TOP FORM INTERNATIONAL LIMITED
黛麗斯國際有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 333)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2006

RESULTS

The Directors of Top Form International Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2006 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2006

	Notes	**2006** **HK$'000**	2005 HK$'000
Revenue	*3*	**1,425,491**	1,463,815
Cost of sales		**(1,057,771)**	(1,020,695)
Gross profit		**367,720**	443,120
Other income	*4*	**7,629**	3,964
Selling and distribution expenses		**(68,529)**	(40,484)
General and administrative expenses		**(163,011)**	(176,320)
Finance costs		**(601)**	(630)
Gain on winding up of subsidiaries		**–**	469
Profit before taxation	*5*	**143,208**	230,119
Taxation	*6*	**(24,131)**	(45,853)
Profit for the year		**119,077**	184,266

* *for identification only*

Attributable to:			
Equity holders of the Company		**114,876**	183,090
Minority interests		**4,201**	1,176
		119,077	184,266
Dividends paid	*7*	**91,558**	80,736
Final dividend proposed	*7*	**32,289**	64,651
Earnings per share	*8*		
Basic		**10.7 cents**	17.0 cents
Diluted		**10.7 cents**	17.0 cents

CONSOLIDATED BALANCE SHEET

At 30 June 2006

	Notes	**2006** ***HK$'000***	2005 *HK$'000* (restated)
Non-current assets			
Property, plant and equipment		**170,842**	166,253
Prepaid lease payments		**2,189**	2,301
Interests in associates		**–**	–
		173,031	168,554
Current assets			
Inventories		**245,993**	188,039
Debtors, deposits and prepayments	*9*	**254,741**	143,227
Bills receivable	*10*	**9,649**	6,845
Prepaid lease payments		**112**	112
Bank balances and cash		**65,253**	184,084
		575,748	522,307

Current liabilities			
Creditors and accrued charges	*11*	**169,087**	139,852
Taxation		**78,384**	72,483
Bank borrowings and other liabilities			
– due within one year		**6,032**	8,639
Obligations under finance leases			
– due within one year		**358**	1,503
		253,861	222,477
Net current assets		**321,887**	299,830
Total assets less current liabilities		**494,918**	468,384
Non-current liabilities			
Bank borrowings and other liabilities			
– due after one year		**203**	1,150
Obligations under finance leases			
– due after one year		**359**	693
Provision for long service payments		**4,345**	4,989
Deferred taxation		**9,659**	6,197
		14,566	13,029
		480,352	455,355
Capital and reserves			
Share capital		**107,630**	107,752
Reserves		**353,562**	326,544
Equity attributable to equity holders of the Company		**461,192**	434,296
Minority interests		**19,160**	21,059
		480,352	455,355

Notes:

1. APPLICATION OF NEW AND 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 ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 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 the consolidated statement of changes in equity. In particular, the presentation of minority interests has 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 effects on how the results for the current and/or prior accounting years are prepared and presented:

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 has had no material effect on the presentation of the financial instruments in the consolidated financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Financial assets and financial liabilities other than debts and equity securities

From 1 July 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice ("SSAP") 24) in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. “Loans and receivables” and “held-to-maturity financial assets” are measured at amortised cost using the effective interest method after initial recognition. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “other financial liabilities”. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. However, there has been no significant financial impact on the adoption of this new accounting policy.

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 revaluation model. Advantage has been taken of the transitional relief provided by paragraph 80 of the SSAP 17 “*Property, plant and equipment*” issued by the HKICPA from the requirement to make regular revaluation of the Group’s land and buildings which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of land and buildings is carried out.

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 reclassified to prepaid lease payments under operating leases, which are carried at cost and released to the income statement over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note 2 for the financial impact).

