



GOLD-FACE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 396)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2005

RESULTS

The board of directors (the "Directors") of Gold-Face Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March, 2005 together with comparative figures for the previous year as follows:-

| | Note | Continuing operations | | Discontinuing operations | | Total | |
|---|------|-----------------------|------------------|--------------------------|------------------|------------------|------------------|
| | | 2005 HK\$'000 | 2004 HK\$'000 | 2005 HK\$'000 | 2004 HK\$'000 | 2005 HK\$'000 | 2004 HK\$'000 |
| Turnover | 2 | 143,344 | 128,413 | - | 2,734 | 143,344 | 131,147 |
| Cost of sales | | (120,834) | (67,192) | - | - | (120,834) | (67,192) |
| Gross profit | | 22,510 | 61,221 | - | 2,734 | 22,510 | 63,955 |
| Allowances for arbitration | | - | (2,192) | - | - | - | (2,192) |
| Allowances for bad and doubtful debts | | (3,277) | (36,696) | - | (4) | (3,277) | (36,700) |
| Deficit on revaluation of leasehold land and buildings | | - | (611) | - | - | - | (611) |
| Surplus/(deficit) on revaluation of investment properties | | 1,700 | (6,470) | - | - | 1,700 | (6,470) |
| Write back of impairment loss recognised in respect of properties under development | | 5,100 | 61,216 | - | - | 5,100 | 61,216 |
| Impairment loss recognised in respect of properties held for future development | | (209) | (11,488) | - | - | (209) | (11,488) |
| Impairment loss recognised in respect of investments in securities | | - | (1,425) | - | - | - | (1,425) |
| Write back of impairment loss/(impairment loss) recognised in respect of properties held for sale | | 2,500 | (3,010) | - | - | 2,500 | (3,010) |
| Loss on disposal of investments in associates | | - | (797) | - | - | - | (797) |

| | | | | | | | |
|--|---|-----------------|------------------|---|--------------|-----------------|------------------|
| Gain on disposal of investments in securities | | – | 80 | – | – | – | 80 |
| Gain/(loss) on disposal of investments in subsidiaries | | 2,557 | (39,289) | – | – | 2,557 | (39,289) |
| (Loss)/gain on disposal of property, plant and equipment | | (62) | 1,527 | – | – | (62) | 1,527 |
| Property, plant and equipment written off | | – | (2,824) | – | – | – | (2,824) |
| Gain/(loss) on disposal of investment properties | | 59,270 | (78,089) | – | – | 59,270 | (78,089) |
| Other operating income | | 511 | 5,045 | – | 459 | 511 | 5,504 |
| Operating expenses | | (28,734) | (65,648) | – | (1,372) | (28,734) | (67,020) |
| Profit/(loss) from operations | | 61,866 | (119,450) | – | 1,817 | 61,866 | (117,633) |
| Finance costs | 3 | (37,323) | (65,762) | – | – | (37,323) | (65,762) |
| | | 24,543 | (185,212) | – | 1,817 | 24,543 | (183,395) |
| Allowances for amounts due from associates | | – | (6,070) | – | – | – | (6,070) |
| Profit/(loss) before taxation | | 24,543 | (191,282) | – | 1,817 | 24,543 | (189,465) |
| Taxation charge | 4 | – | (27,703) | – | – | – | (27,703) |
| Profit/(loss) before minority interests | | 24,543 | (218,985) | – | 1,817 | 24,543 | (217,168) |
| Minority interests | | – | (1,425) | – | – | – | (1,425) |
| Net profit/(loss) for the year | | 24,543 | (220,410) | – | 1,817 | 24,543 | (218,593) |
| Earnings/(loss) per share | | | | | | | |
| Basic | 5 | | | | | 2.61¢ | (23.25¢) |

