# NGAI LIK INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 332)

# ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2005

**RESULTS**

The Board of Directors (the "Directors") of Ngai Lik Industrial Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2005, together with the comparative figures, as follows:

**CONSOLIDATED INCOME STATEMENT**

| | | Year ended 31 March | |
|---|---|---|---|
| | | **2005** | 2004 |
| | | **Total** | Total |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Turnover | 2 | **3,417,581** | 3,299,447 |
| Cost of sales | | **(3,201,862)** | (2,909,438) |
| Gross profit | | **215,719** | 390,009 |
| Other income | | **8,975** | 6,631 |
| Selling and distribution expenses | | **(39,925)** | (30,672) |
| Administrative expenses | | **(120,470)** | (106,173) |
| Other operating income, net | | **4,064** | 3,627 |
| Profit from operations | 3 | **68,363** | 263,422 |
| Finance costs | | **(4,868)** | (3,864) |
| Share of results of associates | | **1,618** | 1,735 |
| Profit before taxation | | **65,113** | 261,293 |
| Taxation | 4 | **(4,885)** | (16,129) |
| Profit before minority interests | | **60,228** | 245,164 |
| Minority interests | | **–** | 4 |
| Net profit for the year | | **60,228** | 245,168 |
| Dividends | 5 | **35,686** | 186,335 |
| Earnings per share | 6 | | |
| – Basic | | **7.6 cents** | 30.9 cents |
| – Diluted | | **7.6 cents** | 30.8 cents |

**CONSOLIDATED BALANCE SHEET**

| | As at 31 March | |
|---|---|---|
| | **2005** | 2004 |
| | ***HK$'000*** | *HK$'000* |
| **Non-current assets** | | |
| Investment properties | **60,288** | 53,581 |
| Property, plant and equipment | **1,169,108** | 926,658 |
| Interests in associates | **18,468** | 15,642 |
| Deferred development expenditure | **31,765** | 26,872 |
| Deposits for acquisition of property, plant and equipment | **12,388** | – |
| Long-term bank deposit | **23,370** | – |
| Investments in securities | **15,733** | – |
| | **1,331,120** | 1,022,753 |

| | As at 31 March | |
|---|---|---|
| | **2005** | 2004 |
| | ***HK$'000*** | *HK$'000* |
| **Current assets** | | |
| Inventories | **418,590** | 531,849 |
| Trade and other receivables and prepayments | **128,989** | 149,676 |
| Taxation recoverable | **38,682** | 36,263 |
| Bank balances and cash | **215,420** | 273,564 |
| | **801,681** | 991,352 |
| **Current liabilities** | | |
| Trade and other payables | **413,208** | 462,883 |
| Taxation payable | **76,581** | 74,436 |
| Bank borrowings – due within one year | **170,440** | 122,425 |
| Obligations under finance leases – due within one year | **3,141** | 13,401 |
| | **663,370** | 673,145 |
| **Net current assets** | **138,311** | 318,207 |
| **Total assets less current liabilities** | **1,469,431** | 1,340,960 |
| **Minority interests** | **4,020** | 4,020 |
| **Non-current liabilities** | | |
| Bank borrowings – due after one year | **370,520** | 204,250 |
| Obligations under finance leases – due after one year | **34** | 3,163 |
| Deferred taxation | **30,702** | 31,602 |
| | **401,256** | 239,015 |
| **Net assets** | **1,064,155** | 1,097,925 |
| **Capital and reserves** | | |
| Share capital | **79,302** | 79,302 |
| Reserves | **984,853** | 1,018,623 |
| **Shareholders' funds** | **1,064,155** | 1,097,925 |

*NOTES:*

1. **Principal accounting policies**

   In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (hereinafter collectively referred to as the "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005 except for HKFRS 3 Business Combination. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

   HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combination for which the agreement date is on or after 1 January 2005. Therefore HKFRS 3 did not have any impact on the Group for the year ended 31 March 2005.