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these standards, amendments and interpretations. Other than the adoption of HKAS 39 and HKFRS 4 (Amendments) *“Financial guarantee contracts”* and HKAS 19 (Amendment) “*Actuarial gains and losses, group plans and disclosures*” which may have potential impact to the consolidated financial statements, the directors of the Company so far concluded that the application of these new standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group. HKAS 19 (Amendment) introduces an additional recognition option for actuarial gains and losses arising in post-employment defined benefit plans. HKAS 39 and HKFRS 4 (Amendments) requires financial guarantee contracts which are within the scope of HKAS 39 to be measured at fair value upon initial recognition. The Group is still not in a position to reasonably estimate the impact that may arise from the HKAS 39, HKFRS 4 (Amendments) and HKAS 19 (Amendment).

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[6]

[1] Effective for annual periods beginning on or after 1 January 2007

[2] Effective for annual periods beginning on or after 1 January 2006

[3] Effective for annual periods beginning on or after 1 December 2005

[4] Effective for annual periods beginning on or after 1 March 2006

[5] Effective for annual periods beginning on or after 1 May 2006

[6] Effective for annual periods beginning on or after 1 June 2006

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

The cumulative effects of the application of the new HKFRSs as at 30 June 2005 and 1 July 2005 are summarised below:

	At 30 June 2005 (originally stated)	**Adjustments on adoption of HKAS 17**	**Adjustments on adoption of HKAS 1**	**At 30 June 2005 and 1 July 2005 (restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance sheet items				
Property, plant and equipment	168,666	(2,413)	–	166,253
Prepaid lease payments	–	2,413	–	2,413
Total effects on assets and liabilities	168,666			168,666

Retained profits	321,786	2,281	–	324,067
Revaluation reserve	2,281	(2,281)	–	–
Minority interests	–	–	21,059	21,059
Total effects on equity	324,067			345,126
Minority interests	21,059	–	(21,059)	–

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group's operation is currently organised into manufacturing business and branded business. Segment information in respect of these activities is as follows:

(a) Business segments

FOR THE YEAR ENDED 30 JUNE 2006

	Manufacturing business *HK$'000*	Branded business *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
REVENUE				
External sales	**1,403,798**	**21,693**	**–**	**1,425,491**
Inter-segment sales *(note)*	**2,397**	**–**	**(2,397)**	**–**
Total sales	**1,406,195**	**21,693**	**(2,397)**	**1,425,491**
RESULTS				
Segment results	**163,331**	**(6,408)**	**–**	**156,923**
Unallocated corporate expenses				**(16,735)**
Interest income				**3,621**
Finance costs				**(601)**
Profit before taxation				**143,208**
Taxation				**(24,131)**
Profit for the year				**119,077**

FOR THE YEAR ENDED 30 JUNE 2005

	Manufacturing business HK$'000	Branded business HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE				
External sales	1,442,897	20,918	–	1,463,815
Inter-segment sales *(note)*	744	–	(744)	–
Total sales	1,443,641	20,918	(744)	1,463,815
RESULTS				
Segment results	251,728	(5,573)	–	246,155
Unallocated corporate expenses				(16,698)
Interest income				823
Finance costs				(630)
Gain on winding up of subsidiaries				469
Profit before taxation				230,119
Taxation				(45,853)
Profit for the year				184,266

Note: Inter-segment sales are charged at prices determined by management with reference to market prices.

(b) Geographical segments

The Group's operations in manufacturing are principally located in Hong Kong, the People's Republic of China ("PRC") and Thailand. Branded business is principally carried out in Hong Kong and the PRC.

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

YEAR ENDED 30 JUNE 2006

	Sales revenue by geographical market *HK$'000*	**Contribution to profit from operations** *HK$'000*
United States of America	**1,033,281**	**120,222**
Europe	**219,878**	**25,582**
Australia and New Zealand	**71,251**	**8,290**
Asia (excluding Hong Kong)	**45,450**	**4,531**
Hong Kong	**55,065**	**(1,768)**
South Africa	**566**	**66**
	1,425,491	**156,923**
Unallocated corporate expenses		**(16,735)**
Interest income		**3,621**
Finance costs		**(601)**
Profit before taxation		**143,208**

YEAR ENDED 30 JUNE 2005

	Sales revenue by geographical market *HK$'000*	Contribution to profit from operations *HK$'000*
United States of America	1,134,819	197,981
Europe	208,472	36,370
Australia and New Zealand	60,563	10,566
Asia (excluding Hong Kong)	42,508	6,222
Hong Kong	17,024	(5,059)
South Africa	429	75
	1,463,815	246,155

