GOLDWIZ HOLDINGS LIMITED

科維控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 586)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

The board of directors (the "Directors") of Goldwiz Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited & Restated) *HK$'000*
Turnover	*3*	**108,310**	139,527
Cost of sales		**(89,937)**	(90,633)
Gross Profit		**18,373**	48,894
Other revenue and other net income		**3,638**	262
Distribution costs		**(2,718)**	(2,109)
Administrative expenses		**(25,948)**	(25,039)
Other operating expenses		**(4,777)**	(11,426)
(Loss)/profit from operations	*4*	**(11,432)**	10,582
Reversal of impairment loss on interest in an associate		**12,566**	–
Impairment loss on goodwill of subsidiaries		**(73,912)**	–
Finance costs	*5*	**(15,127)**	(7,167)
Share of results of associates		**(480)**	(470)
(Loss)/profit before taxation		**(88,385)**	2,945
Taxation	*6*	**(480)**	(390)
(Loss)/profit attributable to shareholders		**(88,865)**	2,555
Attributable to:			
Equity holders of the parent		**(87,485)**	2,555
Minority interests		**(1,380)**	–
		(88,865)	2,555
(Loss)/earnings per share (cents)			
– Basic	*7*	**(8.37)**	0.24
– Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 September 2005 (Unaudited) HK$'000	As at 31 March 2005 (Audited & Restated) HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment		
– hotel properties	**122,642**	131,967
– other property, plant and equipment	**99,000**	21,838
	221,642	153,805
Leasehold premium for land	**7,330**	4,350
Goodwill	**54,720**	82,161
Interests in associates	**48,412**	94,692
Deposits for acquisition of subsidiaries	**–**	5,769
Other financial assets	**39**	39
	332,143	340,816
Current assets		
Trust fund investments	**138,086**	–
Other investment	**1,415**	–
Loans to an investee company	**543**	4,442
Inventories	**54,671**	41,808
Bill receivables	**289**	–
Trade and other receivables	**96,981**	197,219
Cash and cash equivalents	**78,544**	46,349
	370,529	289,818
LIABILITIES		
Current liabilities		
Advance from a subsidiary of an investee	**355**	–
Advance from a subsidiary of an associate	**893**	–
Bill payables	**40,598**	–
Trade and other payables	**67,352**	37,462
Bank loans	**149,460**	141,000
Bank loans, secured	**56,400**	–
Other loan, secured	**21,200**	21,200
Obligations under a finance lease	**22**	84
Promissory note, secured	**9,500**	39,500
Note, secured	**155,000**	–
Convertible Note, secured	**–**	155,000
Tax payable	**178**	165
	500,958	394,411
Net current liabilities	**(130,429)**	(104,593)
Total assets less current liabilities	**201,714**	236,223
Non-current liabilities		
Due to a major shareholder	**177,081**	130,047
NET ASSETS	**24,633**	106,176
CAPITAL AND RESERVES		
Share capital	**106,163**	106,163
Reserves	**(87,472)**	13
Equity attributable to:		
Equity holders of the parent	**18,691**	106,176
Minority interests	**5,942**	–
	24,633	106,176

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of the new Hong Kong Financial Reporting Standards ("HKFRS") and HKASs (collectively referred to as new "HKFRSs") which are effective for accounting periods commencing on or after 1 January 2005.

A. Changes in Accounting Policies

HKAS 17: "Leases"

The adoption of HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land 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 and where there is impairment, the impairment is expensed in the income statement. There is no impact on these financial statements because the Group did not have the leasehold land from property, plant and equipment in prior year.

HKAS 32 – "Financial Instruments: Disclosure and presentation" and
HKAS 39 – "Financial instruments: Recognition and measurement"

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy for recognition, measurement and disclosure of financial instruments. In accordance with HKAS 39, the investments, depending on the purpose for which the investments are held, are required to be classified into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. As a result, the trust fund investments held by the Group are reclassified as financial assets at fair value through profit or loss and carried at fair value at the balance sheet date with movements in fair value recognised in income statement.

Furthermore, HKAS 39 requires financial liabilities, except for those carried at fair value through profit or loss, to be carried at amortised cost using the effective interest method.

HKAS 16 – "Property, Plant and Machinery"
Hong Kong Interpretation 2- "Appropriate Policies for Hotel Properties"

In prior periods, the Group's hotel properties were stated at its open market value for existing use on the basis of annual professional valuations. No depreciation was provided on the hotel properties on the basis that they were maintained in such condition that their residual values were not diminished by the passage of time and that any element of depreciation was insignificant.