   The Group has commenced considering the potential impact of other new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. **Segment information**

(a) *Geographical segments*

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

| | Turnover | | Segment results | |
|---|---|---|---|---|
| | **2005** | 2004 | **2005** | 2004 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| America | **2,360,801** | 2,037,978 | **41,346** | 181,418 |
| Europe | **621,430** | 813,495 | **12,448** | 56,319 |
| Asia | **212,123** | 233,721 | **3,769** | 13,216 |
| Others | **223,227** | 214,253 | **7,043** | 17,824 |
| | **3,417,581** | 3,299,447 | **64,606** | 268,777 |
| Interest income | | | **2,179** | 2,424 |
| Rental income | | | **6,796** | 4,207 |
| Unallocated expenses | | | **(5,218)** | (11,986) |
| Profit from operations | | | **68,363** | 263,422 |
| Finance costs | | | **(4,868)** | (3,864) |
| Share of results of associates | | | **1,618** | 1,735 |
| Profit before taxation | | | **65,113** | 261,293 |
| Taxation | | | **(4,885)** | (16,129) |
| Profit before minority interests | | | **60,228** | 245,164 |
| Minority interests | | | **–** | 4 |
| Net profit for the year | | | **60,228** | 245,168 |

All the Group's assets and capital expenditure incurred during the year are located in the People's Republic of China, which is considered as one geographical location in an economic environment with similar risks and return. Consequently, no geographical segment asset analysis is presented.

(b) *Business segments*

For the year ended 31 March 2005, the Group's turnover represents the revenue generated from the electronics manufacturing services business ("EMS business"), which is engaged in design, manufacture and sales of electronic and electrical products. Accordingly, no business segment information is required.

For the year ended 31 March 2004, the Group had been operated in two business segments, EMS business and motorcycle business which was engaged in the sales of motorcycle parts. As more than 90% of the Group's turnover, segment results and assets are attributable to the manufacture and sales of electronic and electrical products, the business segment information is not presented.

3. **Profit from operations**

| | **2005** | 2004 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit from operations has been arrived at after charging (crediting): | | |
| Amortisation of deferred development expenditure | **15,454** | 10,379 |
| Depreciation and amortisation of property, plant and equipment | **73,207** | 59,416 |
| Loss on disposals of property, plant and equipment | **3,114** | 994 |
| Gain on disposal of an investment property | **(2,103)** | – |
| Interest income | **(2,179)** | (2,424) |

4. **Taxation**

| | **2005** | 2004 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| The charge comprises: | | |
| Current taxation | | |
| Hong Kong | | |
| – Provided for the year | **(4,729)** | (11,269) |
| – Underprovision in prior years | **(728)** | (207) |
| Other jurisdictions | | |
| – Provided for the current year | **–** | (4) |
| | **(5,457)** | (11,480) |
| Deferred taxation credit (charge) | **900** | (4,430) |
| | **(4,557)** | (15,910) |
| Share of taxation attributable to an associate | **(328)** | (219) |
| | **(4,885)** | (16,129) |

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 5. Dividends

| | **2005** | 2004 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Special, paid, of HKnil cents (2004: HK8.0 cents) per share | **–** | 63,417 |
| Interim, paid, of HK3.5 cents (2004: HK7.0 cents) per share | **27,756** | 55,512 |
| Final, proposed, of HK1.0 cent (2004: HK8.5 cents) per share | **7,930** | 67,406 |
| | **35,686** | 186,335 |

## 6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

| | **2005** | 2004 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Net profit for the year and earnings for the purposes of basic and diluted earnings per share | **60,228** | 245,168 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **793,016,684** | 792,797,832 |
| Effect of dilutive potential ordinary shares – Share options | **2,863,097** | 3,442,037 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **795,879,781** | 796,239,869 |

## DIVIDENDS

The Board of Directors has recommended a final dividend of HK1.0 cent (2004: HK8.5 cents) per share for year ended 31 March 2005. Together with the interim dividend paid during the year, total dividends per share for this year amounted to HK4.5 cents, representing a decrease of 71% as compared to HK15.5 cents per share last year (excluding special dividend paid of HK8.0 cents). The dividend will be payable on or about 8 September 2005 to shareholders of the Company whose names are on the Register of Members on 26 August 2005.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 22 August 2005 to 26 August 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrars, Tengis Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 19 August 2005.

## BUSINESS REVIEW

The financial year ended 31 March 2005 ("FY 2005") was definitely a challenging year for the Group. Increases in oil and raw material prices led to drastic decrease in the Group's gross profit margin. For the FY 2005, the Group recorded a turnover of HK$3,418 million, compared with HK$3,299 million last year, representing an increase of 3.6%. The Group's net profit declined from HK$245 million last year to HK$60 million for FY 2005, representing a decrease of 75.4%. However, the EBITDA for the year still satisfactorily stood at HK$ 159 million, down 52.5% as compared with that of previous year.

