永 恩 國 際 集 團 有 限 公 司

PRIME SUCCESS INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 210)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

FINANCIAL HIGHLIGHTS

	2006	2005	Change
	HK$'000	*HK$'000*	
Turnover	**3,093,086**	2,622,677	+18%
Gross profit	**1,395,212**	1,143,943	+22%
Profit attributable to shareholders of the Company	**291,566**	254,593	+15%
Earnings per share – basic and diluted	**HK17.80 cents**	HK15.72 cents	+13%
Dividend per share	**HK4.5 cents**	HK5.0 cents	-HK0.5 cents

The board of directors (the "Board") of Prime Success International Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	**2006** ***HK$'000***	2005 *HK$'000*
Turnover	*3*	**3,093,086**	2,622,677
Cost of sales		**(1,697,874)**	(1,478,734)
Gross profit		**1,395,212**	1,143,943
Other revenues and net gains	*3*	**30,432**	14,400
Selling and distribution expenses		**(836,711)**	(689,485)
General and administrative expenses		**(188,327)**	(145,454)
Operating profit	*5*	**400,606**	323,404
Finance costs		**(9,199)**	(4,441)
Share of profit of an associated company		**210**	253
Profit before taxation		**391,617**	319,216
Taxation	*6*	**(96,513)**	(63,160)
Profit for the year		**295,104**	256,056
Attributable to:			
Shareholders of the Company		**291,566**	254,593
Minority interests		**3,538**	1,463
		295,104	256,056
Dividends	*7*	**73,705**	81,894
Earnings per share – basic and diluted	*8*	**HK17.80 cents**	HK15.72 cents

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	2006 HK$'000	2005 HK$'000
Non-current assets			
Goodwill		**25,483**	–
Land use rights		**29,289**	19,197
Fixed assets		**378,576**	302,589
Deposits paid for acquisition of fixed assets		**23,348**	–
Interest in an associated company		**2,418**	2,346
Available-for-sale financial assets		**33,624**	33,437
Other non-current assets		**51,163**	21,786
Deferred tax assets		**36,053**	17,942
		579,954	397,297
Current assets			
Inventories		**684,454**	632,387
Trade receivables	9	**113,270**	122,464
Other receivables, deposits and prepayments		**186,108**	129,722
Derivative financial instruments		**353**	268
Pledged bank deposits		**6,000**	6,000
Bank balances and cash		**148,699**	146,486
		1,138,884	1,037,327
Current liabilities			
Trade payables	10	**296,494**	288,702
Other payables and accrued charges		**159,449**	145,851
Taxation payable		**65,559**	42,910
Bank loans and overdrafts		**183,194**	133,062
		704,696	610,525
Net current assets		**434,188**	426,802
Total assets less current liabilities		**1,014,142**	824,099
Financed by:			
Share capital		**163,789**	163,789
Reserves		**817,519**	580,418
Shareholders' equity		**981,308**	744,207
Minority interests		**31,904**	79,409
Total equity		**1,013,212**	823,616
Non-current liabilities			
Deferred tax liabilities		**930**	483
Total equity and non-current liabilities		**1,014,142**	824,099

Notes:

1. **Basis of preparation**

   The consolidated accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The consolidated accounts have been prepared in accordance with those standards and interpretations issued and effective as at the time of preparing the accounts. No early adoption of standards or interpretations that have been issued but not yet effective.

2. Adoption of new/revised accounting standards

In 2006, the Group adopted the following new/revised HKFRSs and HKASs which are relevant to its operations:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new/revised accounting standards has no material impact on the Group's consolidated accounts.

The Group has not early adopted the following new standards, amendments and interpretations that have been issued by the HKICPA but not yet effective in these accounts:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HKFRS-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
HKFRS-Int 8	Scope of HKFRS 2	1 May 2006
HKFRS-Int 9	Reassessment of Embedded Derivatives	1 June 2006
HKFRS-Int 10	Interim Financial Reporting and Impairment	1 November 2006
HKFRS-Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HKFRS-Int 12	Service Concession Arrangements	1 January 2008

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the accounts will be resulted.