Upon the adoption of HKAS 16 and Hong Kong Interpretation 2, the Group's leasehold interest in the hotel buildings is now stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in hotel land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed asset to leasehold premium for land, while leasehold buildings continue to be classified as part of property, plant and equipment. Leasehold premium for land under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

The effects of the above changes are summarised in Note 2B below. The comparative amounts in the condensed consolidated balance sheet for the year ended 31 March 2005 have been restated.

HKFRS 3 – "Business Combinations" and HKAS 36 – "Impairment of Assets"

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated income statement when the future losses and expenses were recognised.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period. Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the income statement.

B. Summary of the effects of the changes in accounting policies

The effects of the changes in the accounting policies described above on the results for the current and prior periods are as follows:

	1.4.2005 to 30.9.2005 ***HK$'000***	1.4.2004 to 30.9.2004 *HK$'000*
Increase in depreciation of hotel properties	**9,504**	8,494
Increase in depreciation of leasehold premium for land	**482**	482

3. SEGMENT REPORTING

BUSINESS SEGMENTS

For the six months ended 30 September 2005 (Unaudited)

	Strategic Investments *HK$'000*	Hotel operations *HK$'000*	Electronic Products *HK$'000*	Electronic Materials *HK$'000*	Property Investments *HK$'000*	Inter-Segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	**–**	**26,687**	**78**	**81,785**	**–**	**(240)**	**108,310**
Segment results	**–**	**(1,409)**	**(4,160)**	**(3,664)**	**–**		**(9,233)**
Unallocated operating expenses							**(2,199)**
Loss from operations							**(11,432)**
Reversals of impairment loss on interest in an associate							**12,566**
Impairment loss on goodwill of subsidiaries							**(73,912)**
Finance costs							**(15,127)**
Share of results of associates							**(480)**
Taxation							**(480)**
Loss attributable to shareholders							**(88,865)**

For the six months ended 30 September 2004 (Unaudited & restated)

	Strategic Investments *HK$'000*	Hotel operations *HK$'000*	Electronic Products *HK$'000*	Electronic Materials *HK$'000*	Property Investments *HK$'000*	Inter-Segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	–	26,230	72,238	42,034	–	(975)	139,527
Segment results	–	(3,119)	19,314	(1,468)	–	–	14,727
Unallocated operating expenses							(4,145)
Profit from operations							10,582
Reversals of impairment loss on interest in an associate							–
Impairment loss on goodwill of subsidiaries							–
Finance costs							(7,167)
Share of results of associates							(470)
Taxation							(390)
Profit attributable to shareholders							2,555

GEOGRAPHICAL SEGMENTS

	For the six months ended 30 September	
	2005 (Unaudited) ***HK$'000***	2004 (Unaudited) *HK$'000*
Revenue from external customers		
PRC (including Hong Kong)	**108,310**	60,780
India	**–**	517
Korea	**–**	62,280
Italy	**–**	390
Malaysia	**–**	15,560
	108,310	139,527

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is arrived at after charging the following items:

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited & restated)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**–**	6,580
Amortisation of positive goodwill	**–**	3,494
Auditors' remuneration		
– current year	**–**	–
– under-provision in prior years	**55**	144
Bad debts written off	**350**	–
Cost of inventories sold and services rendered	**89,937**	90,633
Depreciation of property, plant and equipment		
– owned assets	**14,073**	11,494
– an asset held under a finance lease	**65**	65
	14,138	11,559
Depreciation of leasehold premium for land	**482**	482
Loss on disposal of property, plant and equipment	**313**	104
Loan to an ex-shareholder written off	**1,203**	–
Net exchange loss	**813**	25
Provision for doubtful debts	**8**	–
Operating lease charges		
– properties	**1,606**	1,133
– office equipment	**4**	4
Staff cost		
– contributions to defined contribution plan	**142**	273
– other staff salaries, wages and other benefits	**11,237**	11,897
	11,379	12,170

5. FINANCE COSTS

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**6,706**	3,468
Interest on other borrowings wholly repayable within five years	**2,342**	464
Interest on note payable	**4,030**	–
Interest on convertible note	**–**	1,550
Interest on promissory note	**890**	1,678
Finance charges on obligations under a finance lease	**2**	7
Other borrowings costs	**1,157**	–
Total finance costs	**15,127**	7,167

6. TAXATION

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Share of associates' taxation	**467**	336
Current tax – Hong Kong Profits Tax	**13**	54
	480	390

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit earned by a subsidiary operated in Hong Kong for the period. Taxation for the PRC operations is charged at appropriate current rates of taxation ruling in the PRC.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the six months ended 30 September 2005 is based on the loss attributable to shareholders of approximately HK$88,865,000 (2004: restated profit of HK$2,555,000) and on the weighted average of 1,061,627,920 shares (2004: 1,061,627,920 shares) in issue throughout the period.