CONSOLIDATED BALANCE SHEET

As at 31st March, 2005

| | Note | 2005 HK\$'000 | 2004 HK\$'000 |
|--|------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Investment properties | | 8,500 | 184,170 |
| Property, plant and equipment | | 1,133 | 5,340 |
| Loans receivable | | 59,106 | 78,415 |
| Interests in associates | | 500 | 500 |
| | | 69,239 | 268,425 |
| CURRENT ASSETS | | | |
| Properties held for sale | | 27,083 | 32,898 |
| Properties under development | | 33,240 | 149,557 |
| Properties held for future development | | 16,306 | 19,522 |
| Loans receivable | | 32,091 | 30,319 |
| Trade, other receivables and prepayments | 6 | 123,658 | 7,392 |
| Bank balances and cash | | 15,005 | 16,523 |
| | | 247,383 | 256,211 |

| | | | |
|--------------------------------------|---|------------------|------------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 396,672 | 368,906 |
| Other creditors | | 70,952 | 70,952 |
| Amount due to a shareholder | | 4,492 | 4,492 |
| Taxation payable | | 36,538 | 36,017 |
| Bank and other borrowings | | 274,611 | 476,256 |
| Convertible debentures | | 10,902 | 10,902 |
| Advance from an associate | | 9,000 | 9,000 |
| Amounts due to minority shareholders | | 5,705 | 5,705 |
| | | <u>808,872</u> | <u>982,230</u> |
| NET CURRENT LIABILITIES | | <u>(561,489)</u> | <u>(726,019)</u> |
| NET LIABILITIES | | <u>(492,250)</u> | <u>(457,594)</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 94,001 | 94,001 |
| Reserves | | (586,251) | (551,595) |
| | | <u>(492,250)</u> | <u>(457,594)</u> |

Notes:

1. GOING CONCERN BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis.

For the year ended 31st March, 2005, the Group reported a profit attributable to shareholders of approximately HK\$24,543,000. As at 31st March, 2005, the Group had a net working capital deficiency of approximately HK\$561,489,000, and as at 31st March, 2005, the Group's shareholders' deficit stood at approximately HK\$492,250,000. In addition, the Group has defaulted on repayment of principal and interest on its bank and other borrowings, totalling approximately HK\$402,614,000 as at 31st March, 2005, which have been classified as current liabilities in the consolidated balance sheet as at that date. The Group's creditor banks have taken various actions including, but not limited to, the issuance of demand notices or writs of summons for immediate repayment of substantially all of the Group's bank borrowings, and the appointment of receivers and managers in some cases who have obtained possession of a substantial portion of the properties which have been mortgaged to the banks as collateral for the bank borrowings. In certain cases, the creditor banks have applied the rental receipts from the investment properties to offset part of the Group's bank borrowings which are in default.

A substantial portion of the Group's trade and other payables were due for repayment as at 31st March, 2005. Due to the lack of liquidity, the Group has delayed repayment and is currently negotiating with the creditors to agree to the debt restructuring proposals.

Substantially all of the Group's properties (including investment properties, leasehold land and buildings, properties held for sales, properties under development and properties held for future development) have been mortgaged to the banks as collateral for the Group's bank borrowings totalling approximately HK\$402,614,000. As at 31st March, 2005, these properties were stated in the consolidated balance sheet with an aggregate amount of approximately HK\$82,749,970, the majority of which were stated at open market value as determined by independent qualified valuers. The valuations were prepared on the assumption that, among others, both the buyers and the sellers would be acting without compulsion. The valuations have also been made on the assumption that the owners sell the properties on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the properties. However, if the Group is forced to dispose of any of its properties within a short period of time, the Company's directors are of the view that the ultimate amounts recoverable from these properties would be substantially less than the carrying amount as at 31st March, 2005.

The Company's directors believe that continued financial support will be forthcoming from the Group's major shareholders and they are currently concentrating their efforts on the following:

- i) the successful completion of a shares resumption proposal (which is to be approved by the Listing Committee of the Stock Exchange of Hong Kong Limited) and a S.166 Scheme of Arrangement (which is to be approved by the creditors and the court) whereby the indebtedness could be substantially reduced and capital injection into the Group is made by new investors;
- ii) the successful conclusion of various initiatives to secure new sources of funding to meet its financial obligations as they fall due; and

iii) ways to maintain future profitable operations of the Group.

Accordingly, the financial statements have been prepared on the going concern basis.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes the Group is currently organised into three (2004: three) business segments-property dealing, property leasing and financial services. Subsequent to the balance sheet date, the Group disposed of its business of financial services.

Segment information about these businesses is presented below.