Despite the challenging business environment, the Group, after due consideration, decided to complete the development of Phase 1 of the Qingyuan Industrial Estate, as planned. The Group invested in lithium bromide absorption chillers which produce cold water by using heat and provide air-conditioning for the Qingyuan Industrial Estate. This operation is expected to reduce power costs. Moreover, 17 SMT production lines have been installed in Qingyuan with advanced SMT machines (mainly Fuji and Panasonic brands).

The Qingyuan Industrial Estate is planned to produce more digital consumer electronic products. However, with the initial launch of new digital products, the production facilities in Qingyuan are yet to operate at optimum levels. During the year, sales of these new products did not provide significant contribution to the Group's turnover.

During the year, the Group has also determined to enhance its automation in the production process. The Group acquired additional sets of plastic injection and surface mounted machines, stamp presses and dies and CNC machinery for moulding operation. The Group also installed swing robots and autospraying equipment with C10,000 cleaning room standards. All these measures will contribute to our overall production efficiency and quality. On top of its existing four power generators in Dongguan Ngai Lik Electronics Industrial City, the Group acquired an additional 4,000 kw power generator to further cut its power costs. As a result, the Group's capital expenditure for FY2005 reached a peak level of HK$328 million (2004: HK$218 million).

As the capex was on the nature of fixed assets, it will benefit the Group in the long-term. It is considered that the Qingyuan Industrial Estate will provide competitive advantages for the Group in the development of digital product business. In particular, the Group is equipped with new production facilities, together with a high extent of automation.

During the year, America remained its largest market followed by Europe. HK$2,361 million and HK$621 million of the Group's products were sold to America and Europe, accounting for 69.1% and 18.2% of the Group's total turnover respectively. In prior year, approximately HK$2,038 million and HK$813 million of the Group's products were sold to America and Europe respectively. The Group maintained good relationship with the major reputable retailers, in particular the Group committed to fulfill the customers' orders despite of the rising raw materials prices during the year. The Group also successfully acquired certain reputable distributors during the year which further helped expanding the distribution of its products to America.

To improve the quality and performance of its products, the Group remains committed to developing new products and new models of existing products with additional features. We have a research and design team of over 300 engineers in Dongguan, launching over 40 newly designed products each year.

## PROSPECTS

Every company from time to time encounters different kinds of challenges. When we do, we face them and endeavour to deal with them. Challenges and difficulties will continue to arise in the coming financial year 2006 ("FY 2006"). The current business condition become even more difficult. The general trend in interest rate is uprising and it is generally anticipated that RMB will appreciate in near future. Moreover, the prices of oils and plastic have climbed to new heights which may slow down global economic growth. Together with shortage in labour and electricity, the business environment in China is getting less favourable to the manufacturers.

Thanks to the well-developed production platforms and strong financial standing of Ngai Lik, Ngai Lik still continue to implement its business strategy, which is low-cost production of a wide variety of quality consumer electronic products targeting at the mass market.

Phase 1 development of the Qingyuan Industrial Estate was completed, providing production areas of about 300,000 square meters. Currently, it has a production capacity of around 25 assembly lines and is fully vertically integrated. The Group will carefully install new assembly lines at an appropriate pace to cater for the demand of additional production capacity. The automation in Qingyuan Industrial Estate will help in saving the costs in long term and it will bring synergies to the Group's existing production plants with benefits from its uprising economies of scale of production.

Ngai Lik's management works vigorously to pursue different measures to mitigate the negative impact arising from the increases in raw material prices. We will first streamline our corporate structure and operations in Hong Kong, Macau, Dongguan and Qingyuan to ensure business efficacy and operational efficiency. Certain operations will be consolidated and, in particular, certain component manufacturing operations will be consolidated in the Qingyuan Industrial Estate. Secondly, we will strengthen our product development team to review our product mix in a positive way. We have also increased our headcount in Hong Kong of about 8 engineers in the second half of 2005. Ngai Lik intends to reduce its reliance on the CD audio products which require higher plastic content. Thirdly, after the rapid expansion in the capex in FY 2005, the Group is able to reduce the fixed assets additions in FY2006 and plans to control the expenditure below the level of HK$100 million. The Group is aiming to enhance its free cash flow for the coming year to further strengthen its financial position.

Last but not least, the Group will actively promote its new MP3 and portable DVD players to its existing and potential customers. The launch of portable DVD players and higher value DVD related products, is anticipated to provide better margin contributions for the Group in view of higher average selling prices to cover the relevant royalties. Moreover, the Group's subsidiaries have already obtained relevant patents from Philips for the manufacturing of DVD recorders. Maintaining good relations with customers will also ensure sizeable orders to maximize the usage of the Qingyuan Industrial Estate.