Unallocated corporate expenses	(16,698)
Interest income	823
Finance costs	(630)
Gain on winding up of subsidiaries	469
Profit before taxation	230,119

4. OTHER INCOME

	2006	2005
	HK$'000	*HK$'000*
Other income includes:		
Interest income	**3,621**	823

5. PROFIT BEFORE TAXATION

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	**2,748**	1,682
Cost of textile quota entitlements	**11,953**	7,086
Depreciation of property, plant and equipment		
Owned assets	**28,407**	24,217
Assets held under finance leases	**527**	2,228
	28,934	26,445
Amortisation of prepaid leases payments	**112**	112
Loss on disposal of property, plant and equipment	**964**	182
Impairment loss arising in respect of:		
Leasehold improvements	**–**	3,370
Furniture, fixture and equipment	**–**	1,620
	–	4,990
Minimum lease payments paid under operating leases in respect of land and buildings	**17,705**	17,242
Net exchange loss	**882**	318
Staff costs, including directors' emoluments	**298,096**	302,244

6. TAXATION

	2006	2005
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profit for the year	**16,590**	47,085
Taxation in other jurisdictions calculated at the rates prevailing in the respective jurisdictions	**5,746**	3,305
	22,336	50,390
(Over)underprovision in prior years		
Hong Kong Profits Tax	**(2,012)**	(473)
Taxation in other jurisdictions	**345**	(349)
	(1,667)	(822)
Deferred taxation		
Current year	**3,462**	(3,715)
	24,131	45,853

7. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
2006 interim dividend paid:		
HK$0.025 (year ended 30 June 2005: HK$0.025) per share on 1,076,298,125 shares (2005: 1,077,514,125 shares)	**26,907**	26,938
2005 final dividend paid:		
HK$0.06 (year ended 30 June 2004: HK$0.05) per share on 1,077,514,125 shares (2004: 1,075,973,083 shares)	**64,651**	53,798
	91,558	80,736

A final dividend of HK$0.03 (2005: HK$0.06) per share has been proposed by the Directors and is subject to the approval by the shareholders in general meeting.

8. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit attributable to the equity holders of the Company for the purpose of basic and diluted earnings per share	**114,876**	183,090

	Number of shares	
	2006	2005
Number of shares for the purpose of basic earnings per share	**1,076,694,164**	1,075,732,427
Effect of dilutive share options	**–**	1,293,079
Number of shares for the purpose of diluted earnings per share	**1,076,694,164**	1,077,025,506

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance are trade debtors of HK$211,072,000 (2005: HK$120,996,000). The Group allows an average credit period of 30 days to its trade customers.

An aged analysis of trade debtors is as follows:

	2006	2005
	HK$'000	*HK$'000*
0-30 days	**188,030**	112,515
31-60 days	**5,011**	1,642
61-90 days	**7,869**	2,215
Over 90 days	**10,162**	4,624
	211,072	120,996

The directors consider that the fair value of debtors at 30 June 2006 approximates to the carrying amount.

10. BILLS RECEIVABLE

Included in the bills receivable is an amount of HK$6,972,000 (2005: HK$5,252,000) aged within 30 days and the remaining balance of HK$2,677,000 (2005: HK$1,593,000) is aged between 31 to 60 days

The directors consider that the fair value of bills receivable at 30 June 2006 approximates to the carrying amount.

11. CREDITORS AND ACCRUED CHARGES

Included in the balance are trade creditors of HK$74,190,000 (2005: HK$59,193,000).

An aged analysis of trade creditors is as follows:

	2006	2005
	HK$'000	*HK$'000*
0-30 days	**65,540**	46,281
31-60 days	**5,320**	6,785
61-90 days	**847**	4,924
Over 90 days	**2,483**	1,203
The directors consider that the fair value of creditors at 30 June 2006 approximates to the carrying amount.	**74,190**	59,193

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's business activities are organized into two operating units, namely Manufacturing and Brands, and a corporate cost center.

