GOLDWIZ HOLDINGS LIMITED

科維控股有限公司*

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The board of directors (the "Board") of Goldwiz Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006, together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2006** ***HK$'000***	2005 *(restated)* *HK$'000*
Turnover		**134,009**	282,803
Cost of sales		**(95,334)**	(206,471)
Gross profit		**38,675**	76,332
Other revenue	*4*	**1,227**	1,249
Distribution costs		**(3,593)**	(4,997)
Administrative expenses		**(22,661)**	(26,050)
Other operating expenses		**(157,314)**	(62,743)
Loss from operations	*5*	**(143,666)**	(16,209)
Increase in fair value of hotel properties		**3,240**	429
Waiver of amount due to a shareholder		**114,264**	—
Loss on deconsolidation of a subsidiary		**(103,965)**	—
Impairment loss on amount due from a deconsoliated subsidiary		**(990)**	—
Finance costs	*6*	**(13,891)**	(21,109)
Share of losses of associates	*7*	**(7,657)**	(4,760)

	Note		
Loss before taxation		**(152,665)**	(41,649)
Taxation	*8*	**—**	(165)
Loss for the year attributable to equity holders of the Company		**(152,665)**	(41,814)
Loss per share	*9*		
— Basic		**(14.38 cents)**	(3.94 cents)
— Diluted		**N/A**	N/A

NOTES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements are presented in Hong Kong Dollar, rounded to the nearest thousand. The measurements basis used in the preparation of the financial statements is the historical cost modified by the revaluation of hotel properties.

(b) Going concern basis

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Company. Notwithstanding that:

— the Group and the Company have significant accumulated losses;

— as at 31 March 2006, the Group had net current liabilities;

— as at 31 March 2006, the Company had net current liabilities and net liabilities;

— there is litigation against the Group for payment of the alleged indebtedness amounting to HK$132,855,000 and interest thereon;

— as at the date of authorisation for issue of the financial statements, the note payable of HK$129,000,000 and interest thereon included under current liabilities were overdue and remain unsettled and the holder of the note payable, has issued a letter informing the Company that it will proceed to issue a winding up petition against the Company and;

— subsequent to balance sheet date, the charged assets of the Group have been put under receivership; and

The directors of the Company believed that the Company is able to continue as a going concern and to meet in full its financial obligations as they fall due for the foreseeable future having regard to the following assumptions:

— the attainment of future profitable and positive cash flow operations;

— the legal opinion of the Company's lawyer that the Group has no obligation for the payment of the alleged bank loans amounting to HK$132,855,000 and interest thereon;

— the Company is able to extend the repayment schedule in respect of the note payable of HK$129,000,000 made available to the Company from the Noteholder and interest thereon; and

— the availability of additional external funding.

According to the above assumptions, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements and, accordingly, the financial statements have been prepared on a going concern basis.

Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the financial statements.

c) Subsidiaries not consolidated

i) Notwithstanding that the Group has held more than 51% of the equity interests of Goldwiz Shenzhen and Goldwiz Tongling, two former subsidiaries, they were no longer regarded as subsidiaries of the Group since all the assets of these two subsidiaries have been seized as a consequence of the civil judgement (民事裁定書) dated 12 January 2006 issued by the Intermediate People's Court of Jin Hua, Zhejiang Province, the PRC (浙江省金華市中級人民法院) ("Jin Hua Court"). The directors are of the opinion that controls of these two subsidiaries have been lost with effect from 12 January 2006.

Since they had significant staff and management turnover, the directors were unable to access their complete set of underlying books and records together with the supporting documents.