(b) Diluted earnings/(loss) per share

Diluted (loss)/earnings per share for the period ended 30 September 2005 and 2004 are not presented as the existence of the potential shares outstanding during these two periods has anti-dilutive effect on the calculation of diluted (loss)/earnings per share.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's unaudited consolidated loss attributable to shareholders for the period 30 September 2005 amounted to approximately HK$88.9 million (2004: restated profit $2.6 million). Loss per share for the period was 8.37 cents as compared with restated earnings per share of 0.24 cents of the corresponding period of the preceding year. The unaudited consolidated turnover has decreased by 22.4% to approximately $108 million (2004: HK$139.5 million). The reasons for the loss were due to the high finance cost, the dismal performances of two subsidiaries dealing in the production and distribution of electronic products related materials and the impairment loss on goodwill in respect of the Group's investment in these two subsidiaries.

DIVIDEND

The Directors do not recommend the payment of any interim dividend for the period ended 30 September 2005 (2004: Nil).

BUSINESS REVIEW

Hotel operations

Harbour Plaza Kunming (the "Hotel") maintained a stable performance during the period with a turnover of approximately $26.7 million (2004: HK$26.2 million) which represented about 24.6% (2004: 18.8%) of the Group's total turnover. Loss from operation of the Hotel for the period decreased by 54.7% to HK$1.41 million (2004: HK$3.11 million (restated)) as compared with the corresponding period of the preceding year. During the period, bookings from the overseas tourist markets, especially those from US, Europe, Japan and South East Asia, remained relatively steady comparing to its previous year's booking. It did not suffer any heavy drop in spite of the revaluation of the RMB against USD by 2% in July 2005 as raised by The People's Bank of China. The Hotel, which is still managed by Harbour Plaza Management Limited, shall continue to face keen competition within Kunming.

Electronic materials

With the completion of further acquisition of Goldwiz Huarui (Tongling) Electronic Material Co. Ltd. ("Goldwiz Tongling") in early April 2005, the Company has consolidated the results of Goldwiz Tongling during the period. Turnover of electronic materials production and trading during the period was HK$81.8 million representing 75.5% of the Group's total turnover. Due to rising material cost and the fierce competition in the copper clad laminate industry, this business unit recorded an operation loss of HK$3.7 million during the period. During the due diligence made by the Company before the completion of the further acquisition, the Company has taken prudent measures by making bad debt written off against the long outstanding debts receivable by Goldwiz Tongling and ultimately made a significant impairment on goodwill upon its consolidation of Goldwiz Tongling's results. With the majority control on its management, the Company commits to improve the overall operation performance and management of Goldwiz Tongling.

Electronic related products/services

The severe competition of the mobile phone industry, the rapid change of consumers' demand and the loss of key personnel in the sales force stagnated this business unit. The overseas sales came to a halt and it had to shut down its Korean's representative office. As a result the business unit failed to achieve any turnover during the period and hence the management has taken a prudent measure to make impairment loss on goodwill for HK$27.4 million for the period. After considerable review and discussion, the management plans to redirect the investment into other areas. It aims to transform its business into telecommunication media related business in the PRC by providing certain value added services, including recorded messages and advertisements. The Group has taken steps to work with fixed line providers to introduce such services.

Property investment/development

The Company has received all the repayment of shareholder's loan from the investee company during the period. Pre-sale activities for 1st to 6th floor have been completed. Negotiations were being made with certain potential buyers for selling the remaining saleable units representing 31,525.31 sq. m. in one lot. Interior work for the sold units is under progress and expected to be completed in mid 2006.