2005

| | Continuing operations | | | |
|--|---------------------------------|---------------------------------|-----------------------------------|--------------------------|
| | Property dealing HK\$'000 | Property leasing HK\$'000 | Financial services HK\$'000 | Consolidated HK\$'000 |
| TURNOVER | <u>129,609</u> | <u>7,658</u> | <u>6,077</u> | <u>143,344</u> |
| RESULT | | | | |
| Segment result | <u>(3,944)</u> | <u>64,599</u> | <u>(1,346)</u> | 59,309 |
| Gain on disposal of investment in subsidiaries | | | | 2,557 |
| Finance costs | | | | (37,323) |
| Profit before taxation | | | | 24,543 |
| Taxation charge | | | | - |
| Net profit for the year | | | | <u>24,543</u> |
| BALANCE SHEET | | | | |
| ASSETS | | | | |
| Segment assets | 200,897 | 11,571 | 98,594 | 311,062 |
| Unallocated corporate assets | | | | 5,560 |
| Consolidated total assets | | | | <u>316,622</u> |
| LIABILITIES | | | | |
| Segment liabilities | 590,384 | 59,043 | 18,345 | 667,772 |
| Unallocated corporate liabilities | | | | 141,100 |
| Consolidated total liabilities | | | | <u>808,872</u> |
| OTHER INFORMATION | | | | |
| Additions to property, plant and equipment | 13 | - | - | 13 |
| Allowances for bad and doubtful debts | (363) | (387) | (2,527) | (3,277) |
| Depreciation and amortisation | (26) | (1) | - | (27) |
| Write back of impairment loss recognised in respect of properties under development | 5,100 | - | - | 5,100 |
| Impairment loss recognised in respect of properties held for future development | (209) | - | - | (209) |
| Write back of impairment loss recognised in respect of properties held for sale | 2,500 | - | - | 2,500 |
| Loss on disposal of property, plant and equipment | (62) | - | - | (62) |
| Gain on disposal of investment properties | - | 59,270 | - | 59,270 |
| Surplus on revaluation of investment properties | - | 1,700 | - | 1,700 |

| | Continuing operations | | | Discontinuing operations | | | Consolidated HK\$ '000 | |
|---|----------------------------------|----------------------------------|------------------------------------|--|-------------------------------------|-----------------------------|---------------------------|---|
| | Property dealing HK\$ '000 | Property leasing HK\$ '000 | Financial services HK\$ '000 | Total continuing operations HK\$ '000 | Property management HK\$ '000 | Power plant HK\$ '000 | | Total discontinuing operations HK\$ '000 |
| TURNOVER | <u>97,857</u> | <u>25,129</u> | <u>5,427</u> | <u>128,413</u> | <u>1,007</u> | <u>1,727</u> | <u>2,734</u> | <u>131,147</u> |
| RESULT | | | | | | | | |
| Segment result | <u>30,723</u> | <u>(112,213)</u> | <u>3,471</u> | <u>(78,019)</u> | <u>337</u> | <u>1,480</u> | <u>1,817</u> | (76,202) |
| Loss on disposal of investments in subsidiaries | | | | | | | | (39,289) |
| Loss on disposal of investments in associates | | | | | | | | (797) |
| Gain on disposal of investments in securities | | | | | | | | 80 |
| Impairment loss recognised in respect of investments in securities | | | | | | | | (1,425) |
| Finance costs | | | | | | | | (65,762) |
| | | | | | | | | (183,395) |
| Allowances for amounts due from associates | | | | | | | | (6,070) |
| Loss before taxation | | | | | | | | (189,465) |
| Taxation charge | | | | | | | | (27,703) |
| Loss before minority interests | | | | | | | | (217,168) |
| Minority interests | | | | | | | | (1,425) |
| Net loss for the year | | | | | | | | <u>(218,593)</u> |
| BALANCE SHEET | | | | | | | | |
| ASSETS | | | | | | | | |
| Segment assets | 210,055 | 195,706 | 114,599 | 520,360 | - | 471 | 471 | 520,831 |
| Unallocated corporate assets | | | | | | | | 3,805 |
| Consolidated total assets | | | | | | | | <u>524,636</u> |
| LIABILITIES | | | | | | | | |
| Segment liabilities | 582,340 | 229,469 | 32,099 | 843,908 | - | 8 | 8 | 843,916 |
| Unallocated corporate liabilities | | | | | | | | 138,314 |
| Consolidated total liabilities | | | | | | | | <u>982,230</u> |
| OTHER INFORMATION | | | | | | | | |
| Additions to property, plant and equipment | 5 | - | - | 5 | 154 | - | 154 | 159 |
| Allowances for arbitration | (2,192) | - | - | (2,192) | - | - | - | (2,192) |
| Allowances for bad and doubtful debts | (12,756) | (22,900) | (1,040) | (36,696) | (1) | (3) | (4) | (36,700) |
| Deficit on revaluation of leasehold land and buildings | (611) | - | - | (611) | - | - | - | (611) |
| Depreciation and amortisation | (1,057) | (641) | (5) | (1,703) | - | - | - | (1,703) |
| Write back of impairment loss recognised in respect of properties under development | 61,216 | - | - | 61,216 | - | - | - | 61,216 |
| Impairment loss recognised in respect of properties held for future development | (11,488) | - | - | (11,488) | - | - | - | (11,488) |
| Impairment loss recognised in respect of properties held for sale | (3,010) | - | - | (3,010) | - | - | - | (3,010) |
| Gain/(loss) on disposal of property, plant and equipment | 2,008 | (481) | - | 1,527 | - | - | - | 1,527 |
| Property, plant and equipment written off | (1,071) | (1,750) | (3) | (2,824) | - | - | - | (2,824) |