The results, cash flows, assets and liabilities of these two companies before then ceased to be subsidiaries of the Group have not been consolidated in the income statements of the Group.

ii) Goldwiz Shenzhen

For the reason stated in note 1(c)(i) above, the results of Goldwiz Shenzhen were not consolidated in the income statement for the year from 1 April 2005 to 11 January 2006, being the immediate date before loss of control, and were deconsolidated from the consolidated financial statements and accounted for as available-for-sale securities with effect from 1 April 2005. Accordingly, the consolidated income statement included a loss of approximately HK$103,965,000 arising on deconsolidation and the consolidated balance sheet included the initial measurement of the available-for-sale securities at nil.

iii) Goldwiz Tongling

At 31 March 2005, the Group held 33.36% of the equity interest in Goldwiz Tongling which was therefore accounted for as an associate of the Group. On 8 April 2005 upon acquiring 100% equity interests in Pencester Limited ("Pencester") and Best News International Limited ("Best News"), the Group effectively held 80.36% equity interest in Goldwiz Tongling. In June 2005, the equity interest in Goldwiz Tongling was further increased to 81.48% through additional capital injection by Pencester.

For the reason stated in note 1(c)(i) above, the results for the period from 1 April 2005 to 7 April 2005, being the immediate date before Goldwiz Tongling became a subsidiary of the Group, had not been accounted for using the equity method, and its results for the period from 8 April 2005 being the date when it was a subsidiary of the Group have not been consolidated in the financial statements. Goldwiz Tongling was reclassified from interest in an associate to available-for-sale securities with initial measurement at HK$57,898,000 with effect from 1 April 2005. The consolidated income statement included a loss from such a reclassification of Goldwiz Tongling at nil.

iv) Pencester and Best News

Pencester and Best News hold 25.64% and 22.48% respectively in Goldwiz Tongling, which are their major assets. Due to unable to access the complete set of underlying books and records together with the supporting documents of Goldwiz Tongling, the directors concluded that the investments in Pencester and Best News should be accounted for as available-for-sale securities, and the results, cash flows, assets and liabilities of Pencester and Best News were not consolidated into the financial statements of the Group.

v) In the opinion of the directors, save as the information set out to the financial statements, the Group has no other material obligations or commitments in these subsidiaries that require either adjustments to or disclosure in these financial statements.

Details of these subsidiaries not consolidated are as follows:

Name of company	Place of incorporation/ operation	Particulars of registered capital	Proportion of equity interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
科維華瑞(深圳)電子材料有限公司 (前稱: 科維電氣(深圳)有限公司) Goldwiz Huarui (Shenzhen) Electronic Material Co. Ltd. # (formerly known as Goldwiz Electric (Shenzhen) limited) ("Goldwiz Shenzhen") *	The PRC	HK$100,000,000 (of which HK$80,000,000 being paid up)	100%	—	100%	Design, development and distribution of hi-tech electronic products but activity has been suspended
科維華瑞(銅陵) 電子材料有限公司 (前稱：銅陵華瑞電子材料有限公司) Goldwiz Huarui (Tongling) Electronic Material Co., Ltd. # ("Goldwiz Tongling") *	The PRC	US$12,453,800	81.48%	—	81.48%	Manufacture and distribution of electronic products related materials but activity has been suspended
Pencester Limited ("Percester")	BVI	1 share of US$1	100%	—	100%	Investment holding
Best News International Limited ("Best News")	BVI	1 share of US$1	100%	—	100%	Investment holding

company name for identification purpose only

* wholly foreign-owned enterprises established in the PRC

d) Limited financial information available concerning a former associate

Although the directors have used their best endeavours to relocate all the financial and business records of the Group as most of the former directors of the Company, former senior management and former accounting personnel of the Group have left the Group, the current directors were unable to locate sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group as at 31 March 2006 and for the year then ended.

i) Share of net assets of associates

During the year the Group disposed of its 27.66% equity interest in The Quaypoint Corporation Limited ("Quaypoint"), formerly known as Techwayson Holdings Limited, and the transaction was completed on 24 January 2006. After that date, the Group no longer had significant influence over the management of Quaypoint, and the Group was unable to obtain the financial information for the period from 1 January 2006 to 23 January 2006 being the immediate date before the disposal of Quaypoint. Accordingly, the financial statements of the Group for the year ended 31 March 2006 have consolidated the results of Quaypoint from 1 April 2005 to 31 December 2005, based on the unaudited financial statements for the six months ended 31 December 2005 included in the interim report dated 27 March 2006 issued by Quaypoint. The results of Quaypoint for this period from 1 January 2006 to 23 January 2006 being the immediate date before the disposal of Quaypoint have not been accounted for in the consolidated income statement using the equity method. The directors were unable to obtain evidence to ascertain the share of losses of associates HK$7,657,000 were fairly stated in the financial statements.

ii) Loss of disposal of an associate

Due to the same reason stated in point 1(d)(i) above, the directors were unable to determine the net loss of HK$8,136,000 on disposal was fairly stated in the financial statements.