	Turnover		Profit (Loss)	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Manufacturing	**1,403,798**	1,442,897	**166,405**	251,942
Brands	**21,693**	20,918	**(6,457)**	(5,594)
Corporate	**–**	–	**(16,740)**	(16,229)
	1,425,491	1,463,815	**143,208**	230,119

Group profit before taxation for the year reduced by 38% to HK$143.2 million and turnover declined by 3% to HK$1,425.5 million, when compared to the previous year.

MANUFACTURING

Our core business was adversely affected by a number of negative developments that occurred during the year. During the year, our global sales totalled 56.7 million units of brassiere products. This compares with 61.6 million units in 2005.

In our 2005 Annual Report, we noted that fiscal 2006 would present operational challenges to the Group in the short term. We did not, however, anticipate the magnitude of these challenges; primarily caused by the need to reshuffle plant loadings between China and our overseas plants due to quota availability reasons.

Our first half accounted for 25.9 million units, compared to 30.3 million units in 2005, after adjustment for the U.S. embargo which was in force towards the end of calendar 2004. As anticipated, first quarter sales were affected by the caution in inventory management shown by our customers as a result of a generally lackluster consumer market in the U.S.. Business returned and demands for capacity increased in the second quarter as market sentiment improved.

Unfortunately, the increasingly regimented colour and material approval process required by some of our OEM customers created not only delays in the supply chain, but further complicated the already challenging operating environment resulting from the trade disputes between China, the E.U. and the U.S. The vast majority of our E.U. production was scheduled to be manufactured in our plants in China but, despite our plant in Nan Hai being one of the largest E.U. quota holders in the country, we were unable to utilize any of the quota due to the chaotic implementation of the trade agreement in which allocated quotas were negotiated away in settlement of the unexpectedly high level of backlog held at the various customs points in Europe. This development, together with the threat of an imminent embargo under the Safeguard mechanism imposed by the U.S., meant that we were compelled during our second quarter to reshuffle our production loadings between our plants in China, Thailand and the Philippines. The differing product capabilities between the plants seriously impacted efficiency and thus output, compromising not only our ability to make sales but also resulting in a domino effect of production delays.

Sales during our second half amounted to 30.8 million units, compared to an adjusted 31.3 million in the previous year. The China quota situation for 2006 has been stabilized through the allocation and auction process. Together with purchases from the market, we secured sufficient quota for our needs in the second half and also the remainder of calendar 2006. We therefore were able to reshuffle our production back on the basis of plant capability. The third quarter saw us rebuilding the efficiency in our plants, resulting in an output of 14.4 million pieces which was equivalent to the same period last year and our expectations. In the fourth quarter our output increased to 16 million pieces which again was in line with our expectations. While we were encouraged by the progress of our output buildup, costs in the second half were impacted by substantial overtime payments and logistic costs as we cleared the backlog in orders carried over from the first half and to meet delivery obligations.

Notwithstanding the operational challenges we faced, the upward trend in our products and customer mix continued during the year. Unit prices increased as a result of this trend and material costs remained stable. In August 2004, we added to our existing plants in Thailand by setting up a satellite plant in a Province located away from the dense concentration of manufacturing industries surrounding Bangkok. This plant is now well on the way to becoming a full scale operation and brings not just increased capacity and labour supply but also balances our country risks should there be any future trade disputes between China and her trading nations. In February we set up a small satellite plant some fifty kilometers inland from our Long Nan plant in Jiangxi Province, in accordance to our strategic plan to migrate our labour intensive operations from the costal city to inland China.

BRANDS

Brands sales for the year showed a modest increase in turnover compared to last year. The loss of HK$6.5 million was in line with expectations given the level of turnover and was attributable to the operations in Hong Kong where we continue to showcase our products to uphold our brand image. In Hong Kong we opened a second Marguerite Lee shop in a high profile commercial location and are in the process of reviewing our remaining brand operations within the HKSAR. We have prudently invested in building the structure for expansion in China in the absence of an immediate M&A target.