Strategic investment

For the year ended 30 June 2005, Techwayson Holdings Limited ("Techwayson") recorded an audited consolidated turnover of RMB188 million (HK$177 million) as compared with RMB359 million (HK$338.6 million) of the preceding year. The drop in turnover was mainly due to the implementation of austerity measure in the PRC leading to the tightened up of funding resources of certain industries, particularly in automation sectors. As a result, Techwayson recorded its first loss since inception. The audited consolidated loss attributable to shareholders of Techwayson for the year ended 30 June 2005 amounted to approximately RMB19 million (HK$18 million) as compared with net profit of approximately RMB11 million (HK$10.4 million) of the preceding year. The management of Techwayson believed that by taking advantage of the comparatively high economic growth in China, its business of automation will be improved and the current stringent status will turn around.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 September 2005, the Group had cash balance of HK$78.5 million (31/3/2005: HK$46.3 million). The gearing of the Group was 2,752% (31/3/2005: 244.8%) which was calculated based on the total liabilities over shareholders' fund. The significant increase of the gearing ratio was due to the change of accounting policies on hotel properties leading to substantial decrease of shareholders' fund. At 30 September 2005, the current ratio of the Group was 0.74 as compared with 0.73 as at 31 March 2005. At 30 September 2005, the total borrowings of the Group were approximately HK$227 million (31/3/2005: HK$162.2 million). The borrowings consist of bank loans of RMB219 million (HK$205.9 million) (31/3/2005 : HK$141 million) and a renewed six-month term loan of HK$21.2 million (31/3/2005 : HK$21.2 million). Majority of the borrowings are secured by corporate guarantee given by the Company and/or a subsidiary and certain bank loans and the six-month term loan are also secured by the pledging of certain assets of the Group. The loans were primarily borrowed to finance the business operations and general working capital of the Group. At 30 September 2005, the current liabilities of the Group included an outstanding amount of HK$9.5 million in respect of the secured promissory note and the principal amount of HK$155 million of the expired convertible note (collectively as the "Notes"). Subsequent to the balance sheet date, the Company received a letter from the holder of the Notes regarding the revised repayment schedule of which the Company has to repay the outstanding amount under the Notes on or before 23 December 2005. Since then, the Company has fully settled the final instalment of the promissory note and repaid HK$26,000,000 under the Convertible note to the holder of the Notes. The management has, however, been liasing with the holder for a more favourable repayment schedule. The Company is also in negotiation with financial institutions regarding financing arrangement of the hotel properties. The management of the Company is confident that the Company will be able to meet its liabilities commitment and may consider using the Group's internal funding, including the PRC trust fund investment upon maturity (subject to the permission of the relevant PRC authorities), for such purpose. The Company has set up a special working team with an aim to improve the gearing of the Group. The team is responsible to liaise with the relevant creditors, to make arrangement on re-financing issues and to study any other alternatives for the Group. During the period, our major shareholder, Open Mission Assets Limited, continued to give financial support to the Group and has undertaken to give continuous financial support to the Group in the future. Thus, the management believes that the Group shall be able to meet its working capital.

Charge on assets

(a) At 30 September 2005, the entire equity interests of the Group in Risdon Limited (together with the shareholder's loan due from Risdon Limited) and Harbour Plaza Kunming Co. Ltd., the wholly-owned subsidiary of Risdon Limited, were pledged to secure against the Company's obligations under the non-transferable promissory note dated 24 July 2002 and the expired convertible note dated 8 November 2002 in relation to the acquisition of the entire equity interest in Risdon Limited by the Company from Hutchison Hotel Holdings (International) Limited.

(b) At 30 September 2005, (i) first floating charges over all undertaking assets and property of the Company and one of its subsidiaries, (ii) share mortgage over all the issued shares in that subsidiary, (iii) assignment of shareholders' loan owed by the Group to the Company's major shareholder and (iv) personal guarantee from a director of the Company were pledged with a financial institution to secure against the relevant subsidiary's obligation under the six-month term loan agreement and its supplemental agreement.

(c) At 30 September 2005, the leasehold premium for land with net book value of RMB3.68 million (HK$3.46 million) and plant and machinery with net book value of approximately RMB65.78 million (HK$61.83 million) of a subsidiary of the Company were pledged with two PRC banks to secure against its obligation under the relevant loan agreements.

Exposure to fluctuations

As the Group's earnings and borrowings are primarily denominated in Hong Kong dollars, United States dollars or Renminbi, it has no significant exposure to foreign exchange rate fluctuation.

Contingent Liabilities

As at 30 September 2005, the Company had contingent liabilities amounting to HK$162.2 million (31/3/2005: HK$162.2 million) due to the provision of corporate guarantee in connection with the borrowings granted to its subsidiaries.