2. CHANGE IN ACCOUNTING POLICIES

The following new and revised HKFRSs are relevant for the Group's financial statements and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 24	Related Party Disclosures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 3	Business Combinations

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

	2006	2005
	HK$'000	*HK$'000*
The adoption of HKFRS 3 and HKAS 38 resulted in:		
Increase in goodwill	**6,989**	—
Decrease in other operating expenses	**6,989**	—
Decrease in earnings per share	**0.65 cents**	—

3. SEGMENT REPORTING

Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises the following main business segments:

Strategic investments	:	The investments in securities, which engage in (i) design and integration of automation and control system, and (ii) development of landed property in Shanghai, the PRC, to generate dividend income and gain from appreciation in the investment value in the long term.
Hotel operations	:	Leasing of lodging spaces, provision of food and beverage at restaurant outlets, leasing of retail outlets and operating of other minor departments such as spa, telephone, guest transportation and laundry within the hotel premises.
Hi-tech electronic products	:	Design, development and distribution of hi-tech electronic products.
Electronic materials	:	Manufacture, distribution and trading of electronic products related materials.

	2006					
	Strategic investments	**Hotel operations**	**Hi-tech electronic products**	**Electronic materials**	**Inter-segment elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	—	55,968	—	78,041	—	134,009
Segment results before impairment loss on interest in an associate	28,932	18,282	—	(11,202)	—	36,012
Impairment loss on interest in an associate	—	—	—	—	—	—
Segment results after impairment loss on interest in an associate	28,932	18,282	—	(11,202)	—	36,012
Unallocated operating expenses						(179,678)
Loss from operations						(143,666)
Increase in fair value of hotel property						3,240
Waiver of amount due to a shareholder						114,264
Loss on deconsolidation of a subsidiary						(103,965)
Impairment loss on amount due from a deconsolidated subsidiary						(990)
Finance costs						(13,891)
Share of losses of associates	(7,657)	—	—	—	—	(7,657)
Taxation						—
Loss attributable to shareholders						(152,665)
Depreciation and amortisation for the year	—	(2,503)	—	—	—	(2,503)
Unallocated depreciation and amortisation						(163)
						(2,666)

	2005 (restated)					
	Strategic investments	**Hotel operations**	**Hi-tech electronic products**	**Electronic materials**	**Inter-segment elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	—	52,738	173,258	58,594	(1,787)	282,803
Segment results before impairment loss on interest in an associate	262	13,096	15,243	(619)	(1,375)	26,607
Impairment loss on interest in an associate	(37,060)	—	—	—	—	(37,060)
Segment results after impairment loss on interest in an associate	(36,798)	13,096	15,243	(619)	(1,375)	(10,453)
Unallocated operating expenses						(5,756)
Loss from operations						(16,209)
Increase in fair value of hotel property						429
Waiver of amount due to a shareholder						—
Loss on deconsolidation of a subsidiary						—
Impairment loss on amount due from a deconsolidated subsidiary						—
Finance costs						(21,109)
Share of losses of associates	(2,111)	—	—	(2,649)	—	(4,760)
Taxation						(165)
Loss attributable to shareholders						(41,814)
Depreciation and amortisation for the year	—	2,412	13,598	—	—	16,010
Unallocated depreciation and amortisation						217
						16,227

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	2006	2005
	HK$'000	*HK$'000*
Revenue from external customers		
PRC (including Hong Kong)	**134,009**	109,851
India	**—**	516
Korea	**—**	98,098
Italy	**—**	391
Malaysia	**—**	73,947
	134,009	282,803

4. OTHER REVENUE

	2006	2005
	HK$'000	*HK$'000*
Other revenue		
Interest income from banks	**527**	400
Other interest income	**108**	278
Management fee income	**488**	532
Others	**104**	39
	1,227	1,249

