



ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

Annual Results for the year ended 31st March 2006

The Directors of ABC Communications (Holdings) Limited ("the Company") are pleased to announce the audited consolidated income statement and balance sheet of the Company and its subsidiaries ("the Group") for the year ended 31st March 2006 as follows:

AUDITED CONSOLIDATED INCOME STATEMENT

	Note	2006 HK\$	2005 HK\$ (As restated)
Turnover	3	41,028,514	25,041,859
Cost of sales		(31,265,511)	(17,224,516)
Gross profit		9,763,003	7,817,343
Other gains – net	4	21,601,954	97,042,217
Selling and distribution costs	5	(1,448,726)	(1,649,080)
General and administrative expenses	5	(16,442,989)	(17,521,266)
Operating profit		13,473,242	85,689,214
Finance costs	6	(343,140)	(258,399)
Profit before income tax		13,130,102	85,430,815
Income tax expense	7	–	–
Profit for the year		13,130,102	85,430,815
Attributable to:			
Equity holders of the Company		13,130,102	85,430,815
Minority interest		–	–
		13,130,102	85,430,815
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	9	2.8 cents	18.3 cents
– diluted	9	2.8 cents	18.3 cents
Dividends	8	28,013,160	60,695,180

AUDITED CONSOLIDATED BALANCE SHEET

	Note	2006 HK\$	2005 HK\$ (As restated)
ASSETS			
Non-current assets			
Property, plant and equipment		2,603,471	4,796,705
Investment property		19,500,000	18,920,000
Land use rights		17,695,935	17,864,602
Available-for-sale financial assets		162,369,952	182,399,704
		202,169,358	223,981,011
Current assets			
Trade receivables	10	5,011,985	1,821,851
Other receivables, deposits and prepayments		7,863,550	6,025,946
Pledged deposits		81,934,830	51,589,072
Short-term deposits with original maturity more than 3 months		9,016,321	–
Cash and cash equivalents		91,151,138	160,122,793
		194,977,824	219,559,662
Total assets		397,147,182	443,540,673

EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	46,688,600	46,688,600
Other reserves		
– Final dividend	–	51,357,460
– Others	201,903,282	240,679,704
Retained earnings		
– Proposed final dividend	18,675,440	–
– Others	50,904,124	56,449,465
Total equity	318,171,446	395,175,229
LIABILITIES		
Non-current liability		
Bank loan, secured	32,811,719	–
Current liabilities		
Advance subscriptions and licence fees received	2,058,517	2,031,189
Customer deposits	542,354	1,144,870
Trade and other payables	5,195,882	2,648,080
Bank loan, secured	38,367,264	42,541,305
	46,164,017	48,365,444
Total liabilities	78,975,736	48,365,444
Total equity and liabilities	397,147,182	443,540,673
Net current assets	148,813,807	171,194,218
Total assets less current liabilities	350,983,165	395,175,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

ABC Communications (Holdings) Limited is an investment holding company. Its subsidiaries are principally engaged in providing financial information services, wireless applications development, securities trading system licensing, property and investment holding.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The immediate holding company and ultimate holding company is H.C.B.C. Enterprises (BVI) Limited, a company incorporated in the British Virgin Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on 14th July 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of ABC Communications (Holdings) Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, building, available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The adoption of new/revised HKFRS

In 2005, the Group had early adopted the HKAS 32 and 39. The equity investments had been redesignated to available-for-sale financial assets and were stated at fair value. Movements in fair value will be charged to investment revaluation reserve and will be realised and charged to income statement upon disposal.

In 2006, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Change in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 40	Investment Property
HKFRS 3	Business Combinations

The adoption of new/revised HKAS 1, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 33, 34, 36, 37, 40 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary, these HKFRSs affect certain presentation and disclosures in the consolidated financial statements.

The adoption of revised HKAS 17 has resulted in a change in accounting policy relating to reclassification of land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment. Certain comparative figures in the consolidated financial statements have been restated or reclassified to conform to current presentation are set out in the following table.

The adoption of revised HKAS 17 resulted in an increase in opening retained earnings at 1st April 2004 by HK\$3,999,270 and a decrease in net profit for the fiscal year 2005 of HK\$37,508.