| | | | | | | | | |
|---|----------|-----------------|----------|-----------------|----------|----------|----------|-----------------|
| Deficit on revaluation of investment properties | - | (6,470) | - | (6,470) | - | - | - | (6,470) |
| Loss on disposal of investment properties | - | (78,089) | - | (78,089) | - | - | - | (78,089) |
| | <u>-</u> | <u>(78,089)</u> | <u>-</u> | <u>(78,089)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(78,089)</u> |

Geographical segments

The Group's property dealing and financial services business are carried out in Hong Kong. Property leasing business are carried out in Hong Kong and the United Kingdom ("UK").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

| | Sales revenue by geographical market | |
|-----------|--------------------------------------|------------------|
| | 2005 HK\$'000 | 2004 HK\$'000 |
| Hong Kong | 137,705 | 119,479 |
| The UK | 5,639 | 9,941 |
| The PRC | - | 1,727 |
| | <u>143,344</u> | <u>131,147</u> |

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

| | Carrying amount of segment assets | | Additions to property, plant and equipment | |
|-----------|-----------------------------------|------------------|--|------------------|
| | 2005 HK\$'000 | 2004 HK\$'000 | 2005 HK\$'000 | 2004 HK\$'000 |
| Hong Kong | 314,179 | 347,857 | - | 159 |
| The UK | 2,443 | 176,308 | - | - |
| The PRC | - | 471 | - | - |
| | <u>316,622</u> | <u>524,636</u> | <u>-</u> | <u>159</u> |

3. FINANCE COSTS

| | 2005 HK\$'000 | 2004 HK\$'000 |
|--|------------------|------------------|
| Interest on: | | |
| Bank overdraft and borrowings wholly repayable within five years | 14,048 | 44,610 |
| Convertible debentures | 1,694 | 2,252 |
| Other borrowings | 21,581 | 18,900 |
| | <u>37,323</u> | <u>65,762</u> |

4. TAXATION CHARGE

| | 2005 HK\$'000 | 2004 HK\$'000 |
|--------------------------------|------------------|------------------|
| The charge comprise: | | |
| Hong Kong profits tax | | |
| - overprovision in prior years | - | 81 |
| Overseas taxation | | |
| - current year | - | (27,784) |
| | <u>-</u> | <u>(27,703)</u> |

The taxation charge for the year can be reconciled to the profit/(loss) before taxation per the consolidated income statement as follows:

| | 2005 HK\$'000 | 2004 HK\$'000 |
|--|------------------|------------------|
| Profit/(loss) before taxation | <u>24,543</u> | <u>(189,465)</u> |
| Tax at the statutory income tax rate of 17.5% | 4,295 | (33,156) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 2,542 | (2,178) |
| Tax effect of non-taxable income | (29,816) | (57,440) |
| Tax effect of non-deductible expenses | 17,897 | 74,303 |
| Tax effect of unrecognised temporary difference | – | (731) |
| Tax effect of tax losses not recognized | 8,215 | 14,723 |
| Tax effect of utilisation of tax losses not previously recognised | (3,133) | (3,406) |
| Underprovision in prior years | – | (20,774) |
| Others | – | 956 |
| Taxation charge | <u>–</u> | <u>(27,703)</u> |

For the year ended 31st March, 2005, no provision for Hong Kong profits tax was made as the Group had no assessable profits for that year (2004: Nil).