5. LOSS FROM OPERATIONS

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

	2006	2005
	HK$'000	*HK$'000*
Amortisation of intangible assets	**—**	11,280
Amortisation of positive goodwill (included in other operating expenses)	**—**	6,989
Auditors' remuneration	**512**	662
Cost of inventories sold and services rendered	**95,334**	206,471
Depreciation of property, plant and equipment		
— owned assets	**2,533**	4,815
— an asset under a finance lease	**133**	132
Direct operating expenses of hotel property	**18,257**	19,621
Impairment loss of interest in associates (included in other operating expenses)	**—**	37,060
Loss on disposal of fixed assets	**240**	371
Operating lease charges		
— properties	**1,091**	1,778
— office equipment	**8**	7
Impairment loss for bad and doubtful debts	**12,404**	14
Research and development costs	**—**	4,751
Staff costs (including directors' remuneration)		
— contributions to defined contribution plans	**653**	849
— other staff salaries, wages and other benefits	**16,560**	21,681
	17,213	22,530
Net exchange loss/(gain)	**258**	(55)
Impairment loss on loan to an investee company	**66**	—
Loss on transfer of interest in jointly controlled asset	**1,329**	—
Loss on deconsolidation of a subsidiary	**103,965**	—
Loss on disposal of an associate	**8,136**	—
Impairment loss of amounts due from investee companies	**1,113**	—
Impairment loss of available-for-sales of securities	**77,730**	—
Impairment loss of amounts due from Deconsolidated Subsidiaries	**990**	—
Impairment loss of goodwill	**53,442**	—

6. FINANCE COSTS

	2006	2005
		(restated)
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**293**	7,785
Interest on other loans	**1,157**	2,757
Interest on promissory note	**1,099**	3,411
Interest on convertible note	**—**	1,893
Interest on note payable	**7,648**	3,081
Finance charges on obligations under a finance lease	**3**	12
Other borrowings costs	**3,691**	2,170
Total finance costs	**13,891**	21,109

7. SHARE OF LOSSES OF ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Share of losses of associates	**(7,657)**	(1,929)
Amortisation of positive goodwill	**—**	(2,831)
	(7,657)	(4,760)

8. TAXATION

Taxation in the consolidated income statement represents:

	2006	2005
	HK$'000	*HK$'000*
Provision for Hong Kong profits tax for the year	**—**	165

For the year ended 31 March 2006 no provision for Hong Kong profits tax has been made in the financial statements as the Group has no estimated assessable profits. For the year ended 31 March 2005, Hong Kong profits tax has been provided for at 17.5% on the estimated assessable profits for that year.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

9. **LOSS PER SHARE**

a) **Basic loss per share**

The calculation of basic loss per share is based on a loss attributable to shareholders of HK$152,665,000 (2005: HK$41,814,000) and the weighted average of 1,061,628,000 shares (2005: 1,061,628,000 shares) in issue during the year.

b) **Diluted loss per share**

As there were no diluted potential ordinary shares outstanding during the year ended 31 March 2006, the diluted loss per share for the year ended 31 March 2006 is the same as the basis loss per share.

Diluted loss per share for the year ended 31 March 2005 was not presented because the existence of the potential shares outstanding during the that years had an anti-dilutive effect on the calculation of diluted loss per share.

10. **COMPARATIVE FIGURES**

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

EXTRACT OF THE AUDITORS' OPINION

Limitation of audit scope

1) Due to significant staff and management turnover of Goldwiz Shenzhen and Goldwiz Tongling, the current board of directors were unable to access the complete set of underlying books and records together with the supporting documents of these subsidiaries for the year. Accordingly, the directors of the Company were unable to provide sufficient documentary evidences regarding the treatment of various balances of the Group and of the Company as at 31 March 2006 and for the year then ended as follows:

a) Deconsolidation of a subsidiary, Goldwiz Shenzhen

The results of Goldwiz Shenzhen have not been consolidated in the income statement for the period from 1 April 2005 to 11 January 2006 being the immediate date before loss of control, and its financial statements were deconsolidated from the consolidated financial statements with effect from 1 April 2005. Accordingly, the consolidated income statement included a loss of approximately HK$103,965,000 arising on deconsolidation of Goldwiz Shenzhen and the consolidated balance sheet included the initial measurement of the available-for-sale securities at nil. The auditors were unable to ascertain with reasonable accuracy the impact on the results of the Group caused by the exclusion of this former subsidiary from the consolidated financial statements, and as to whether the loss on deconsolidation and the initial measurement of available-for-sale securities in respect of Goldwiz Shenzhen were fairly stated in the financial statements.