With the global trend of digitalization of consumer electronic products, the Group expects the sales of traditional audio products to decline in the future. Top line will be affected moderately and a drop of about 10% to 15% in sales of traditional audio products is anticipated for the coming year. In anticipation of this market trend, the Group will actively promote its new higher value digital products including a series of MP3 and portable DVD players to customers. The initial response from customers for these new products is positive. The Group aims to change the product mix and increase the sales of such digital products to not less than 10% of sales revenue in the immediate future. As such, the Group expects the FY2006 will be a year for product transition.

Looking ahead, the Group will try its utmost best to improve the position with its long-term mission to become a leading player in consumer electronic products market. The Group will expedite the pace of product launch to enhance its gross margin with an aim to improve profitability. We are committed to the Group's long-term business development and strikes for satisfactory return to shareholders.

## CORPORATE GOVERNANCE

Ngai Lik aims to maintain high levels of corporate transparency. The Group has constant interaction and communication with shareholders, investors and media through different channels. The Group has gone beyond compliances and has volunteered to issue a business performance update in June 2005 in order to provide adequate disclosure to investors and to ensure that all of them will receive equal access to the same information.

The Group is pleased to see that its efforts in investor relations received high recognition from the financial community. The Group received the following honorable awards during the year:-

- The Group was voted "The Best Managed Company (Small Cap) in Hong Kong", in Asiamoney's Annual Best Managed Companies & Corporate Governance Poll. The Region's Overall Best Managed Companies Award gives recognition to listed companies that take their corporate governance to a higher level.

- Mr. Yeung Cheuk Kwong, the Group's executive director and chief financial officer, ranked the 6th best CFO among 26 other peers from Asia, in the 2004 Asia Investor Relations Perception Study conducted by the "Institutional Investor Research Group", ranking by sell-side analysts.

- Ngai Lik has been added as a constituent stock to the Morgan Stanley International ("MSCI") Hong Kong Small Cap Index, which is the most widely used international equity benchmark for institutional investors.

## SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group supports and has sponsored various forms of social and community activities, mainly related to education and in helping the poor. The Group sponsored the Hong Kong Polytechnic University for its "Preferred Graduate Development Programme" for the years 2004 and 2005. This programme is aimed to offer opportunities for the students of Hong Kong Polytechnic University to put their knowledge into practice. The Group has provided the selected students a on-the-job training annually during the summer. Donations worth of HK$1 million for FY 2005 were mainly made in support of different charitable organizations with due regard to the overall financial position of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Turnover

During the year, the sales turnover for the first half increased to HK$ 2,008 million whereas the turnover for the second half dropped to HK$1,410 million, decreased by 14.4% as compared to the corresponding period last year. The drop was partly attributable to the competitive environment and partly to the planned reduction in product sales with higher plastic consumption.

During the year, sales of home audio products represented approximately 89.6% of the Group's turnover and remained its core business. The sales of boomboxes increased by about 9% during the year and accounted for over 45% of the home audio sales. Plastic contents of boomboxes were relatively high, with an average of 25% of their material costs. During the year, the Group launched some high value digital products like DVD combos and DVD home theatre systems. The Group has been cautious in expanding its DVD-player related business, as this involved issues of different relevant patents. Sales from digital and DVD players only contributed to approximately 7.9% of the Group's turnover in FY 2005.

#### Gross Margin

Raw materials cost is the major constituent of the cost of sales. Plastics, laminates and metals are the key raw materials used by the Group in its range of conventional audio products. As mentioned in the Group's interim report published in December 2004, the drastic increases in prices of key raw materials had a significant impact on the cost of goods sold and gross profit. Costs of key raw materials continued to maintain at substantially high levels during the second half of the FY 2005 and affected the Group's financial performance.

As a result of the combined impact of lower sales revenue in the second half of the FY 2005 and high raw materials costs, gross profit in the second half dropped to HK$88 million as compared to HK$127 million for the first half.

#### Expenses

The Group's administrative expenses were similar to last year's and recorded at HK$120 million. The percentage of administrative expenses to total sales slightly rose by 3.5% (2004: 3.2%). The Group's selling and distribution expenses increased from HK$31 million last year to approximately HK$40 million, mainly due to the increase in the number of shipments which is in line with approximately 10% increase in total sales quantities during the year. Moreover, the Group's operations in Qingyuan incurred higher transportation costs than Dongguan.

