STYLAND HOLDINGS LIMITED
大凌集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

The Board of Directors (the "Board") of Styland Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2005 together with the comparative figures as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 30 September	
		2005	2004
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	3	**47,868**	52,247
Cost of sales		**(37,870)**	(42,700)
Gross profit		**9,998**	9,547
Other revenue		**2,941**	27,813
Administrative expenses		**(12,335)**	(13,004)
Selling and distribution costs		**(601)**	(312)
Reversal of provision for doubtful debts		**243**	2,594
Net realized holding (losses)/gains on listed investments		**(492)**	232
Net unrealized holding gains/(losses) on listed investments		**85**	(8,589)
Amortization of goodwill		**–**	(292)
Impairment loss of available-for-sale investments		**(1,178)**	–
Amortization of investment in a joint venture		**–**	(22,836)
Other operating expenses		**(297)**	(408)
LOSS FROM OPERATIONS		**(1,636)**	(5,255)
Finance costs		**(3,294)**	(3,642)
LOSS BEFORE TAXATION	4	**(4,930)**	(8,897)
Taxation	5	**(200)**	(250)
LOSS FOR THE PERIOD		**(5,130)**	(9,147)
ATTRIBUTABLE TO:			
Shareholders of the Company		**(2,987)**	(7,330)
Minority interests		**(2,143)**	(1,817)
		(5,130)	(9,147)
DIVIDENDS	6	**–**	2,144
LOSS PER SHARE	7		
Basic (Hong Kong cents)		**(0.16)**	(0.39)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
NON-CURRENT ASSETS			
Tangible fixed assets		**3,278**	3,543
Investment property		**14,000**	14,000
Property held for redevelopment		**47,000**	47,000
Goodwill		**1,512**	970
Interest in a joint venture		**139,384**	143,374
Long term investments		**–**	2,456
Available-for-sale investments		**6,328**	–
		211,502	211,343
CURRENT ASSETS			
Inventories		**2,425**	1,089
Loans receivable	8	**47,286**	45,249
Accounts receivable	9	**14,644**	8,638
Other receivables, deposits and prepayments		**20,824**	19,668
Tax recoverable		**10**	110
Investments in listed securities		**250**	11,065
Client trust bank accounts		**7,562**	7,025
Pledged deposit		**9,000**	9,000
Cash and bank balances		**9,357**	13,412
		111,358	115,256
CURRENT LIABILITIES			
Accounts payable, other payables and accruals	10	**27,566**	23,953
Obligations under hire purchase contracts		**789**	843
Tax payable		**4,939**	4,839
Interest-bearing bank loans	11	**94,522**	48,800
		127,816	78,435
NET CURRENT (LIABILITIES)/ASSETS		**(16,458)**	36,821
TOTAL ASSETS LESS CURRENT LIABILITIES		**195,044**	248,164
NON-CURRENT LIABILITIES			
Obligations under hire purchase contracts		**40**	402
Interest-bearing bank loans	11	**18,572**	60,951
		18,612	61,353
		176,432	186,811
EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS			
Share capital		**18,712**	18,712
Reserves		**122,704**	130,940
		141,416	149,652
MINORITY INTERESTS		**35,016**	37,159
		176,432	186,811

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

These unaudited condensed consolidated financial statements has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2005.

2. Accounting policies

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March, 2005 except that the Group has changed certain of its accounting policies following its adoption of a number of new Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods commencing on or after 1st January, 2005.

The adoption of the new HKFRSs has had no material impact on the Group's accounting policies and the methods of computation in the Group's condensed consolidated financial statements for the six months ended 30 September 2005, except the followings:

(i) The adoption of HKASs 32 and 39 has resulted in a change of accounting policy for recognition, measurement and disclosure of financial instruments. Until 31 March 2005, investments of the Group were classified as long term investments state at cost less any provision for impairment losses and short term investments stated at fair value in the balance sheet.

In accordance with HKAS 39, the investments have been reclassified into available-for-sale investments and listed investments. Available-for-sale investments and listed investments are stated in the balance sheet at fair value. Realized and unrealized gains and losses arising from changes in the fair value of listed investments are included in the profit and loss accounts in the period in which they arise. Unrealized gains and losses arising from the changes in fair value of available-for-sale investments are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated gain or loss previously reported in equity is included in the profit and loss account.