b) *Reclassification of an associate, Goldwiz Tongling*

The results of Goldwiz Tongling have not been accounted for using the equity method, for the period from 1 April 2005 to 7 April 2005 being the immediate date before ceased to be an associate and became an subsidiary of the Group and have not been consolidated in the financial statements for the period from 8 April 2005 being the date it became a subsidiary of the Group to 11 January 2006. Goldwiz Tongling was immediately reclassified from interest in an associate to available-for-sale securities with initial measurement at HK$57,898,000 with effect from 1 April 2005. The consolidated income statement included a loss from such a reclassification of Goldwiz Tongling at nil. The auditors were unable to satisfy ourselves as to whether the initial measurement of the available-for-sale securities in respect of Goldwiz Tongling and the loss from such a reclassification were fairly stated in the financial statements.

c) *Pencester and Best News*

Due to unable to access the complete set of underlying books and records together with the supporting documents of Goldwiz Tongling, the results, cash flows, assets and liabilities of Pencester and Best News were not consolidated into the financial statements of the Group. The investments in Pencester and Best News were accounted for by the Group as available-for-sale securities. The auditors were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the treatment and to ascertain with reasonable accuracy the impact on the financial statements of the Group caused by non-consolidation of Pencester and Best News in the financial statements.

2) As most of the former directors of the Company, former senior management and former accounting personnel of the Group have left the Group, the current board of directors were unable to locate sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group as at 31 March 2006 and for the year then ended as follows:

a) *Share of losses of associates*

During the year the Group disposed of its 27.66% equity interest in Quaypoint and the transaction was completed on 24 January 2006. After that date, the Group no longer had significant influence over the management of Quaypoint, and the Group was unable to obtain the financial information for the period from 1 January 2006 to 23 January 2006 being the immediate date before the disposal of Quaypoint. Accordingly, the results of Quaypoint for this period have not been accounted for in the consolidated income statement using the equity method. The auditors were unable to obtain audit evidence to ascertain the share of losses of associates HK$7,657,000 were fairly stated in the financial statements.

b) *Loss on disposal of an associate*

Due to the scope limitation as set out in paragraph 2(a) above, the auditors were unable to determine whether the net loss of HK$8,136,000 on disposal was fairly stated in the financial statements.

The auditors were unable to carry out alternative audit procedures to satisfy ourselves as to the matters set out in paragraph 1 to 2 above.

Any adjustments that might have found to be necessary in respect of the matters set out above would have a consequential effect on the financial positions of the Company or the Group as at 31 March 2006, the net loss and cash flows of the Group for the year then ended and the related disclosures in the financial statements.

The auditors, in forming their opinion also evaluated overall adequacy of the presentation of information in the financial statements. They believe that their audit provides a reasonable basis for their opinion.

Fundamental uncertainty

(a) Going concern basis

The auditors, in forming their opinion, have considered the adequacy of the disclosures to the financial statements concerning the adoption of the going concern basis, being the basis on which the financial statements have been prepared. The Company and the Group are currently undertaking a number of measures to relieve the current profitability and liquidity problem of the Company and of the Group, although, (i) the equity interest in a major subsidiary of the Group was under receiverships, and (ii) the holder of the note payable has instructed its lawyer to proceed with the issuance of a winding up petition against the Company. The financial statements have been prepared on a going concern basis, the validity of which depends upon the favourable outcome of these measures.

The financial statements do not contain any adjustments that would result from the failure of the Company and the Group to obtain adequate financial resources to enable it to continue as a going concern. These would include any adjustments to write down the Company's and the Group's assets to their recoverable amounts, to provide for any liabilities which may arise on cessation of business and to reclassify non-current assets as current assets.