	31st March 2006 HK\$	31st March 2005 HK\$
Decrease in property, plant and equipment	17,695,935	17,864,602
Increase in land use rights	17,695,935	17,864,602
Increase in administrative expenses	37,508	37,508

The adoption of revised HKAS 40 resulted in

	31st March 2006 HK\$	31st March 2005 HK\$
Decrease in property, plant and equipment	19,500,000	18,920,000
Increase in investment property	19,500,000	18,920,000

Standards, interpretations and amendments to published standards but are not yet effective

Certain new standards, interpretations and amendments to existing standards that have been published that are mandatory for the Group's accounting periods beginning on or after 1st January 2006 or later periods but which the Group has not early adopted and they are as follows:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS-Int 4	Determining whether an Arrangement contains A Lease

3. Turnover, revenue and segment information

At 31st March 2006, the Group is organised on a worldwide basis into three main business segments:

- Financial quotation and securities trading system licensing
- Wireless applications
- Corporate activities and investment holdings – holding of corporate assets and liabilities

Turnover consists of financial quotation subscription fee, sales from securities trading system licensing and wireless applications.

Primary reporting format – business segments

The segment results for the year ended 31st March 2005 are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$ (As restated)	Total HK\$ (As restated)
Turnover	25,020,061	21,798	–	25,041,859
Operating profit /(loss), as previously reported	371,922	(2,416,222)	87,771,022	85,726,722
Adoption of revised HKAS 17	–	–	(37,508)	(37,508)
Operating profit /(loss), as restated	371,922	(2,416,222)	87,733,514	85,689,214
Finance costs				(258,399)
Profit before income tax				85,430,815
Income tax expenses				–
Profit for the year				<u>85,430,815</u>

The segment results for the year ended 31st March 2006 are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Turnover	40,704,607	323,907	–	41,028,514
Operating profit /(loss)	1,547,127	(1,958,346)	13,884,461	13,473,242
Finance costs				(343,140)
Profit before income tax				13,130,102
Income tax expense				–
Profit for the year				<u>13,130,102</u>

Other segment terms included in the consolidated income statements are as follows:

	Year ended 31st March 2006				Year ended 31st March 2005			
	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$ (As restated)	Total HK\$ (As restated)
Depreciation	499,099	17,206	1,182,480	1,698,785	527,267	16,857	2,723,971	3,268,095
Impairment loss on available-for-sale financial assets	—	—	4,052,819	4,052,819	—	—	—	—

The segment assets and liabilities at 31st March 2005 and capital expenditure for the year then ended are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$ (As restated)	Total HK\$ (As restated)
Assets	4,178,749	133,867	439,228,057	443,540,673
Liabilities	5,020,385	105,900	43,239,159	48,365,444
Capital expenditure	995,452	14,102	28,800	1,038,354

The segment assets and liabilities at 31st March 2006 and capital expenditure for the year then ended are as follows:

	Financial quotation and securities trading system licensing HK\$	Wireless applications HK\$	Corporate activities and investment holdings HK\$	Total HK\$
Assets	8,201,397	127,512	388,818,273	397,147,182
Liabilities	7,524,155	58,755	71,392,826	78,975,736
Capital expenditure	538,946	5,452	14,132	558,530

Secondary reporting format – geographical segments

Although the Group's three business segments are managed on a worldwide basis, they operate in three main geographical areas:

Hong Kong	:	Financial quotation, securities trading system licensing, wireless applications and corporate activities and investment holdings
Asia	:	Investment holdings
Canada and United States	:	Investment holdings

The Company which is also the main operating company of the Group operates in Hong Kong.

Turnover is allocated based on the places/countries in which customers are located. All turnover of the Group was generated in Hong Kong.

Total assets

	2006 HK\$	2005 HK\$ (As restated)
Hong Kong	235,422,300	261,789,976
Asia	—	3,031,484
– Taiwan	—	—
– Japan	143,711,263	157,274,163
– Others	931	793
Canada and United States	18,012,688	21,444,257
	<u>397,147,182</u>	<u>443,540,673</u>

Total assets are allocated based on where the assets are located.

Capital expenditure

	2006 HK\$	2005 HK\$
Hong Kong	<u>558,530</u>	<u>1,038,354</u>

Capital expenditure is allocated based on where the assets are located.