3. Turnover, other revenues and net gains

An analysis of the Group's turnover, other revenues and net gains for the year is as follows:

	2006 *HK$'000*	2005 *HK$'000*
Turnover		
Sales of goods	**3,093,086**	2,622,677
Other revenues		
Tax refund on reinvestment	**8,915**	–
Income derived from an unlisted available-for-sale financial asset	**3,000**	3,000
Interest income	**3,830**	1,885
Government incentives	**2,606**	–
Handling income	**2,361**	–
Royalty income	**321**	–
Gross rental income	**267**	286
Dividend income	**57**	88
Others	**2,339**	1,001
	23,696	6,260
Other net gains		
Fair value gain on derivative financial instruments	**85**	268
Gain on disposal of available-for-sale financial assets	**280**	–
Net exchange gain	**6,371**	7,872
Other revenues and net gains	**6,736**	8,140
	30,432	14,400

4. Segment information

An analysis of the Group's turnover and results for the year by business segment is as follows:

	2006			2005		
	Brand business ***HK$'000***	**OEM business** ***HK$'000***	**Group** ***HK$'000***	Brand business *HK$'000*	OEM business *HK$'000*	Group *HK$'000*
Turnover	**2,316,310**	**776,776**	**3,093,086**	1,827,341	795,336	2,622,677
Segment results	**330,203**	**69,851**	**400,054**	209,471	112,849	322,320
Income derived from an unlisted available-for-sale financial asset			**3,000**			3,000
Fair value gain on derivative financial instruments			**85**			268
Unallocated revenues			**344**			374
Unallocated expenses			**(2,877)**			(2,558)
Operating profit			**400,606**			323,404
Segment assets	**1,333,896**	**311,702**	**1,645,598**	1,058,723	312,264	1,370,987
Interest in an associated company			**2,418**			2,346
Available-for-sale financial assets			**33,624**			33,437
Derivative financial instruments			**353**			268
Other unallocated assets			**36,845**			27,586
Total assets			**1,718,838**			1,434,624
Segment liabilities	**507,884**	**186,624**	**694,508**	412,882	189,163	602,045
Other unallocated liabilities			**11,118**			8,963
Total liabilities			**705,626**			611,008
Amortization	**644**	**643**	**1,287**	516	523	1,039
Depreciation	**56,002**	**10,098**	**66,100**	40,997	7,906	48,903
Provision for/(write-back of) bad and doubtful debts	**177**	**(2)**	**175**	–	46	46
Provision for/(write-back of) slow-moving inventories	**13,819**	**8,460**	**22,279**	7,682	(4,757)	2,925
Capital expenditure	**146,450**	**23,056**	**169,506**	127,898	29,047	156,945

An analysis of the Group's turnover by geographical segment is as follows:

	2006 ***HK$'000***	2005 *HK$'000*
China	**2,303,778**	1,827,341
The US	**718,585**	770,238
Others	**70,723**	25,098
	3,093,086	2,622,677

5. Operating profit

Operating profit is stated after charging the following:

	2006 ***HK$'000***	2005 *HK$'000*
Amortization of land use rights	**1,287**	1,039
Auditors' remuneration	**2,919**	2,182
Cost of inventories sold	**1,407,303**	1,214,091
Depreciation of fixed assets	**66,100**	48,903
Employee benefits expense	**408,829**	374,140
Loss on disposal of fixed assets	**4,595**	5,020
Operating lease rentals in respect of land and buildings	**364,366**	255,250
Provision for bad and doubtful debts, net	**175**	46
Provision for slow-moving inventories, net	**22,279**	2,925

6. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit arising in Hong Kong. Taxation on profits arising outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

Certain subsidiaries of the Company operating in China are eligible for certain tax exemptions and concessions including tax holiday and reduced enterprise income tax rate. Accordingly, the China enterprise income tax for such subsidiaries has been provided for after taking account of these tax exemptions and concessions.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2006	2005
	HK$'000	*HK$'000*
Current taxation		
– Taxation outside Hong Kong	**114,597**	62,479
– (Over)/under provision in prior years	**(420)**	159
Deferred taxation	**(17,664)**	522
	96,513	63,160

7. Dividends

	2006	2005
	HK$'000	*HK$'000*
Interim dividend, paid, of HK2.0 cents (2005: HK2.5 cents) per ordinary share	**32,758**	40,947
Final dividend, proposed, of HK2.5 cents (2005: HK2.5 cents) per ordinary share	**40,947**	40,947
	73,705	81,894

At a meeting held on 23 April 2007, the board of directors recommended a final dividend of HK2.5 cents per ordinary share for the year ended 31 December 2006. This proposed dividend is not reflected as a dividend payable in the accounts, but will be reflected as an appropriation of retained profits for the year ending 31 December 2007.

