



# MOISELLE

MOISELLE INTERNATIONAL HOLDINGS LIMITED

慕詩國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 130

INTERIM REPORT 2006/2007

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive

Mr. CHAN Yum Kit (*Chairman*)  
Ms. TSUI How Kiu, Shirley  
Mr. CHUI Hing Yee  
Mr. CHAN Sze Chun

#### Independent Non-Executive

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen

### AUDIT COMMITTEE

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen

### REMUNERATION COMMITTEE

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Mr. CHAN Sze Chun

### COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Ms. PANG Lin

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 3-6, 11th Floor  
Kodak House 2  
39 Healthy Street East  
North Point  
Hong Kong

### WEBSITE

<http://www.moiselle.com.hk>

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 GT  
Strathvale House  
North Church Street, George Town  
Grand Cayman, Cayman Islands  
British West Indies

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### KEY DATES

Closure of Register of Members:  
3 January 2007 to 5 January 2007  
Interim Dividend Payment:  
12 January 2007

## UNAUDITED INTERIM RESULTS

The board of directors of Moiselle International Holdings Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2006, together with the comparative figures for the corresponding period in 2005, were as follows:

### CONSOLIDATED INCOME STATEMENT

<i>(in HK\$'000)</i>	<i>Note</i>	<b>Unaudited Six months ended 30 September 2006</b>	2005
<b>Turnover</b>		<b>151,775</b>	140,288
Cost of sales		<b>(33,417)</b>	(33,100)
<b>Gross profit</b>		<b>118,358</b>	107,188
Other revenue		<b>2,524</b>	1,720
Other net (expenses)/income		<b>(239)</b>	482
Selling and distribution costs		<b>(66,429)</b>	(58,096)
Administrative and other operating expenses		<b>(21,871)</b>	(19,293)
<b>Profit from operations</b>		<b>32,343</b>	32,001
Finance costs		<b>(166)</b>	(92)
<b>Profit before taxation</b>	3	<b>32,177</b>	31,909
Income tax	4	<b>(3,179)</b>	(3,687)
<b>Profit for the period</b>		<b>28,998</b>	28,222
<b>Interim dividend</b>			
2006/2007 interim	5	<b>14,098</b>	14,095
<b>Earnings per share</b>	6		
Basic		<b>\$0.10</b>	\$0.10
Diluted		<b>\$0.10</b>	\$0.10

The notes on pages 7 to 11 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**

<i>(in HK\$'000)</i>	<i>Note</i>	<b>As at 30 September 2006 (Unaudited)</b>	<b>As at 31 March 2006 (Audited)</b>
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		14,100	14,100
– Other property, plant and equipment		<u>121,591</u>	<u>121,544</u>
		<b>135,691</b>	<b>135,644</b>
Deferred tax assets		<u>4,426</u>	<u>4,617</u>
		<b>140,117</b>	<b>140,261</b>
<b>Current assets</b>			
Other financial assets		476	4,396
Inventories		62,614	54,383
Trade and other receivables	7	48,767	48,737
Tax recoverable		1,629	1,503
Cash and cash equivalents		<u>84,112</u>	<u>92,941</u>
		<u>197,598</u>	<u>201,960</u>
<b>Current liabilities</b>			
Trade and other payables	8	34,117	31,331
Bank loans and overdraft		354	1,687
Tax payable		<u>1,610</u>	<u>2,551</u>
		<u>36,081</u>	<u>35,569</u>
<b>Net current assets</b>		<u>161,517</u>	<u>166,391</u>
<b>Total assets less current liabilities</b>		<b>301,634</b>	<b>306,652</b>
<b>Non-current liabilities</b>			
Bank loans		3,233	3,415
Deferred tax liabilities		<u>2,531</u>	<u>2,531</u>
		<u>5,764</u>	<u>5,946</u>
<b>NET ASSETS</b>		<u>295,870</u>	<u>300,706</u>
<b>CAPITAL AND RESERVES</b>			
<b>Share capital</b>		<b>2,820</b>	<b>2,820</b>
<b>Reserves</b>		<u>293,050</u>	<u>297,886</u>
<b>TOTAL EQUITY</b>		<u>295,870</u>	<u>300,706</u>

The notes on pages 7 to 11 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September 2006</b>	2005
<b>Total equity at 1 April</b>	<b>300,706</b>	260,435
<b>Net income recognised directly in equity:</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	-	377
Net income for the period recognised directly in equity	-	377
Net profit for the period	<b>28,998</b>	28,222
<b>Total recognised income and expense for the period</b>	<b>28,998</b>	28,599
Dividends declared or approved during the period	<b>(33,834)</b>	(33,816)
<b>Total equity at 30 September</b>	<b>295,870</b>	255,218