OUTLOOK

Besides continuing its existing business, the Group will emphasize on the expansion of the media sector. To mark a good start, the Company has entered into an agreement with Shanghai ee-media Co. Ltd. which is a holding company of the Hunan entertainment channel under the Hunan Broadcasting Group for joint production and distribution of a 20-chapter TV series "Super Diva" in the PRC. It is expected that the TV program shall be introduced in April 2006. Hunan TV is a TV channel having high audience share in the PRC which produces high quality and viewing entertainment programs and currently has 60% share of the total advertisement revenue in Hunan province. The cooperation will facilitate the Group to expedite its development in the media business. As backed up by a team of professional and experienced personnel in the media and marketing fields, the Group has formulated strategy to develop an integrated media platform that will achieve maximum and effective penetration to the target customers and is committed to becoming the industry leader in the Greater China Region.

EMPLOYEES

As at 30 September 2005, the Group employed about 697 employees, of which 446 are the employees of the Harbour Plaza Kunming Co. Ltd. (the "Hotel Company") under the management of Harbour Plaza Hotel Management Limited. The employees of the Hotel Company are rewarded on a performance related basis within the general framework of the hotel's salary and bonus system which is reviewed annually. The remuneration policy and package including basic salaries, medical coverage, insurance plan and discretionary bonus are subject to periodical review of the respective management. In addition, training and development programs are provided on an ongoing basis to employees of the Group to raise productivity and to maintain a high standard of service for the hotel. The Group does not have any share option scheme.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code provisions in Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2005 except for the deviations as mentioned below:

Code provision A.1.7.

It stipulates that there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the issuer's expenses.

On 26 August 2005, the Board approved the procedures to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses.

Code provision A.2.1.

It stipulates that the role of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

In July 2005, the responsibilities of the chairman and CEO were duly set out in writing and were approved by the Board.

Code provision A.4.1

It stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

In August 2005, the Board approved the issuance of the letters to the Company's non-executive directors specifying their terms of service which shall continue until the conclusion of the Company's annual general meeting to be held in year 2007 and they shall be subject to retirement by rotation and re-election.

Code provision A.4.2

It stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At the annual general meeting held on 26 August 2005, the shareholders of the Company passed a resolution amending the Company's Bye-laws in order to comply with this provision except that since the Company is subject to a private act called "Hong Kong Toy Centre International Limited Act 1990", the Chairman and managing director of the Company are not subject to retirement by rotation but shall be subject to re-election once every three years.

Code Provision A.5.4.

It stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code as set out in Appendix 10 of the Listing Rules for the relevant employees, who are likely to be in possession of unpublished price sensitive information in relation to the issue of its securities, in respect of their dealings in the securities of the issuer.

On 26 August 2005, the Board approved the adoption of the Company's own code of conduct regarding the securities transactions by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company of its securities, in respect of their dealings in the securities of the Company.

Code provision B.1.1.

It stipulates that issuers should set up a remuneration committee with specific terms of reference as set out in code provision B.1.3.

On 26 August 2005, the Company established a remuneration committee with specific written terms of reference as set out in accordance with code provision B.1.3.

Code Provision D.1.2.
It stipulates that an issuer should formalize the functions reserved to the board and those delegated to the management and should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

On 26 August 2005, the Company established an executive committee with specific written terms of reference. The executive committee comprises four executive directors representing the management of the Company. On 26 August 2005, the Board approved the delegation of certain functions to the executive committee and the formalized functions reserved to the Board and those delegated to the management.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

On 26 August 2005, the Company adopted its own code of conduct regarding securities transactions by the Directors of the Company and its subsidiaries in the securities of the Company and its associated companies.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Company's own code of conduct throughout the period from 1 April 2005 to 30 September 2005.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed accounts for the six months ended 30 September 2005. The terms of reference of the Audit Committee were revised on 26 August 2005 as to comply with the code provision C.3.3. of the CG Code. The Audit Committee comprises all the three Independent Non- executive Directors of the Company.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 September 2005.

By order of the Board
LIU Xue Lin
Chairman

Hong Kong, 21 December 2005

As at the date of this announcement, the executive Directors are Mr. Liu Xue Lin, Mr. Yao Keming, Mr. Chang Kuan Hsi, Mr. Lin Chia Chin, Mr. Simon Shi Hao, Mr. Peng Sheng Bo, Mr. Sun Yuming, Mr. Ni Ling and the independent non-executive Directors are Mr. Alvan Liu Kwok Fai, Mr. Chow Siu Tong and Mr. Lai Ka Chu.

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