8. Earnings per share – basic and diluted

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of HK$291,566,000 (2005: HK$254,593,000) and the weighted average number of 1,637,892,384 (2005: 1,619,097,863) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2006 and 31 December 2005.

9. Trade receivables

The Group generally allows an average credit period of 30 to 60 days to its trade customers other than major and long standing customers with whom specific extended terms will be agreed between the Group and the relevant counter parties.

The ageing analysis of trade receivables by invoice date and net of provision for impairment is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 30 days	**79,214**	93,188
31 – 60 days	**22,996**	19,668
61 – 90 days	**8,933**	4,439
91 – 120 days	**1,058**	3,578
121 – 180 days	**574**	875
181 – 360 days	**495**	704
Over 360 days	**–**	12
	113,270	122,464

10. Trade payables

The ageing analysis of trade payables including trade balances due to related parties by invoice date is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 30 days	**171,658**	168,464
31 – 60 days	**89,746**	79,853
61 – 90 days	**14,396**	13,166
91 – 120 days	**5,794**	4,729
121 – 180 days	**2,912**	15,451
181 – 360 days	**5,258**	2,784
Over 360 days	**6,730**	4,255
	296,494	288,702

11. Post balance sheet event

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the China Enterprise Income Tax Law (the "New Enterprise Income Tax Law") was approved and will become effective on 1 January 2008. The New Enterprise Income Tax Law introduced changes which include, but not limited to, the unification of the enterprise income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Enterprise Income Tax Law to the Group cannot be reasonably estimated at this stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's businesses continued to progress steadily in the year 2006. Building on the encouraging results achieved in 2006 and with demands for quality and branded footwear in Mainland China growing continuously, the Group's brand business enjoyed strong drive during the year while the OEM business remained as one of the Group's major operations.

OEM Business

The segment accounted for 25% (2005: 30%) of the Group's total turnover by contributing a solid revenue of HK$776,776,000 (2005: HK$795,336,000). Its major customers are mainly from the US market.

The year 2006 was a challenging year for traditional manufacturing business. Interest rate hikes, fluctuating oil and petrochemical materials prices worked against manufacturers worldwide. Increasing production costs including labour costs and other overheads on top of vigorous competition also posed pressure on the segment's profit. The business reported a decrease in operating profit of 38% to HK$69,851,000 (2005: HK$112,849,000). Gross profit margin and operating profit margin dropped to 18% and 9% (2005: 24% and 14%) respectively.

In response, the Group continued the strategic approach of pulling out resources from low margin operation to support higher margin orders. It also strived to foster relationship with key customers so as to maximize order volume and the segment's profit margin. The Group also spent on system enhancement and staff training during the year to make sure it was able to meet the increasingly sophisticated requirements of customers.

Brand Business

The Group's brand products were well received during the year by mainland consumers following the increasing household income and purchasing power. The Group offered diversified fashionable ladies' products including footwear, handbags and accessories sold under the "Daphne" brand in "Daphne D18" and "Daphne D28" chains, as well as "Shoebox" chain stores. The Group also owns the "adidas Originals" exclusive retail shop right in China. The Group's wide product portfolio, supported by intensive promotional tactics, had seen its brand business climb to a new level.

For the year ended 31 December 2006, the turnover of brand business increased by 27% to HK$2,316,310,000 (2005: HK$1,827,341,000), making up 75% of the Group's total turnover. Sales from "Daphne" demonstrated a satisfactory growth of 26% to HK$1,979,874,000 (2005: HK$1,574,100,000), accounting for a notable 64% of the Group's total turnover. Sales from "Shoebox" also witnessed a substantial 90% increase to HK$142,607,000 (2005: HK$75,207,000), accounting for 5% of the Group's total turnover. Sales from the "adidas Originals" exclusive retail shop business reached HK$193,829,000 (2005: HK$178,034,000), representing a 9% increment over the previous year and a 6% share of the Group's total turnover.