The Application of the HKAS 39 has resulted in a change in the presentation and it had no material impact on the accounting policies of the Group.

(ii) The adoption of HKFRS 3, HKASs 36 and 38 resulted in a change in the accounting policy for goodwill. Until 31 March 2005, goodwill was amortised on a straight line basis over its estimated useful life and the carrying amount was reviewed annually and written down for impairment when necessary while the negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses were recognised.

In accordance with the provisions for HKFRS 3:

- The goodwill is no longer amortization from 1 April 2005 but subject to an annual impairment review;
- Accumulated amortization for goodwill as at 31 March 2005 has been eliminated with corresponding decrease in the cost of goodwill;
- Any excess of the Group's share of the fair values of the identifiable assets and liabilities acquired at the date of acquisition over the cost of the acquisition is recognised immediately in the profit and loss account. In accordance with the provision of HKFRS 3, the previously recognised negative goodwill was derecognised as at 1 April 2005 with a corresponding adjustment to the accumulated losses.

Effect on opening balance of total equity at 1 April 2005 following the adoption of HKFRS 3 is set out below:

	As at 1 April 2005 (Unaudited) *HK$'000*
Decrease in accumulated losses	541

3. Segmental information

(a) Business segments

The following tables present revenues and results of the Group's business segments for the six months ended 30 September 2005 and 2004 respectively:

	General import and export trading *HK$'000*	Securities dealing and broking *HK$'000*	Financing *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Corporate *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
2005									
Segment revenue:									
External sales	**42,118**	**4,158**	**1,592**	**-**	**-**	**-**	**-**	**-**	**47,868**
Other revenue	**503**	**1,766**	**231**	**-**	**20**	**295**	**1**	**-**	**2,816**
Inter-segment sales	**-**	**126**	**-**	**600**	**-**	**7,053**	**-**	**(7,779)**	**-**
Total revenue	**42,621**	**6,050**	**1,823**	**600**	**20**	**7,348**	**1**	**(7,779)**	**50,684**
Segment results	**1,512**	**1,108**	**1,286**	**(21)**	**(3,191)**	**101**	**(2,431)**	**(125)**	**(1,761)**
Unallocated income									**125**
Loss from operations									**(1,636)**
Finance costs									**(3,294)**
Loss before taxation									**(4,930)**
Taxation									**(200)**
Loss for the period									**(5,130)**

	General import and export trading *HK$'000*	Securities dealing and broking *HK$'000*	Financing *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Corporate *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
2004									
Segment revenue:									
External sales	46,294	5,166	787	–	–	–	–	–	52,247
Other revenue	176	349	3,337	–	23,919	2	9	–	27,792
Inter-segment sales	–	716	–	480	–	6,758	–	(7,954)	–
Total revenue	46,470	6,231	4,124	480	23,919	6,760	9	(7,954)	80,039
Segment results	807	3,717	2,864	(138)	(3,226)	(1,313)	(7,987)	–	(5,276)
Unallocated income									21
Loss from operations									(5,255)
Finance costs									(3,642)
Loss before taxation									(8,897)
Taxation									(250)
Loss for the period									(9,147)

(b) Geographical segments

The following table presents revenue of the Group's geographical segments for the six months ended 30 September 2005 and 2004 respectively:

	2005 **_HK$'000_**	2004 *HK$'000*
Hong Kong	**28,798**	18,867
Europe	**19,070**	32,802
Others	**–**	578
	47,868	52,247

4. Loss before taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2005 **(Unaudited)** **_HK$'000_**	2004 (Unaudited) *HK$'000*
Depreciation	**385**	698
Staff costs	**6,869**	6,275

5. Taxation

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the current period.

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong		
Provision of Profits Tax for current period	**(200)**	(250)

6. Dividends

The Board do not recommend the payment of any interim dividend for the period ended 30 September 2005.

For the period ended 30 September 2004, the Board had declared to pay an interim dividend of HK$0.025 ("Cash Dividend") for every 100 shares of the Company totaling HK$468,000. Other than the Cash Dividend, the Board also proposed an interim dividend in specie that was satisfied by the distribution of one share of each of M Dream Inworld Limited ("M Dream") and B.A.L. Holdings Limited ("B.A.L.") and two shares of Riverhill Holdings Limited ("Riverhill") for every 100 shares of the Company held at 6 January 2005. On the basis of 1,871,188,679 issued shares of the Company at that time, 18,711,887 shares of each of M Dream and B.A.L. and 37,423,774 shares of Riverhill were distributed ("Distribution Shares"). The net carrying value of the Distribution Shares at 30 September 2004 was approximately HK$1,676,000.