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

As at the balance sheet date, a potential deferred taxation asset of approximately HK\$241,098,658 (2004: HK\$236,018,000) in respect of estimated tax losses has not been recognised in the financial statements due to the unpredictability of future foreseeable profits.

The disposal of overseas investment properties in the United Kingdom during the year might trigger overseas taxation in the amount of approximately HK\$18,000,000. However, in the opinion of the directors, it is unlikely that the Group ultimately would need to bear the liability. Therefore no provision has been made in the financial statements at 31st March, 2005.

5. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following information:

| | 2005 HK\$'000 | 2004 HK\$'000 |
|---|-------------------------|--------------------|
| Net profit/(loss) for the year and earnings/(loss) for the purpose of calculating basic earnings/(loss) per share | <u>24,543</u> | <u>(218,593)</u> |
| | Number of shares | |
| Weighted average number of shares for the purpose of calculating basic earnings/(loss) per share | <u>940,009,918</u> | <u>940,009,918</u> |

No diluted earnings/(loss) per share was presented as the conversion of the outstanding convertible debentures at an assumed conversion price of HK\$0.85 would have had an anti-dilutive effect.

6. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

The Group adopts a flexible credit policy in line with prevailing marketing strategy. The credit periods granted to customers ranged from 30 days to 90 days on average. The following is an aged analysis of trade debtors:

| | The Group | |
|-----------------------------------|------------------|------------------|
| | 2005 HK\$'000 | 2004 HK\$'000 |
| Trade debtors | | |
| 0 – 60 days | 122,048 | 3,338 |
| 61 – 90 days | 20 | 160 |
| Over 90 days | <u>516</u> | <u>618</u> |
| | 122,584 | 4,116 |
| Prepayments and other receivables | <u>1,074</u> | <u>3,276</u> |
| | <u>123,658</u> | <u>7,392</u> |

7. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade creditors:

| | The Group | |
|-----------------|----------------|----------------|
| | 2005 | 2004 |
| | HK\$'000 | HK\$ '000 |
| Trade creditors | | |
| 0 – 60 days | 331 | 11,776 |
| 61 – 90 days | 1,601 | 91 |
| Over 90 days | 243,484 | 236,452 |
| | <u>245,416</u> | <u>248,319</u> |
| Other payables | 151,256 | 120,587 |
| | <u>396,672</u> | <u>368,906</u> |

DIVIDEND

The Company had no distributable reserve at 31st March, 2005 and the payment of a final dividend for the year ended 31st March, 2005 is not recommended by the Board.

EXECUTIVE DIRECTOR'S STATEMENT

Income of the Group for the year continued to derive mainly from sale of the Group's properties in Hong Kong and the United Kingdom and rental income from the properties located in the United Kingdom. During the year, the Group sold the last premium investment property in the United Kingdom for GBP12.1 million. Subsequent to the year end, the Group disposed of its financial service business to an independent third party for a consideration of HK\$4. Subsequent to the year end, the Receivers and Managers of the project Aegean sold the entire project to an independent third party for HK\$205 million.

On 17th May 2003, banks appointed Receivers and Managers over various subsidiaries and assets of the Company, which include its property development projects in Villa Pinada and Aegean. Shares of the Company were suspended from trading on the Stock Exchange of Hong Kong Limited ("SEHK") since 19th May 2003.

During the year ended 31 March 2005, the Group continued to sell its stock of properties and disposed of portions of assets to maintain its operation and to reduce debt. The scale of operations of the Group remained low throughout the year.

The management had been working very hard to maintain the Group's operation and to look for new investors to rescue the Company and proposal for debt restructuring and the application of resumption of trading of its shares had been submitted to the Stock Exchange of Hong Kong for their consideration. Should the debt restructuring and resumption proposal be successful, the Company would grip the chance and operate carefully, and should gradually become profitable in the near future.

MANAGEMENT DISCUSSION AND REVIEW

Business Review

Group turnover in 2005 amounted to HK\$143 million, representing an increase of 9.2% when compared to HK\$131 million recorded last year. All turnover were derived from its continuing operations for the year.