**Working Capital Management and Dividend Policy**

As at 31 March 2005, the Group maintained long-term bank deposit, bank balances and cash of approximately HK$239 million (31 March 2004: HK$274 million) with a continually efficient working capital utilisation rate. The Group's average inventory turnover was about 51 days (31 March 2004: 48 days). The Group's average trade receivables turnover was only 10 days (31 March 2004: 13 days), reflecting improvements in credit control.

The Board of Directors has recommended a final dividend of HK1 cent per share. Together with the interim dividend paid, the total dividend payout ratio for the year will be about 59% on net profit for the year. The dividend for the prior year was HK$15.5 cents per share (excluding special dividend paid of HK$8.0 cents). After careful deliberation the Group adhered to the existing dividend policy with a payout ratio of about 50% on net profits, rather than maintaining the absolute amount of dividend of the prior year.

**Financing and Capital Structure**

The Group's capex led to an increase in its total debts from HK$343 million to HK$544 million. In August 2004, the Group entered into a four-year syndicated loan agreement with a syndicate of ten banks for the amount of HK$350 million. As at 31 March 2005, the facility, with a preferential interest rate, was substantially drawn down to refinance the Group's existing certain credit facility, including the outstanding balance of the HK$210 million syndication loan arranged in 2002. The balance of the facility was mainly used to finance the paid assets additions for Qingyuan Industrial Estate. Moreover, several term-loans were arranged on bilateral bases and were drawn to ensure the availability of sufficient long-term funding for financing the overall operations. Because of drawdown of the above facilities and the capital expenditure of about HK$328 million for the year, the gearing ratio increased to 0.5 (31 March 2004: 0.3).

The Group also issued letters of credit to procure the supplies of critical components and certain raw materials. However, the Group also found difficulties in securing supplies of commodity raw materials (including plastics) at low prices as their prices fluctuated during the year.

The Group's borrowings are primarily denominated in Hong Kong dollars or US dollars and the Group has no significant exposure to foreign exchange fluctuations.

**Liquidity and Financial Resources**

The net current assets of the Group as at 31 March 2005 stood at a healthy level of approximately HK$138 million (31 March 2004: HK$318 million) and the current ratio was 1.21 (31 March 2004: 1.47). Shareholders' funds were maintained at approximately HK$1,064 million (31 March 2004: HK$1,098 million).

**Treasury Policy**

The majority of the Group's sales and purchases are denominated in US Dollars and HK Dollars. As HK Dollars and US Dollars are pegged, the Group has minimum exposure to foreign exchange fluctuation and, presently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor the overall currency and interest rate exposures. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

**Employee Information**

As at 31 March 2005, the Group had approximately 167 employees in Hong Kong and Macau (31 March 2004:157), approximately 25,500 employees in Dongguan, the PRC (31 March 2004: 29,000) and approximately 12,300 in Qingyuan, the PRC (31 March 2004: 5,800). The increase in headcount in Qingyuan, PRC was a result of further expansion of its production capacity and its vertically integrated operations in the PRC. The remuneration packages are generally structured with reference to market conditions and the qualifications of the employees. The salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to the management, based on individual merits as well as the results from the respective companies with which the staff works for. Benefit plans for its Hong Kong staff include a provident fund scheme and medical and life insurance. The Company also maintains a Share Option Scheme, under which options may be granted to employees to subscribe for shares in the Company. This Share Option Scheme is designed to give employees an incentive to perform.

**AUDIT COMMITTEE**

In compliance with the requirements of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") , an Audit Committee comprising one non-executive director and three independent non-executive directors was formed. Reporting to the Board of Directors of the Company, the Audit Committee is dedicated to the review and supervision of the Group's financial reporting process and internal controls.

**COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate that the Company is not or, was not for any time during the year ended 31 March 2005, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except for the term of office for the non-executive directors of the Company is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company.

**DEALING IN COMPANY'S LISTED SECURITIES**

During the year, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

**PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on Stock Exchange's website in due course.

**BOARD OF DIRECTORS**

As at the date of this announcement, the Board of Directors comprises of Mr. Lam Man Chan, Mr. Hui King Chun, Ms. Ting Lai Ling, Ms. Ting Lai Wah and Mr. Yeung Cheuk Kwong as executive directors, Dr. Hari Naroomal Harilela and Mr. Lam Ping Cheung, Andrew as non-executive directors, Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong as independent non-executive directors.

By order of the Board
**Lam Man Chan**
*Chairman*

Hong Kong, 18 July 2005

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