7. Loss per share

The calculation of loss per share is based on the loss attributable to shareholders of the Company of approximately HK$2,987,000 for the six months ended 30 September 2005 (2004: HK$7,330,000) and the weighted average number of 1,871,188,679 shares (2004: 1,871,188,679 shares) in issue during the period.

Diluted loss per share for the periods ended 30 September 2005 and 2004 have not been disclosed, as the options outstanding during both periods had an anti-dilutive effect on the basic loss per share for these periods.

8. Loans receivable

The ageing analysis of loans receivable is as follows:

	As at 30 September 2005	As at 31 March 2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 6 months	**11,618**	39,788
7 to 12 months	**32,182**	4,205
Over 1 year	**51,142**	50,400
	94,942	94,393
Provision for doubtful debts	**(47,656)**	(49,144)
	47,286	45,249

9. Accounts receivable

The ageing analysis of accounts receivable is as follows:

	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000*
Within 6 months	**14,154**	8,309
7 to 12 months	**260**	531
Over 1 year	**474**	500
	14,888	9,340
Provision for doubtful debts	**(244)**	(702)
	14,644	8,638

10. Accounts payable, other payables and accruals

The ageing analysis of accounts payable is as follows:

	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000*
Within 6 months	**10,449**	7,737
7 to 12 months	**1,850**	116
Over 1 year	**3,102**	3,066
Accounts payable	**15,401**	10,919
Other payables and accruals	**12,165**	13,034
	27,566	23,953

11. Interest-bearing bank loans

	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000*
Bank loans, secured	**107,340**	103,800
Bank overdrafts, secured	**5,754**	5,951
Total bank loans	**113,094**	109,751
Less: Portion classified as current liabilities	**(94,522)**	(48,800)
Long term portion	**18,572**	60,951

Bank loans and overdrafts are repayable:

Within one year	**94,522**	48,800
In the second year	**1,896**	46,657
In the third to fifth years, inclusive	**5,688**	5,688
Beyond five years	**10,988**	8,606
	113,094	109,751

The Group's bank loans and overdrafts are secured by:

(i) The Group's investment property and property held for redevelopment situated in Hong Kong;

(ii) The Group's time deposit; and

(iii) The Group's investment in a joint venture.

As at 30 September 2005 the interest-bearing bank loan of HK$86.87 million was relating to and secured by the investment in a contractual joint venture in the PRC ("CJV") which operates the Sheng Dong Section of the National Highway 318 in Wuhan ("Toll Road"). Pursuant to the loan agreement entered into in December 2000, the loan will be expired on 28 December 2005. The maturity date of the loan was subsequently approved to extend to 20 August 2008 by the bank on 25 September 2003, pending completion of extension procedures by end of 2004 as requested by the bank. However, as a result of the relocation of the toll station of the Toll Road by the PRC CJV partner unilaterally (details set out in the section of Management Discussion and Analysis), the Group, receiving no dividend from the CJV since then, is only able to pay the due interests but not the loan principal according to the repayment schedule as set out in the loan agreement. The bank was informed of the relocation of the toll station and it had not formally demanded the payment of the whole outstanding balance of the loan until 19 October and 2 November 2005 on which dates the Group received the repayment reminders from the bank stating that it has the right to take legal actions to recover the outstanding loan balance in whole and to charge penalty interests if the Group fails to repay the outstanding loan in whole before the maturity date, 28 December 2005. The Group has been continuously updating the bank with the latest status of the arbitration in Wuhan and is now liaising with the bank to extend the maturity date of the loan. As a prudent treatment, the whole loan was reclassified as current liabilities during the period under review. Further announcement will be made if necessary.

12. Contingent liabilities

As at 30 September 2005, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK$21.0 million (31 March 2005: HK$18.1 million) had been utilized at 30 September 2005.

13. Litigation

(1) In December 2004, the Company received a writ of summons from the solicitors acting for C.A. Pacific Finance Limited (in liquidation) to claim a sum of HK$1,197,349.50 (the "Claimed Amount") due by Eastex Investment Far East Limited (formerly known as Styland Investment Far East Limited), a former subsidiary of the Company that was disposed in December 1997 (the "CAP Case"). After seeking legal advices, the Company has filed a defence to deny the claim. In view of the foregoing and that the Claimed Amount is relatively small compared to the net assets value of the Company, the Directors do not consider the CAP Case having a material impact on the Company.