CORPORATE

The charges attributable to our corporate cost center were maintained at HK$16.7 million for the year, the same as the previous year.

FINANCIAL POSITION

The financial position of the Group remains strong.

Shareholders' funds increased from HK$434.3 million at 30 June 2005 to HK$461.2 million at 30 June 2006. At 30 June 2006, the Group had credit facilities amounting to HK$130 million of which HK$4.9 million had been utilized. The level of gearing remained insignificant and bank and cash balances stood at HK$65.3 million, which is sufficient for our immediate needs and provides a firm basis for any M&A projects or expansion opportunities.

OUTLOOK

The outlook for the coming year remains challenging. On the positive side we are comfortable that China quotas will no longer present a major issue and we therefore can select the optimum production locations for our products. The efficiency of our plants has returned to an acceptable level and we are continuing to expand our capacity to meet the demands of existing and potential new customers. Average selling prices are likely to show modest increases.

We will however be faced with unprecedented cost pressures during fiscal 2007. Whilst material prices are forecasted to remain stable, minimum wages in Guandong Province have recently surged again by approximately 20% above the scheduled statutory increases over the previous eighteen months. A reduction in export tax rebate on textile and garment products will almost certainly be implemented in the near future which in effect will elevate over China cost. The continuing weakness of the U.S. dollar against many Asian currencies remains a concern and we are mindful of the effects that an economic downturn, particularly in the U.S., could have on consumer confidence and thus our business in that market.

Our business plan for the coming year therefore calls for a prudent approach, with an emphasis on cost control, and a growth level based on our rebuilt capacity achieved in the fourth quarter of this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited. The directors considered that, as the Company's shares were trading at a discount to the expected net asset value per share, the repurchase would be beneficial to the Company.

These repurchased shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The aggregate consideration paid on repurchase was charged to retained profits. An amount equivalent to the par value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

Month of repurchase	Number of shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
October 2005	1,216,000	1.75	1.68	2,077

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

For the year ended 30 June 2006, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.4.1 and A.4.2

Code A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the Company's Bye-laws.

Code A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office provided that notwithstanding anything herein, the Chairman of the Board and the Group Managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. In the opinion of the Board, it is important for the stability and growth of the Company that there is, and is seen to be, continuity of leadership in the roles of Chairman and Group Managing Director and, in consequence, the Board is of the view that both should not be subject to retirement by rotation or hold office for a limited term at the present time.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, an annual confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Following specific enquiry, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year.

Employees who are likely to be in possession of unpublished price-sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

EMPLOYEES

As at 30 June 2006, the Group has approximately 14,353 employees (30 June 2005: approximately 14,070 employees). The remuneration policy and package of the Group's employees are structured by reference to market terms and statutory requirements as appropriate. In addition, the Group also provide other staff benefits such as medical insurance, mandatory provident fund and a share option scheme to its employees.

AUDIT COMMITTEE

The Audit Committe has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements for the year ended 30 June 2006.

DIVIDEND

The Directors are pleased to propose a final dividend of HK$0.03 per share (2005: HK$0.06 per share) to members whose names appear on the register of members on 20 October 2006. The dividend will be paid on or before 15 November 2006.

PUBLICATION OF DETAILED ANNUAL RESULTS

All the financial and other related information of the Company required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 October 2006 (Friday) to 20 October 2006 (Friday), both days inclusive, for the purpose of establishing entitlement of shareholders to receive the dividend and vote at the forthcoming Annual General Meeting. During this period, no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 12 October 2006.

By Order of the Board
Fung Wai Yiu
Chairman

Hong Kong, 10 September 2006

As at the date hereof, the board of Directors is comprised of 10 Directors, of which 3 are executive Directors, namely Mr. Fung Wai Yiu, Mr. Wong Chung Chong, Eddie and Mr. Leung Tat Yan, 3 are non-executive Directors, namely Mr. Lucas A.M. Laureys, Ms. Leung Churk Yin, Jeanny and Mr. Herman Van de Velde and 4 are independent non-executive Directors, namely Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Mr. Leung Ying Wah Lambert and Mr. Lin Sun Mo, Willy.

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