The Group recorded HK\$23 million gross profit for the year compared to gross profit of HK\$64 million last year. The gross profit was mainly due to profit from sale of properties of HK\$9 million, rental income of HK\$8 million and income from financial services of HK\$6 million.

The overall performance of the Group for the year ended 31 March 2005 showed a net profit of HK\$25 million. It was mainly due to realization of the investment properties revaluation reserve upon disposal of the investment properties in the United Kingdom of HK\$60.6 million. There had been write back of impairment losses previously provided for properties held for future development, properties held for sale and properties under development totaled to approximately HK\$9.3 million. Allowances for bad and doubtful debt amounted to HK\$3 million. Finance costs and operating expenses had been cut to HK\$37 million and HK\$29 million compared to HK\$66 million and HK\$67 million in last year respectively.

Business Update

As at the balance sheet date, the Group had property portfolio valued at HK\$86 million excluding the assets under receivership. All of these assets are situated in Hong Kong.

Receivers and Managers were appointed over various assets pledged to banks and over several subsidiaries, namely True Gold Investments Limited, Profit Nations Limited and Gold-Face Finance Limited. Although a substantial surge has been seen in the Hong Kong property market recently, the Group has not been well

benefited from the recovery as most property assets were sold to repay bank loans during the period from April 2003 to December 2003. Gold-Face Finance Limited was successfully released from receivership during the year and subsequent to year end, Gold-Face Finance was disposed of at a consideration of HK\$4. Also, the Receivers and Managers of the project Aegean sold the entire project to an independent third party for HK\$205 million subsequent to the year end.

Analysis of property portfolio of the Group:

| | As at 31 March 2005 HK\$ million |
|--|---|
| Classified under Balance Sheet | |
| Investment property | 9 |
| Land and building | 1 |
| Properties under development | 33 |
| Properties held for future development | 16 |
| Properties held for sale | 27 |
| | <hr/> 86 <hr/> |

Financial Resources and Liquidity

Aggregate bank and other borrowings further decreased from HK\$476 million in 2004 to HK\$275 million in 2005 due to repayment by disposals of properties. Trade and other payables were increased slightly to HK\$397 million from HK\$369 million as recorded last year mainly due to accrual of professional fees and interest.

As at 31 March 2005, total shareholders' funds of the Group was a deficits of HK\$492 million compared to last year's figure of HK\$457 million, representing a further drop of 7.6%.

The survival and continued operation of the Group depends heavily on the availability of additional and sufficient funding from new investors and the support of all trade creditors and bankers.

LATEST DEVELOPMENT

The Company is currently in negotiation with potential investors to rescue the Company and a rescue proposal had been submitted to the SEHK in late December 2004 and is currently under review by the SEHK.

PERSONNEL

The Group's employee headcount further reduced from approximately 32 at the end of last year to 20 staff at the end of this year. The number of employees was further reduced after the balance sheet date. Staff costs and retirement benefits scheme contribution paid for the year were HK\$7.5 million compared to HK\$13.8 million last year representing a decrease of 46%.

Current number of employee has reduced to less than 15.

AUDIT COMMITTEE

The Audit Committee members hold meetings during the year to discuss the financial position and review the financial statements of the Group. The members also meet at least annually with the auditors to discuss issues on accounting and internal controls.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code of Best Practice as set out in the Listing Rules. The annual results for the year have been reviewed by the Audit Committee of the Company.

ANNUAL REPORT

The 2005 annual report containing all the information required by the Listing Rules of SEHK is expected to be published on the Exchange's website on or before 21st July, 2006, and printed copies will be sent to shareholders on or about 21st July, 2006.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk as soon as possible.

APPRECIATION

The company would like to take this opportunity to thank our bankers and other creditors for their continued support and all our staff for their royalty and quality work under high pressure.

On behalf of the Board
Ng Yat Cheung
Executive Director

Hong Kong, 20th July, 2006.

As at the date of this announcement, the Board comprises Ms. Tai Seow Yoke Peng and Mr. Ng Yat Cheung as executive directors and Mr. Wan Tai Min, Tommy and Mr. Leung Shu Yin, William as independent non-executive directors.

Please also refer to the published version of this announcement in China Daily.