(2) In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong") sued Wuhan Shengda Fangdichan Kaifa Co., Ltd. (武漢盛達房地產開發有限公司) ("Shengda Fangdichan") and Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da"), a non-wholly owned subsidiary of the Company, for repayment of a debt in the sum of RMB19,270,000, interest thereon and legal costs (the "Shengda Case"). Both Hainan Wanzhong and Shengda Fangdichan are companies incorporated in the PRC and independent to the Company. The reason for Sheng Da to be involved in the Shengda Case was that Hainan Wanzhong alleged that Shengda Fangdichan held shareholding interest in and had a receivable due from Sheng Da. On 22 August 2003, the court of Hainan issued a Notice of Assistance in Execution against Wuhan Dongsheng Highway Building Development Co. Limited, in which Sheng Da has 48.67% shareholding interest, requesting for retaining the dividend to be distributed to Sheng Da up to RMB19,270,000 ("Retained Amount") until the dispute is resolved.

The Board understands that the Shengda Case related to an agreement executed by Sheng Da in 1995. Pursuant to shareholders' resolutions passed in 2003, three existing shareholders ("Old Shareholders") of Sheng Da who in total currently holds 44.32% interest in Sheng Da and have been being the shareholders of Sheng Da before the Company initially acquired any interests in Sheng Da in 1997, undertook that they would bear any liability and relevant costs arising from the Shengda Case ("Undertaking"). In March 2005, Sheng Da received a letter from the Old Shareholders denying bearing such liability and legal costs. Nevertheless, the Directors consider that:

(i) the Group is not liable for any debt arising from the Shengda Case;

(ii) the subject of the Shengda Case was to claim for receivable due from Shengda Fangdichan to Hainan Wanzhong and Sheng Da should not be claimed for;

(iii) the Group will not accept the withdrawal of the Undertaking by the Old Shareholders unilaterally and any future dividend or distribution payable to the Old Shareholders shall still be retained by Sheng Da to set off the Retained Amount. As such, there will be no material financial impact to the Group.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 September 2005, the Group's turnover was approximately of HK$47.9 million (2004: HK$52.2 million). The Group recorded improved results for its core business segments. The net loss for the period was reduced to HK$3.0 million (2004: HK$7.3 million).

Review of operations

During the period under review, the continued trade disputes between China and the European Union as well as United States had created uncertainties in the garments trading activities which resulted in decrease in turnover of the Group's import and export trading business. For the six months ended 30 September 2005, the turnover of the trading was HK$42.1 million, representing a decrease of 9% as compared with HK$46.3 million for the corresponding period in 2004. However, benefiting from the Group's effort to streamline its operation and control outsourcing costs without lowering product quality, we have seen the improvement for its garment trading business which realized a profit of HK$1.5 million (2004: HK$0.8 million).

The turnover of the Group's securities dealing and broking and financing was approximately HK$5.7 million (2004: HK$6.0 million). The downturn was partially reflected by rising interest rate and oil price which affected the sentiment of the market. Also, as a small to medium size broker firm in Hong Kong, the Group faced with intense competitions from banks. To cope with the problem, the Group will provide more comprehensive service to its clients in an efficient manner. Following the introduction of online trading system, the Group provides its clients alternative way to deal in security trading and to access to latest market information.

Investments

The Group made no further investment during the six months ended 30 September 2005, however it will continue to seek for investment opportunities and disclose when necessary.

As disclosed in the Company's announcement dated 27 February 2004, the PRC CJV partner of the Toll Road had unilaterally decided to relocate the toll station of the Toll Road, which results in significant drop in its traffic flows. The Group has been liaising with the PRC CJV partner for compensation for the loss. As both parties cannot come to an agreed consideration for the compensation, the Group had applied for arbitration through the Wuhan Arbitration Commission in China in October 2004. A provision of HK$174.9 million had been made in the financial year ended 31 March 2004.

Credit policies
Most of overseas customers of the Group's trading business are transacted under documentary credit while the local customers be on credit accounts basis and settled by telegraphic transfers or cheques. The credit periods usually range from one month to three months.