The auditors consider that appropriate disclosure concerning the fundamental uncertainty has been made, but the fundamental uncertainty is so extreme that we are unable to form an opinion as to whether the Company and the Group can continue as a going concern. Additionally, they are unable to quantify the adjustments that would be required if these financial statements were not to be prepared on a going concern basis.

(b) Contingent liabilities in respect of guarantees

The Company and the Group were alleged to have provided certain guarantee to the bankers of Goldwiz Shenzhen ("Bank Creditors"). On 16 January 2006, writs of summons were served against the Company and Goldwiz Electric Trading Limited, a subsidiary of the Company, as guarantors for outstanding loan and interest amounted to approximately HK$132,855,000 (the "Alleged Amount"), owing to the Bank Creditors. As at the balance sheet date, the Alleged Amount has not been recorded in the books of the Group as liabilities, as the directors of the Company are of the opinion with the advices from a legal adviser that the Company and the Group have no legal obligation to pay the Alleged Amount. The auditors consider that appropriate disclosure concerning the contingent liabilities in respect of guarantees have been made, but the fundamental uncertainty is so extreme that they are unable to form an opinion as to whether the Company and the Group have obligation to pay the Alleged Amount and whether the Alleged Amount should be provided in the financial statements.

Qualified opinion: Disclaimer on view given by the financial statements

Because of the significance of the possible effect of the limitation in evidence available and because of the fundamental uncertainty as referred above, the auditors are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2006 and of the Group's loss and cash flows for the year then ended. In all other respects, in the opinion of the auditors the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2006 (2005: Nil).

OPERATIONS REVIEW

The Group was principally engaged in the hotel operations, design, development and distribution of hi-tech electronic products, trading of electronic products related materials and investment holding during the financial year.

Hotel operations

Harbour Plaza Kunming (the "Hotel") maintained a stable performance during the year with a turnover of approximately HK$56.0 million (2005: HK$52.7 million) which represented about 41.8% (2005: 18.6%) of the Group's total turnover. Profit from operation of the Hotel for the year increased by 39.7% from HK$13.1 million to HK$18.3 million as compared with preceding year. At 31 March 2006, the Hotel recorded a surplus on revaluation on hotel properties of approximately HK$3.2 million, after adjustment of the appreciation of Renminbi by 2%. During the year, 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. Despite of the keen competitions due to a number of hotels established in Kunming recently, the hotel, which is still managed by Harbour Plaza Management Limited, shall continue to focus on key feeder-market cities such as Beijing, Shanghai, Guangzhou, Hong Kong and overseas markets to identify and to establish a strong corporate client base.

Electronic materials

Turnover of electronic materials production and trading during the year was HK$78.0 million (2005: HK$58.6 million), representing 58.2% (2005: 20.7%) 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$12.2 million during the year. The operation was suspended since January 2006.

Hi-tech electronic products

During the year, the Intermediate People's Court of Jin Hua, Zhejiang Province, the PRC ("Jin Hua Court") issued a civil judgement to Goldwiz Shenzhen, a non-wholly owed subsidiary established in the PRC, to freeze certain assets of Goldwiz Shenzhen. Since then, the Group was unable to exercise control over the financial and operating decisions of Goldwiz Shenzhen and was not able to access certain underlying books and records together with the supporting documents of Goldwiz Shenzhen, hence the results of Goldwiz Shenzhen had not been consolidated for the year. Loss on deconsolidation of deconsolidated subsidiary amounted to approximately HK$104.0 million and impairment loss on goodwill amounted to approximately HK$53.4 million were recorded in the financial statements during the year. After considerable review and discussion, the management plans to redirect the investment into other areas.

Strategic investment

For the six months ending 31 December 2005, The Quaypoint Corporation Limited ("Quaypoint") (formerly known as "Techwayson Holdings Limited") recorded an unaudited consolidated turnover of approximately RMB132.4 million (equivalent to HK$127.1 million) (2005: RMB99.5 million (equivalent to HK$93.9 million) and loss attributable to shareholders of approximately RMB13.4 million (equivalent to HK$12.9 million) (2005: RMB1.3 million) (equivalent to HK$1.2 million). The increase in loss attributable to shareholders was mainly due to the effect of keen competition and charge in market demand, coupled with its management restructuring in its subsidiaries in the PRC. During the year, the Group shared a loss of HK$7.7 million (2005: HK$4.8 million) from Techwayson.