4. Other gains – net

	2006 HK\$	2005 HK\$
Gain on disposal of listed available-for-sale financial assets	23,443,704	88,471,791
Unrealised exchange loss on available-for-sale financial assets	(11,851,569)	(1,100,100)
Other exchange differences	2,619,599	1,104,442
Loss on deregistration of a subsidiary	(3,370)	–
Loss on disposal of property, plant and equipment	(565,979)	(46)
Impairment loss on available-for-sale financial assets	(4,052,819)	–
Fair value gain on revaluation of investment property	580,000	3,420,000
Interest income	7,061,758	3,117,445
Rental income from investment property	1,327,774	1,066,668
Dividend income from listed available-for-sale financial assets	2,038,813	674,617
Others	1,004,043	287,400
	<u>21,601,954</u>	<u>97,042,217</u>

5. Expenses by nature

Expenses included in selling and distribution cost, general and administrative expenses are analysed as follows:

	2006 HK\$	2005 HK\$ (As restated)
Auditors' remuneration	490,210	438,150
Amortisation of land use rights	168,667	168,667
Depreciation of property, plant and equipment	1,698,785	3,268,095
Employee benefit expenses	12,285,847	12,126,349

6. Finance costs

	2006 HK\$	2005 HK\$
Interest on bank loans	<u>343,140</u>	<u>258,399</u>

7. Income tax expenses

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2005: Nil).

	2006 HK\$	2005 HK\$
Current income tax	–	–
Deferred taxation	–	–
	<u>–</u>	<u>–</u>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2006 HK\$	2005 HK\$ (As restated)
Profit before income tax	13,130,102	85,430,815
Calculated at a taxation rate of 17.5% (2005: 17.5%)	2,297,768	14,950,393
Income not subject to taxation	(6,726,249)	(17,484,226)
Expenses not deductible for taxation purposes	3,538,477	943,833
Tax losses not recognised	1,251,702	2,097,816
Utilisation of previously unrecognised tax losses	(299,755)	–
Utilisation of previously unrecognised temporary differences	(61,943)	(507,816)
	<u>–</u>	<u>–</u>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March 2006 and 2005, the Group has unrecognised tax benefits in respect of the losses amounting to approximately HK\$181,695,730 and HK\$175,866,713 (as restated) respectively, to carry forward against future taxable profits with no expiry date.

8. Dividends

	2006 HK\$	2005 HK\$
Interim, paid of HK¢2 (2005: HK¢2) per ordinary share	9,337,720	9,337,720
2005 Final, paid of HK¢11 per ordinary share	–	51,357,460
2006 Final, proposed of HK¢4 per ordinary share	18,675,440	–
	<u>28,013,160</u>	<u>60,695,180</u>

At a meeting held on 14th July 2006, the directors proposed a final dividend of HK4 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings of the Company for the year ending 31st March 2007.

9. Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options, for which, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The share options have the anti-dilutive effect. No option has been exercised during the year.

	2006	2005 (As restated)
Profit attributable to equity holders of the Company	HK\$13,130,102	HK\$85,430,815
Weighted average number of ordinary shares in issue	466,886,000	466,886,000
Basic and diluted earnings per share (HK\$ per share)	2.8	18.3

10. Trade receivables

	2006 HK\$	2005 HK\$
Trade receivables	5,012,317	1,891,247
Less: provision for impairment of receivables	(332)	(69,396)
Trade receivables – net	5,011,985	1,821,851
	2006 HK\$	2005 HK\$
0 – 3 months	5,003,398	1,801,773
4 – 6 months	8,587	20,078
Over 6 months	–	–
	5,011,985	1,821,851

11. Trade and other payables

	2006 HK\$	2005 HK\$
Amount due to a holding company (Note (a))	253,045	253,045
Trade payables (Note (b))	3,627,065	1,324,830
Other payables	1,315,772	1,070,205
	5,195,882	2,648,080

(a) The amount due to a holding company is unsecured, interest free and repayable on demand.

(b) The aging of trade payables is within 3 months.

FINAL DIVIDEND

The Directors recommend a final dividend of HK 4 cents per ordinary share totaling HK\$18,675,440 payable on 24th August 2006 to equity holders registered on the Company's Register of Members as at 17th August 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 14th August 2006 (Monday) to 17th August 2006 (Thursday), both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th August 2006 (Friday).