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

<i>(in HK\$'000)</i>	<b>Six months ended 30 September</b>	
	<b>2006 (Unaudited)</b>	2005 (Unaudited)
<b>Net cash from operating activities</b>	<b>27,411</b>	16,063
<b>Net cash used in investing activities</b>	<b>(725)</b>	(6,731)
<b>Net cash used in financing activities</b>	<b>(34,169)</b>	(34,117)
<b>Net decrease in cash and cash equivalents</b>	<b>(7,483)</b>	(24,785)
<b>Cash and cash equivalents at 1 April</b>	<b>91,595</b>	96,336
<b>Effect of foreign exchange rate change</b>	<b>–</b>	178
<b>Cash and cash equivalents at 30 September</b>	<b>84,112</b>	71,729
<b>Analysis of balance of cash and cash equivalents</b>		
Deposits with banks	<b>54,174</b>	60,727
Cash at bank and in hand	<b>29,938</b>	11,257
Cash and cash equivalents for the purpose of consolidated balance sheet	<b>84,112</b>	71,984
Less: Bank overdraft	<b>–</b>	(255)
<b>Cash and cash equivalents for the purpose of condensed consolidated cash flow statement</b>	<b>84,112</b>	71,729



## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These unaudited consolidated interim financial statements are prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

### 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2006, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 January 2006 and are adopted for the first time by the Group. The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements for the six month ended 30 September 2006.

### 3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2006</b>	2005
Depreciation	<b>6,516</b>	4,588
Interest on bank advances	<b>166</b>	86
Realised and unrealised loss/(gain) on trading securities	<b>31</b>	(70)
Net loss on disposal of fixed assets	<b>348</b>	101



#### 4. INCOME TAX

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2006</b>	2005
Current tax		
Hong Kong Profits Tax	<b>203</b>	340
Overseas	<b>2,784</b>	2,998
	<b>2,987</b>	3,338
Deferred tax		
Origination and reversal of temporary differences	<b>192</b>	349
	<b>3,179</b>	3,687

The provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profits for the six months ended 30 September 2006. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

#### 5. INTERIM DIVIDEND

The directors have declared an interim dividend of HK5 cents (2005/2006: HK5 cents) per share for the year ending 31 March 2007 payable to the shareholders on the register of members of the Company at the close of business on 5 January 2007. The relevant dividend warrants will be despatched to shareholders on 12 January 2007.

#### 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of approximately HK\$28,998,000 (2005: HK\$28,222,000) and the weighted average number of 281,950,000 (2005: 281,800,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of approximately HK\$28,998,000 (2005: HK\$28,222,000) and the weighted average number of 284,559,337 (2005: 285,172,113) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

## Reconciliations

<i>(Number of shares)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2006</b>	2005
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>281,950,000</b>	281,800,000
Deemed issue of ordinary shares for no consideration	<b>2,609,337</b>	<u>3,372,113</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>284,559,337</b>	<u>285,172,113</u>

## 7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis:

<i>(in HK\$'000)</i>	<b>As at 30 September 2006 (Unaudited)</b>		As at 31 March 2006 (Audited)
	Outstanding balances with ages:		
Within 30 days	<b>10,143</b>	9,239	
Between 31 to 90 days	<b>5,119</b>	7,403	
Between 91 to 180 days	<b>4,038</b>	5,205	
Between 181 to 365 days	<b>3,394</b>	5,540	
Over 365 days	<b>1,754</b>	–	
	<b>24,448</b>	<u>27,387</u>	

Customers of wholesale business are generally granted with credit terms of 30 to 90 days. Collection of sales receipts from customers of retail business is conducted on a cash basis.



## 8. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

<i>(in HK\$'000)</i>	<b>As at 30 September 2006 (Unaudited)</b>	As at 31 March 2006 (Audited)
Outstanding balances with ages:		
Within 30 days	<b>5,131</b>	6,224
Between 31 to 90 days	<b>1,860</b>	1,144
Over 90 days	<b>1,061</b>	1,340
	<hr/> <b>8,052</b> <hr/>	<hr/> 8,708 <hr/>

## 9. CONTINGENT LIABILITIES

At 30 September 2006, the Company had contingent liabilities in relation to guarantees given to banks against mortgage loans and other banking facilities extended to certain wholly owned subsidiaries amounted to HK\$5,602,000 (31 March 2006: HK\$6,732,000).



## 10. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of customers is chosen because this is in line with the Group's management information reporting system.

Segment outside Hong Kong represents sales to customers located in the PRC, Taiwan and Macau.

No business segment analysis of the Group is presented because sales of garments is the only distinguishable business segment of the Group.