In view of the low liquidity of the securities of Quaypoint and its unsatisfactory business performance, and the urgency of the Group to seek finance in order to settle the secured indebtedness, the Group disposed of its investments in Quaypoint on 24 January 2006 at a consideration of approximately HK$21.3 million in order to settle the indebtedness and obtain some working capital. The disposal resulted in a loss of disposal of approximately HK$8.1 million.

FINANCIAL REVIEW

Liquidity and financial resources

At 31 March 2006, the Group had cash and bank balances of HK$27.7 million (2005: HK$46.3 million). The gearing of the Group was 420.7% (2005: 244.9%) which was calculated based on the total liabilities over total equity.

At 31 March 2005, the total borrowings of the Group were approximately HK$162.2 million which consisted of bank loans of HK$141 million and a renewed six-month term loan of HK$21.2 million. Majority of the borrowings were secured by corporate guarantee given by the Company and/or a subsidiary and certain bank loans and the six-month term loan were 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. During the year ended 31 March 2006, bank loans of HK$141 million was disposed upon the deconsolidation Goldwiz Shenzhen and the renewed six-month term loan was repaid in full. At 31 March 2005, the current liabilities of the Group included an outstanding amount of HK$39.5 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"). During the year, the Company received a letter from the holder of the Notes regarding the revised repayment schedule of which the Company had to repay the outstanding amount under the Notes on or before 23 December 2005. Since then, the Company had fully settled the final instalment of the promissory note and repaid HK$26 million under the convertible note to the holder of the Notes. At 31 March 2006, the outstanding principal amount of Notes was amounted to HK$129 million.

Charge on assets

(a) At 31 March 2006, the entire equity interests of the Group in Risdon Limited ("Risdon") (together with the shareholder's loan due from Risdon to Pacific Peace Investments Limited ("Pacific Peace"), an indirectly wholly-owned subsidiary of the Company) and Harbour Plaza Kunming Co. Ltd., the wholly-owned subsidiary of Risdon, 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 by the Company from Hutchison Hotels Holding (International) Limited.

(b) In January 2006, the Shenzhen Municipality Intermediate People's Court, Guangdong Province, the PRC had granted an Asset Preservation Order (the "Order") to freeze (i) the entire equity interests of Harbour Plaza Kunming Co. Ltd; and (ii) certain fixed assets, with carrying amount of approximately HK$267.8 million as at 31 March 2006, of Harbour Plaza Kunming Co Ltd for the purpose of protecting the interest of a bank as a lender of a sum of RMB50 million to Goldwiz Shenzhen. The Order was withdrawn in July 2006.

(c) At 31 March 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. The charges were released upon the repayment of the six-month term loan.

Exposure to fluctuations

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

Contingent Liabilities

As at 31 March 2006, the Group and the Company had contingent liabilities amounting to approximately HK$132.9 million (2005: HK$162.2 million) due to the provision of corporate guarantee in connection with the borrowings granted to Goldwiz Shenzhen by Bank of China, Shenzhen Branch ("BOC") and China Everbright Bank, Shenzhen Branch (CEB) on the PRC. During the year, a writ of summons was served by BOC and CEB in respect of the borrowings together with interest thereon of approximately HK$84.6 million and HK$48.3 million respectively. With the advices from a legal advisor, the Company has adequate reasons to defense against the guarantee clause imposed on the Company and hence the Company is unlikely to have legal and financial obligation to pay the borrowings for Goldwiz Shenzhen.