Notwithstanding surging costs such as material costs, rental costs and labour costs, the Group managed to shift part of the burden to ultimate consumers by adjusting the average selling price of its well-received brand products. Consequently, cost pressure did not affect the Group's ability to achieve an overall increase of 58% in operating profit of the business to HK$330,203,000 (2005: HK$209,471,000). The segment registered a gross profit margin and an operating profit margin of 54% and 14% (2005: 52% and 11%) respectively.

"Daphne" Business

The well-received brand "Daphne" continues to play an essential role in leading the Group's advancement. With an expanded brand portfolio, "Daphne" has gained popularity among different target customer groups. To ride on the popularity of the brand and capture increasing feminine spending in China, the Group added 495 new points-of-sale for "Daphne" during the year in China, bringing the total points-of-sale of the brand to 1,447 stores and 491 counters as of 31 December 2006 (2005: 1,070 stores and 373 counters). Among them, 242 new points-of-sale are for "Daphne 18", which targets fashion-sensitive young ladies aged 15 to 25, bringing the chain's total number of points-of-sale to 517. For "Daphne 28", which appeals to female customers aged 26 to 50 with diverse product offerings, 253 new points-of-sale were added, taking the total to 1,421.

In 2006, "Daphne" for the first time established a foothold in Taiwan as a prelude to extend its geographical reach outside Mainland China. In less than a year, the Group established a distribution network with over 30 points-of-sale in Taiwan for the brand. However, with Taiwan being a very competitive market for branded and quality footwear compounded by a sluggish economy in recent years, it is believed that there was huge room for improvement of performance. Accumulating experience in Taiwan operations, the Group will be able to build further the image and consumer awareness for "Daphne" brand. It will also fine tune management and implement more effective cost control measures to improve the profitability of its Taiwan business. Though much work is still needed to cultivate the Taiwan market, the Group is confident of the potentials and long-term prospects of the business.

Through consistent dedicated advertising and promotion efforts, the Group has achieved strong recognition for its brand among customers. The Group sees value in the "Daphne" brand in assisting its penetration of different markets and target customer groups. Thus, during the year, the Group continued to appoint the popular girl pop group "S.H.E" as the spokesperson for "Daphne 18" and Ms Rene Liu as the spokesperson for "Daphne 28" to fortify the strong image of the brand. Other creative ways of promotion included sponsorships of concerts of well-known singers, Mr Jeff Zhang and Mr Emil Zhou, to attract mass attention to the brand in China, Taiwan and Hong Kong. The Group has formulated plans for advertising and promotions and the relevant budgets are reviewed on a regular basis.

"Shoebox" Business

The business is a development focus of the Group. In 2006, the Group nearly doubled the number of "Shoebox" stores, and saw the segment turning from loss to breakeven in the second half of 2006. The brand is now well regarded by the market, which is evidence of success of the Group's effort to reach mass consumers by selling low-price yet high quality footwear and related products under its own brand.

During the year under review, the Group opened 89 "Shoebox" stores, making the total to 164 which indicated the Group's confidence in the brand. Today, "Shoebox" has an extensive point-of-sale network that covers most of the major cities, top tier to tier-three. Furthermore, the Group reengineered the store layout to better utilize the store area to cope with market needs, which resulted in improved per square foot sales.

In 2006, the Group increased its stake in "Shoebox" by 36% to 95% and it believed that the acquisition would benefit the Group in the long term.

"adidas Originals" Business

The "adidas Originals", being a stable business, maintained a consistent profitability for the year under review. As at 31 December 2006, there were 10 stores and 94 counters across all major cities in China. The Group also increased its stake in the brand by 43.75% to 94.75% to enlarge its profit share. Very confident that the Beijing 2008 Olympic Games will bring abundant business opportunities, the Group is accelerating the network expansion for the brand.

Development of Infrastructure

While the Group's logistics centre in Chengdu has yet to be completed as at 31 December 2006, its two logistics centres in Beijing and Shenyang were completed in the first half of 2006 and have entered into initial operation at the end 2006. With altogether four logistics centres in operation, the Group managed to improve the physical flow and centralized control over its inventories. During the year under review, the Group reduced inventory turnover days markedly from 156 days in 2005 to 147 days in 2006. The achievement was also owed to effective front-line sales and marketing strategy that worked in complement with improved inventory management.

