and Asia Pacific Growth Fund V, L.P., CFM Investments Limited, Titan I Venture Capital Co., Ltd. and FAT Capital Management Co., Ltd ("BidCo") was put forward to the board of directors of Roly to seek a voluntary delisting of Roly from the Singapore Exchange Securities Trading Limited. Subject to and upon the Proposal having been approved by Roly's shareholders and implemented, BidCo will become the controlling shareholder of Roly. Since Roly is the controlling shareholder of the Company, BidCo will also become the controlling shareholder of the Company. According to the Hong Kong Code on Takeovers and Mergers, BidCo will be required to make a mandatory unconditional offer for the securities of the Company not already owned by it or parties acting in concert with it. Details of the Proposal and the possible mandatory offer are set out in a separate announcement to be published after this announcement. As the Proposal is subject to the approval of Roly's shareholders, the possible mandatory offer may or may not proceed. The board of directors will provide an update to shareholders as and when appropriate.

INTERIM DIVIDEND

The Directors have declared the payment of an interim dividend of 1.8 HK cents per share in respect of the six months ended 31 October 2006 and such interim dividend will be paid in cash on or about 11 January 2007 to shareholders whose names appear on the register of members of the Company on 4 January 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 January 2007 to 4 January 2007, both days inclusive. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4.30 p.m. on 29 December 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

REVIEW OF RESULTS

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2006 have been reviewed by the external auditors of the Company in accordance with the International Standard on Review Engagement No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the report prepared by the external auditors to the audit committee in respect of the review of the Group's condensed consolidated interim financial information for the six months ended 31 October 2006.

The audit committee has also reviewed the terms and conditions of connected transactions of the Company took place during the period under review.

CORPORATE GOVERNANCE

A corporate governance report ("CG Report") has been published and included in the annual report of the Company for the year ended 30 April 2006, in which the Company reported the adoption of most of the Code Provisions as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the Code on Corporate Governance Practices ("Code") of the Company, save for the deviations from Code Provisions B.1.3. and E.1.2. On 23 August 2006, Mr. WANG Lu Yen, chairman of the Board, attended the annual general meeting ("AGM") of the Company and also arranged for the chairmen or members of the executive, audit, remuneration, investment and strategy committees to be available to answer questions at the AGM, it brought the Company into fully compliance with Code Provision E.1.2 during the period under review. For the period under review, the Company has fully complied with the Code Provisions of the Code, save for Code Provision B.1.3.

Code Provision B.1.3

The terms of reference of the remuneration committee were in compliance with the Code Provisions except modifications have been made to Code Provision B.1.3(a) such that the remuneration committee has the power to do such things and to approve all matters in relation to compensation regarding all the Directors and the senior management of the Group in accordance with the terms and conditions of their respective agreement/contract with the Company, or as the case may be, the relevant subsidiary of the Company and Code Provision B.1.3(b) has been deleted. In addition, the remuneration committee is also delegated to exercise all the powers of the Board in relation to the share option scheme of the Company.

Management considers that the remuneration committee can better serve its functions under the modified terms of reference of the remuneration committee set out above ("Modified Terms") as its duties under the Modified Terms are more extensive and onerous than those prescribed in the Code Provisions. The Company therefore proposes that the remuneration committee shall continue to abide by the provisions of the Modified Terms in the future. Management will review the terms regularly and make appropriate changes if necessary.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises five executive Directors, being Mr. WANG Lu Yen (Chairman), Mr. Peter Loris SOLOMON (Chief Executive Officer), Mr. FU Jin Ming, Patrick, Mr. WONG Wai Ming and Mr. KHOO Kim Cheng and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius.

By Order of the Board
WANG Lu Yen
Chairman

Hong Kong, 12 December 2006

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* *For identification purpose only*

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