BUSINESS REVIEW AND PROSPECTS

Our Group's turnover showed an increase of 63.84% during the year to post an aggregate sum of HK\$41,028,514. During the first half of the fiscal year, the Group also monetised part of our investment gains in Japanese broadband operator, eAccess, by disposing of about 21.6% of our shares in eAccess. A net profit of approximately HK\$20.7 million was realised from the sale.

During the year, our Group also made an investment of approximately HK\$32.4 million in eMobile, a subsidiary of eAccess which in November last year was awarded a licence to operate a new mobile network in Japan. A follow-on investment of approximately HK\$17.3 million was made subsequent to the year-end. Our Group's total investment in eMobile of just under HK\$50 million is equivalent to approximately 0.47% of the capital of the mobile company.

eMobile, being a start-up, is not likely to contribute to the Group's bottom-line in the short-term. We however are confident that this investment will over the longer-term provide returns as significant as its parent has.

FINANCIAL POSITION

At the end of our fiscal year under review, the Group maintains a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralised. More than 90% of our receipts and payments are in Hong Kong dollars. Cash and bank balances are placed in deposits denominated in either Hong Kong or United States dollars. As at 31st March 2006, the Group had cash and cash equivalents, short-term deposits with original maturity more than 3 months and pledged deposits of approximately HK\$91 million, HK\$9 million and HK\$82 million respectively. The pledged deposits were to secure three Japanese Yen loans equivalent to approximately HK\$71.2 million (translated at the then prevailing exchange rate) at the end of the fiscal year. All bank loans are denominated in Japanese Yen and bear interest at prevailing market rates. The Japanese Yen loans were taken out to minimize the currency exposure risks of our Japanese investments and to take advantage of the rate differential between our US dollar deposits and the Japanese Yen loans.

	31st March 2006 HK\$	%	31st March 2005 HK\$ (As restated)	%
Bank loans	71,178,983	18	42,541,305	10
Total equity	318,171,446	82	395,175,229	90
Total capital employed	389,350,429	100	437,716,534	100

CAPITAL COMMITMENTS

As at 31st March 2006, the Group had an outstanding funding commitment of up to HK\$3.9 million to a Wireless Internet Fund.

CONTINGENT LIABILITIES

As at 31st March 2006, the Group had no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

As at 31st March 2006, the Group had 42 employees. Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31st March 2006 amounted to approximately HK\$12.3 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year and the Company has not redeemed any of its securities during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group has in the year under review complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited, except that the non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. A proposal will be made at the coming Annual General Meeting to amend the Bye-laws of the Company to the effect that every Director shall retire from office no later than the third annual general meeting after he was last elected.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited accounts for the year ended 31st March 2006. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2006 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

REMUNERATION COMMITTEE

A Remuneration Committee has been set up during the year comprising two Independent Directors and one Non-Executive Director for the purpose of reviewing the remuneration of Directors and the remuneration policies of the Group.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited will be published on the website of the Stock Exchange of Hong Kong Limited in due course. The auditors' report from PricewaterhouseCoopers will be included in the Annual Report to be dispatched to equity holders.

By Order of the Board
Michael Tse
Chairman

Hong Kong, 14th July 2006

As at the date hereof, the board of Directors of the Company comprises Mr. George Joseph Ho, Mr. Joey Fan and Ms. Yeung Shuk Kwan, Patricia as Executive Directors, and Mr. Tse Chi Hung, Michael, Mr. George Ho, Mr. Fu Hau Chak, Adrian*, Mr. Leung Kwok Kit, Mr. Li Kwok Sing, Aubrey*, Mr. Kwok Chi Hang, Lester* and Mr. David Miao as Non-Executive Directors.

* *independent non-executive Directors*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the equity holders of ABC Communications (Holdings) Limited (the “**Company**”) will be held at Chater Room I, The Ritz Carlton Hotel, 3 Connaught Road Central, Hong Kong on 23rd August 2006 (Wednesday) at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions:

1. To receive the audited Statements of Accounts and Reports of the Directors and Auditors for the financial year ended 31st March 2006;
2. To declare a final dividend;
3. To re-elect Directors;
4. To re-appoint auditors and to fix their remuneration;

As special business to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:–

5. “**THAT** for the period up until the next annual general meeting each of the Directors is authorised to be paid a director’s fee of such sum not exceeding HK\$50,000 as the board of Directors shall determine.”