Financial Review

Results Performance

During the year ended 31 December 2006, the Group's turnover continued to grow steadily by 18% to HK$3,093,086,000 (2005: HK$2,622,677,000) and profit attributable to shareholders grew correspondingly by 15% to reach HK$291,566,000 (2005: HK$ 254,593,000). Earnings per share of the Group was HK17.80 cents (2005: HK15.72 cents). The Board recommended payment of a final dividend of HK2.5 cents (2005: HK2.5 cents) per share for the year ended 31 December 2006. Together with the interim dividend of HK2.0 cents (2005: HK2.5 cents) per share already paid, the total dividend for the year was HK4.5 cents (2005: HK5.0 cents) per share.

Liquidity and Financial Resources

As at 31 December 2006, the Group maintained a healthy cash position with cash and cash equivalents of HK$148,699,000 (2005: HK$146,467,000) and unutilized banking facilities of HK$136,496,000 (2005: HK$114,343,000). The Group's current ratio being the proportion of total current assets divided by total current liabilities dropped to 1.62 (2005: 1.70) as at 31 December 2006.

The gearing ratio, calculated on the basis of bank loans of HK$183,194,000 (2005: HK$133,062,000) over shareholders' equity of HK$981,308,000 (2005: HK$744,207,000), was 19% (2005: 18%) as at 31 December 2006. All bank loans were at floating rates during the year under review. Expecting steady cash inflow from operations and extendable banking facilities readily available, the Group has adequate financial resources to cope with future expansion.

Foreign exchange risk management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi, US dollars, Euros and New Taiwanese dollars. The management believes that the Group's working capital is not exposed to any significant risk from currency exchange rate fluctuations. Foreign exchange risks arising from transactions denominated in foreign currencies are managed by the Group's treasury with the use of foreign exchange forward contracts, whenever necessary, with major and reputable financial institutions.

Pledge of Assets

As at 31 December 2006, the Group's short-term bank loans of HK$52,326,000 (2005: HK$71,753,000) were secured by certain land use rights and leasehold buildings of a total net book value of HK$18,264,000 (2005: HK$13,613,000); a bank deposit of HK$6,000,000 (2005: HK$6,000,000) and available-for-sale financial assets with nil (2005: nil) carrying value.

Significant Capital Investments

During the year, the Group had capital expenditure of approximately HK$170 million and it has completed the construction of logistics centres in Beijing and Shenyang and planned to complete the construction of logistics centre in Chengdu by 2007. As at 31 December 2006, the Group had several office buildings under construction in Shanghai and Zhengzhou. The Group has added a new processing plant in Jiangxi in 2006 and has planned to set up another in Taizhou.

Material Acquisitions and Disposals

During the year, the Group acquired 36% additional interest in "Shoebox" brand business and 43.75% additional interest in "adidas Originals" brand business at cash considerations of HK$40,874,000 and HK$34,506,000 respectively. Goodwill arising from the acquisitions of "Shoebox" and "adidas Originals" amounted to HK$15,079,000 and HK$10,404,000 respectively.

Contingent Liabilities

As at 31 December 2006, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2006, the Group had over 24,000 (2005: 24,000) employees in Hong Kong, Taiwan and China. Employee expenditure for the year under review amounted to HK$408,829,000 (2005: HK$374,140,000). The Group values human resources and recognizes the importance of retaining high caliber employees. Remuneration packages are generally structured by reference to market terms and individual qualifications. In addition, share options and discretionary bonuses are granted to eligible employees based on the Group's and individual performance. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programs to employees.

Prospects

OEM Business

Challenged by consistently rising production costs, the Group plans to set up more new processing plants for its OEM and brand products. By taking up more processing tasks, the Group hopes to control costs more effectively. The processing plants are strategically located in regions possessing lower production and labour costs and hence safeguard the overall profit margin under challenging operating environment.

At the same time, the Group aims to select higher margin orders to ensure resources are used most effectively and sustains further business growth. The Group seeks to sharpen staff knowledge and skills and strengthen the quality of its manufacturing outputs.