(in HK\$'000)	Unaudited Six months ended 30 September							
	Hong Kong		Outside Hong Kong		Unallocated		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	<b>91,608</b>	93,016	<b>60,167</b>	47,272	-	-	<b>151,775</b>	140,288
Other revenue from external customers	-	-	-	-	<b>306</b>	366	<b>306</b>	366
Total	<b>91,608</b>	93,016	<b>60,167</b>	47,272	<b>306</b>	366	<b>152,081</b>	140,654
Segment result	<b>17,060</b>	18,110	<b>12,998</b>	11,689			<b>30,058</b>	29,799
Unallocated operating income and expenses							<b>2,285</b>	2,202
Profit from operations							<b>32,343</b>	32,001
Finance costs							<b>(166)</b>	(92)
Income tax							<b>(3,179)</b>	(3,687)
Profit for the period							<b>28,998</b>	28,222
Depreciation for the period	<b>3,422</b>	4,051	<b>3,094</b>	537			<b>6,516</b>	4,588

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW AND PROSPECTS

The Group's turnover increased by approximately 8% to approximately HK\$152 million (2005: HK\$140 million) during the six months ended 30 September 2006 compared with the corresponding period last year. As the development of sales network in the PRC has generated improved performance, the revenue of the region outside Hong Kong increased by 27% to approximately HK\$60,167,000 (2005: HK\$47,272,000) during the period under review. The segment revenue reached approximately 40% of the Group's turnover during the period following the increasing trend of the past few years.

During the period, the Group's gross profit margin was approximately 78%, as compared to approximately 76% for the corresponding period in 2005. The slight increase of two percentage points did not deviate from the normal range of the brands under the Group.

Operating expenses for the six months ended 30 September 2006 totaled approximately HK\$88,300,000, compared to approximately HK\$77,389,000 for the same period last year with an increase of approximately 14%. The increase was mainly attributed by the increase in rental expenses and staff costs which were in line with the increase in turnover.

The profit for the period was approximately HK\$29.0 million (2005: HK\$28.2 million), approximately 3% higher than the corresponding period last year. The increase is mainly attributable to the increase in turnover and gross margin.

There were totally 67 *MOISELLE* (2005: 60 *MOISELLE*) stores located in various cities in the PRC as at 30 September 2006. The new store locations included cities of Changsha, Tianjin, Yuyao and Leqing. Approximately one-fourth of the stores were franchised stores and the remaining were consignment stores. The Group also operated totally 7 *mademoiselle* and 10 *imaroon* stores (2005: Nil) in China at the end of the period under review.

Concerning Hong Kong retail market, the Group operated 17 *MOISELLE*, 6 *imaroon* and 4 *mademoiselle* (2005: 19 *MOISELLE*, 6 *imaroon* and 3 *mademoiselle*) retail outlets as at 30 September 2006. There was one *MOISELLE* (2005: Nil) store in Macau and 5 *MOISELLE* (2005: 6 *MOISELLE*) stores and one *mademoiselle* store (2005: Nil) in Taiwan at the end of the period under review.



## FINANCIAL POSITION

During the period, the Group financed its operations with internally generated cash flows. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the financial period, the Group's aggregate fixed deposits and cash balances amounted to approximately HK\$84 million (31 March 2006: HK\$93 million). As at 30 September 2006, the Group maintained aggregate composite banking facilities of approximately HK\$78 million (31 March 2006: HK\$48 million) with various banks, of which approximately HK\$2 million (31 March 2006: HK\$3 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2006, the current ratio (current assets divided by current liabilities) was approximately 5.5 times (31 March 2006: 5.7 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was approximately 1.2% (31 March 2006: 1.7%).

### Charge on assets

As at 30 September 2006, investment properties and leasehold land and buildings with a carrying value of approximately HK\$74 million (31 March 2006: HK\$82 million) were pledged to secure mortgaged loans and other banking facilities granted to the Group.

### Commitments

Capital commitments outstanding at 30 September 2006 which were contracted for but not provided for in the financial statements were HK\$710,000 (31 March 2006: HK\$689,000).

### Contingent liabilities

At 30 September 2006, the Company had contingent liabilities in relation to guarantees given to banks against mortgage loans and other banking facilities extended to certain wholly owned subsidiaries amounted to approximately HK\$6 million (31 March 2006: HK\$7 million).

## EMPLOYEE

As at 30 September 2006, the Group employed 1,073 (31 March 2006: 1,010) staff in Hong Kong and overseas, mainly the PRC. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, statutory and medical insurance cover, training programmes, a share option scheme and a share award scheme.