6. (Please read Note 4)

(1) “**THAT**:–

- a) the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company, including making and granting offers, agreements and options which would or might require shares to be allotted, issued or dealt with whether during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to equity holders on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of, any recognised regulatory body or any stock exchange in, any territory outside Hong Kong), the additional shares allotted, issued or dealt with, (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20 per cent of the nominal amount of the share capital of the Company in issue at the date of this Resolution;
- b) for the purpose of this Resolution:–
“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - i. the conclusion of the next annual general meeting of the Company;
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the bye-laws of the Company (the “**Bye-laws**”) to be held; and
 - iii. the revocation or variation of the authority given under this Resolution by way of Ordinary Resolution of the equity holders of the Company in general meeting; and
- c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 16th August 2005.”

(2) “**THAT**:–

- a) there be granted to the Directors of the Company an unconditional general mandate to repurchase shares in the capital of the Company, and that the exercise by the Directors of the Company of all powers of the Company to purchase shares subject to and in accordance with all applicable laws, rules and regulations be and is hereby generally and unconditionally approved, subject to the following conditions:–
 - i. such mandate shall not extend beyond the Relevant Period;
 - ii. such mandate shall authorise the Directors of the Company to procure the Company to repurchase shares at such prices as the Directors of the Company may at their discretion determine;
 - iii. the aggregate nominal amount of the shares repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- b) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - i. the conclusion of the next annual general meeting of the Company; and
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the Bye-laws to be held; and
 - iii. the revocation or variation of this Resolution by an Ordinary Resolution of the equity holders of the Company in general meeting.
- c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 16th August 2005.”

(3) “**THAT**:–

conditional upon the passing of Resolutions No. 6(1) and 6(2) as set out in the Notice convening this Meeting, the aggregate nominal amount of the shares which are repurchased by the Company pursuant to and in accordance with Resolution No. 6(2) above shall be added to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Resolution No. 6(1).”

7. By way of special business, to consider, and if thought fit, to pass the following Resolution, with or without modifications, as a Special Resolution:

“**THAT** the bye-laws of the Company be amended by:

- (a) deleting the words “, but a poll may be demanded” in the second line of Bye-law 70 and replacing therewith “unless voting by way of poll is required by the rules of the Designated Stock Exchange or a poll is demanded” and deleting the full-stop at the end of sub-paragraph (iii) of Bye-law 70 and replacing therewith a semicolon and the word “or” and inserting the following new sub-paragraph (iv) of Bye-law 70:
“(iv) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”
- (b) deleting the existing Bye-Law 103 in its entirety and substituting it with the following new Bye-Law 103:
103 At the annual general meeting in each year one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation provided that every Director shall retire from office no later than the third annual general meeting after he was last elected or appointed. A retiring Director shall retain office until the conclusion of the meeting or adjourned meeting at which he is due to retire.

- (c) deleting the existing Bye-Law 104 in its entirety and substituting it with the following new Bye-Law 104:
- 104 Subject to the provisions of the Statutes and unless otherwise determined by the Company by Ordinary Resolution, the Directors to retire in every year shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.
- (d) deleting the words “, and may also determine in what rotation such increased number is to retire from office” in its entirety after the words “for effecting any such increase” in the second line in Bye-Law 107.
- (e) deleting the following last sentence in Bye-Law 112(B) its entirety:
 “Subject to the Statutes, a Director appointed as an executive Chairman or as Managing or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors””

By Order of the Board
Patricia Yeung Shuk Kwan
Secretary

Hong Kong, 14th July 2006

Registered Office:—
 Clarendon House, 2 Church Street
 Hamilton HM11
 Bermuda

Principal place of business in Hong Kong:—
 2nd Floor Jade Mansion
 40 Waterloo Road
 Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's principal place of business at 2nd Floor, Jade Mansion, 40 Waterloo Road, Yaumatei, Hong Kong at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from 14th August 2006 (Monday) to 17th August 2006 (Thursday), both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th August 2006 (Friday).
4. With regard to the Ordinary Resolutions referred to in agenda items 6 (1) and 6(2), approval is being sought from the equity holders for a general mandate to (a) allot shares of the Company and (b) re-purchase shares up to the relevant 20 per cent and 10 per cent limits. These authorities are sought in order that the Directors might take advantage of any relevant circumstances but the Directors have no immediate plans to issue any new shares of the Company or re-purchase any shares of the Company pursuant to such mandates.
5. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.

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