Brand Business

The robust Chinese economy is expected to continue to bolster the Group's brand business. "Daphne" including "Daphne 18" and "Daphne 28" is an established brand, which will continue to gain predominance in the mainland market and eventually take the Group outside China to markets overseas. As for "Shoebox", the Group expects it to perform well in the coming year, catering for mass demand for quality footwear products. The "adidas Originals" brand is to help the Group capturing the quality sports apparel market in China with demand fuelled by the approaching Beijing 2008 Olympic Games.

To grow its brand business, the Group plans to step up marketing and promotion efforts for different brands especially for "Daphne" which is already a stable and major income source of the Group. It will continue to apply creative marketing strategies and ride on celebrity endorsement to promote its products. Meanwhile, the Group actively seeks to expand its brand product series to cover different types of accessories.

Having an excellent business foundation incorporated with comprehensive supply chain establishment, the Group believes that it is perfectly equipped to perform well as well as facing challenges in the future.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 May 2007 to 18 May 2007, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 15 May 2007.

DIVIDENDS

The board of directors recommends a final dividend of HK2.5 cents (2005: HK2.5 cents) per share for the year ended 31 December 2006. Together with the interim dividend of HK2.0 cents (2005: HK2.5 cents) per share already paid, the total dividends for the year ended 31 December 2006 will amount to HK4.5 cents (2005: HK5.0 cents) per share. Subject to shareholders' approval of the final dividend at the Company's forthcoming annual general meeting on 21 May 2007, payment of the dividend will be made on 28 May 2007 to shareholders registered on 15 May 2007.

CORPORATE GOVERNANCE

During the year, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted stringent procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors and chief executives of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2006.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts and audited annual accounts for the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2006, the Company did not redeem any of its shares and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement will be published on the Company's website (*www.prime-success.com.hk*) and the Stock Exchange's website (*www.hkex.com.hk*). The 2006 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

DIRECTORS OF THE COMPANY AS AT THE DATE OF THIS ANNOUNCEMENT

Executive Directors:
Chen Ying-Chieh
Chen Hsien Min
Chang Chih-Kai

Independent Non-executive Directors:
Hsiao Hsi-Ming
Huang Shun-Tsai
Kuo Jung-Cheng

By Order of the Board
Prime Success International Group Limited
CHEN Ying-Chieh
Chairman

Hong Kong, 23 April 2007

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Prime Success International Group Limited (the "Company") will be held at Charter Room II, Level B1, Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Monday, 21 May 2007 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited accounts of the Company and the Reports of the Directors and the Auditors for the year ended 31 December 2006;
2. To declare a final dividend for the year ended 31 December 2006;
3. To re-elect the retiring directors and authorise the Board of Directors to fix the directors' remuneration;
4. To re-appoint the auditors and authorise the Board of Directors to fix their remuneration;
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:–

   A. "**THAT**:

      (a) subject to paragraph (b) below, the exercise by the Board of Directors of the Company ("Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares of the Company of HK$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, under the Hong Kong Code of Share Repurchase, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

      (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its own shares at a price to be determined by the Directors;

      (c) the aggregate nominal amount of shares of the Company to be repurchased the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and

      (d) for the purposes of this resolution:

      "Relevant Period" means the period from the date of 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 laws or the Articles of Association of the Company to be held; or

      (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting."

B. "**THAT**:

(a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional ordinary shares of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above, shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted or to be adopted for the grant or issue of shares or rights to acquire shares of the Company approved by the Stock Exchange, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

"Relevant Period" shall have the same meaning as ascribed to it under the resolution set out in paragraph 5A(d) of this Notice; and

"Rights Issue" means the allotment, issue or grant of shares open for a period fixed by the Directors to the holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares as at that date (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 any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

C. "**THAT**:

conditional upon the passing of Resolutions Nos. 5A and 5B, the general mandate granted to the Directors pursuant to Resolution No. 5B be and hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company as stated in Resolution No. 5A above provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution."

By order of the Board
Prime Success International Group Limited
Chan Oi Chu
Company Secretary

Hong Kong, 23 April 2007

As at the date of this announcement, the Board of Directors comprises Messrs Chen Ying-Chieh, Chen Hsien Min and Chang Chih-Kai as executive Directors, Messrs Hsiao Hsi-Ming, Huang Shun-Tsai and Kuo Jung-Cheng as independent non-executive Directors.

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