## OTHER INFORMATION

### DIRECTORS

The directors during the period and up to the date of this report were:

#### Executive directors

Mr. Chan Yum Kit  
 Ms. Tsui How Kiu, Shirley  
 Mr. Chui Hing Yee  
 Mr. Chan Sze Chun

#### Independent non-executive directors

Ms. Yu Yuk Ying, Vivian  
 Mr. Chu Chun Kit, Sidney  
 Ms. Wong Shuk Ying, Helen

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2006, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

<b>Name of director</b>	<b>Beneficial interest in shares</b>	<b>Nature of interest</b>
Mr. Chan Yum Kit	190,872,000	Corporate/Family (Notes (1) and (2))
Ms. Tsui How Kiu, Shirley	190,872,000	Corporate/Family (Notes (1) and (2))
Ms. Wong Shuk Ying, Helen	30,000	Personal

*Notes:*

- (1) 190,000,000 of these shares are held by Super Result Consultants Limited ("Super Result"). The share capital of Super Result is beneficially owned by Mr. Chan Yum Kit ("Mr. Chan"), Ms. Tsui How Kiu, Shirley ("Ms. Tsui") and Mr. Chui Hing Yee as to 46.7%, 46.7% and 6.6% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed to be interested in the 190,000,000 shares held by Super Result as corporate interest.

872,000 of these shares are held by New First Investments Limited ("New First"). The share capital of New First is beneficially owned by Mr. Chan and Ms. Tsui as to 50% and 50% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed to be interested in the 872,000 shares held by New First as corporate interest.

- (2) Since Mr. Chan and Ms. Tsui are married to each other, Mr. Chan will be deemed to be interested in the shares which Ms. Tsui will be deemed to be interested in as family interest and vice versa.

In addition to the above, one director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group. Certain directors also have beneficial interests in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

The directors of the Company have been granted options under the Company's share option scheme, details of which are set out in the section "Share option scheme" below.

Apart from the foregoing, as at 30 September 2006, none of the directors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.





## SHARE OPTION SCHEME

Pursuant to the share option scheme adopted on 25 January 2002, the Company has granted to certain directors and employees of the Company and other participant options to subscribe for shares of the Company. A summary of the movements of the outstanding share options during the six months ended 30 September 2006 is set out below.

Eligible person	Number of share options				Balance as at 30/09/2006	Exercise price per share HK\$	Date of grant (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Market value per share immediately before the date of grant of options HK\$
	Balance as at 01/04/2006	Granted during the period	Exercised during the period	Lapsed/cancelled during the period					
<i>Director</i>									
Mr. Chan	2,100,000	-	-	-	2,100,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
Ms. Tsui	2,100,000	-	-	-	2,100,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
Chui Hing Yee	500,000	-	-	-	500,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
Chan Sze Chun	900,000	-	-	-	900,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
Yu Yuk Ying, Vivian	100,000	-	-	-	100,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
<i>Continuous contract employees in aggregate</i>	100,000	-	-	-	100,000	1.15	02/04/2002	02/04/2003-01/04/2012	1.14
<i>Suppliers of services in aggregate</i>	200,000	-	-	-	200,000	1.15	02/04/2002	23/04/2002-01/04/2012	1.14
	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>				

Apart from the foregoing, at no time during the six months ended 30 September 2006 was the Company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2006, the interests or short positions of the following shareholders, other than the directors and the chief executive of the Company, in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Part XV of the SFO have been recorded in the register kept by the Company under section 336 of the SFO:

Name of shareholder	Aggregate long position in shares	Approximate percentage of aggregate interests to total issued share capital
Super Result	190,000,000	67.39% (Note 1)
Ixis Asset Management Asia Ltd	28,098,000	9.97% (Note 2)

Notes:

- 1 The share capital of Super Result is beneficially owned by Mr. Chan, Ms. Tsui and Mr. Chui Hing Yee as to 46.7%, 46.7% and 6.6% respectively.
- 2 The capacity of Ixis Asset Management Asia Ltd in holding the 28,098,000 shares was an investment manager.

Apart from the foregoing, and other than the directors and the chief executive of the Company whose interests are set out in the sections "Directors' and chief executive's interests in securities" and "Share option scheme" above, no person was recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 September 2006.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the period. The only exception is that Mr. Chan Yum Kit is the chairman of the Board and also assumes the role of chief executive. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the period of six months ended 30 September 2006.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2006.

## **REMUNERATION COMMITTEE**

The Company has a remuneration committee which was established in compliance with the CG Code. The members of the remuneration committee comprise two independent non-executive directors of the Company, Ms. Yu Yuk Ying, Vivian and Mr. Chu Chun Kit, Sidney, and one executive director, Mr. Chan Sze Chun.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 3 January 2007 to 5 January 2007, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Tuesday, 2 January 2007.

By Order of the Board  
**Chan Yum Kit**  
*Chairman*

Hong Kong SAR, 15 December 2006