For the securities dealings & brokerage and money lending businesses, the financial assistance will be granted based on assessment to financial status, repayment records and the liquidity of collaterals placed by a client and the interest rate will be determined thereon. Financial assistances will be repayable on demand once a client fails to repay any deposit, margin or other sum payable to the Group.

Liquidity, financial resources and capital structure
At 30 September 2005, the Group had cash at bank and in hand of approximately HK$18.4 million (31 March 2005: HK$22.4 million) and net assets value of approximately HK$141.4 million (31 March 2005: HK$149.7 million).

Interest-bearing bank loans at 30 September 2005 amounted to HK$113.1 million (31 March 2005: HK$109.8 million), of which HK$94.5 million (31 March 2005: HK$48.8 million) were repayable within one year. The gearing ratio, being the ratio of total bank loans and hire purchase payables of approximately HK$113.9 million to shareholders' fund of approximately HK$141.4 million, was about 0.81 (31 March 2005: 0.74).

As at 30 September 2005, a time deposit of HK$9.0 million, a property held for redevelopment at a revalued amount of HK$47.0 million, an investment property at a valuation of HK$14.0 million and the Group's investment in a joint venture with a net book value of HK$131.4 million were pledged to banks for their banking facilities granted to the Group.

Foreign exchange exposure
During the period under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi. The Group did not hedge exchange rate fluctuation between Renminbi and Hong Kong dollars as the borrowing in Renminbi was matched by assets denominated in Renminbi and the risk was considered minimal. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

Prospect
After the elimination of quota restriction in 2005, garment importers place their orders with those exporters that are offering better services with good quality assurance. To response to the change and improving long term competitiveness, the Group carried out restructuring on its garment operation, including closing down the sample room in the PRC which was not fully utilized and inefficient. The work done by the staff in the sample room is now outsourced to manufacturer directly and the Group will only maintain minimum staff responsible for quality control. In order to reduce the Group's heavy reliance on the Europe market, the Group will continue its efforts to diversify its exports to other markets.

Though the Group experiences difficulties for its broking and financial services business, it remains confident concerning long-term prospects in light of Hong Kong's close ties with the mainland and itself an international financial centre. Also, the sentiment of stock market in Hong Kong is bullish and the market is looking forward to more and more initial public offerings, in particular the major Chinese state-owned enterprises and banks in near future. The Group will grasp every opportunity to promote its services.

Staff
As at 30 September 2005, the Group had 76 employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefit plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period under review.

CORPORATE GOVERNANCE

Compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code")

The Group is committed to maintain high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to the corporate success. During the period under review, the Company took the following measures to enhance its corporate governance:

The Board has resolved the separation of duties of Chairman and Managing Director of the Company. The Chairman will be responsible for management of the Board and the Managing Director will carry out the role of the Chief Executive Officer.

Pursuant to Code A.4.1 of the CG Code, all independent non-executive directors are now appointed for a specific term and subject to re-election in accordance with the Bye-laws of the Company.

The Company has amended its Bye-laws to comply with the new requirement in Code A.4.2 of the CG Code to the effect that all directors of the Company shall be subject to retirement by rotation at least once every three years.

The Company has established a remuneration committee with specific written terms of reference which were posted on the Company's website before the date of this report as required by Codes B.1.1 and B.1.4 of CG Code. The members of the remuneration committee are all independent non-executive directors.

As disclosed in the financial statements for the year ended 31 March 2005, the Company schedules to perform an independent review of internal controls of the Group at the coming year end. As the Group is now restructuring the operation flow of its trading business to enhance its efficiency, the independent review will then be postponed, but in any event will not be later than that required by Code C.2 of CG Code which is applicable to accounting periods commencing on or after 1 July 2005.

Save as mentioned above, the Company has complied with all requirements set out in the CG Code throughout the period under review.

Model code on securities transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by its Directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the current period.

Audit Committee review

The Company has an audit committee comprising three independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2005 and discussed the financial related matters with the management.

On behalf of the Board
Tam Wing Fai Johnny
Managing Director

Hong Kong, 23 December 2005

As at the date of this announcement, the board of directors of the Company comprises Mr. Lim Man San David, Mr. Tam Wing Fai Johnny, Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda, Mr. Ching Suet Ming, Mr. Yeung Shun Kee Edward and Mr. Chow Pat Kan

* *For identification purpose only*

Please also refer to the published version of this announcement in International Herald Tribune.