DECONSOLIDATION OF SUBSIDIARIES

As disclosed in the announcement of the Company made on 4 January 2006, the operations of the factory of Goldwiz Tongling, a non-wholly owned subsidiary established in the PRC, have been suspended since mid-December 2005 due to critical liquidity problem. On 12 January 2006, a civil judgement is issued by the Intermediate People's Court of Jin Hua, Zhejiang Province, the PRC ("Jin Hua Court") to the Group that certain assets of Goldwiz Tongling and Goldwiz Shenzhen were frozen by Jin Hua Court. The operations of Goldwiz Tongling and Goldwiz Shenzhen were suspended since then. With the lost of control on the management of these two companies, the Group had deconsolidated the result of Goldwiz Shenzhen and reclassified the investment in Goldwiz Tongling to investments in available-for-sale securities during the year, resulted in a loss on deconsolidation of subsidiary of approximately HK$104 million, impairment loss on amounts due from deconsolidated subsidiaries of approximately HK$1 million and impairment loss on available-for-sale of securities of approximately HK$78.8 million.

OUTLOOK

By considering the Company's significant net current liabilities and net liabilities position, the directors have devoted their effort to improve the liquidity of the Company. The directors and members of the senior management of the Company have embarked on various methods of fund raising. On 16 June 2006, the Company entered into a letter of intent (the "LOI") with Sunderland Properties Limited ("Sunderland") in relation to the grant of an exclusive right to Sunderland for a period of 3 months (the "Exclusive Right") to arrange and procure two additional underwriters to underwrite a rights issue exercise for the Company to raise funds in the approximate amount of HK$318 million before expenses and to assist the Company in negotiating the settlement plan with the Company's creditors. According to the LOI, the Exclusive Right granted was expired on 16 September 2006. Sunderland has issued a letter on 6 November 2006, which was accepted by the Company, to confirm the extend of the Exclusive Right to 31 December 2006.

Due to Deconsolidation of Subsidiaries, (Goldwiz Tongling and Goldwiz Shenzhen) mentioned as above, the principally activities of the Group for the next financial year is expected to be hotel operations.

On 1 June 2006, receivers were appointed by Hutchsion Hotels Holdings (International) Limited ("HHHIL") with regards to the assets charged by a wholly owned subsidiary of the Company, Pacific Peace in favour of HHHIL that included but not limited to (i) a share mortgage over all the issued shares in the Company's wholly owned subsidiary which holds the entire interest in Harbour Plaza Kunming Co., Ltd. for the hotel operations of Risdon Limited ("Risdon"), incorporating an assignment of the shareholder's loan due from Risdon and (ii) a mortgage over 100% of Risdon's equity interest in the Harbour Plaza, pursuant to the share mortgage deed dated 8 November 2002 entered into between Pacific Peace and HHHIL ("Share Mortgage').

On 28 July 2006, the Company received a statutory demand from HHHIL demanding payment of approximately HK$141,439,000 together with interest due from the Company to HHHIL within 21 days after the date of service of the statutory demand on the Company.

On 21 August 2006 after the expiry of the 21 day period prescribed in the statutory demand, Hutchison International Limited ("HIL") issued a letter to the Company that HIL has instructed its lawyer to proceed with the issuance of a winding up petition against the Company. On the same date, the receivers issued a letter to the Company that the receivers would sell the assets charged under the Share Mortgage by way of tender and the preparation work for the tender exercise was in the final stage and it was expected to commence in the near future.

Further details are set out in the announcements dated 8 June 2006, 27 July 2006, 31 July 2006 and 28 August 2006 issued by the Company.

Sunderland has issued settlement proposals to HHHIL on 12 June 2006, 21 July 2006, 31 July 2006, 24 August 2006, 19 September 2006, 5 October 2006 and 21 October 2006, respectively.

In Sunderland's settlement proposal dated 21 October 2006, Sunderland offered HK$70 million payment in cash after the signing of Sale & Purchase Agreement ("S&P") between HHHIL and Sunderland of the overdue convertible note (the "Overdue Note). And the outstanding balance of the Overdue Note, which is guaranteed by a bank, shall be paid within six months after the signing of the S&P.

On 3 November 2006, HHHIL replied that "given the fact that the Overdue Note was already well past due, and given their security position, HHHIL expected full and upfront (i.e. in one tranche) recovery in cash of entitlements under the Overdue Note and its underlying security."

The directors of the Company and Sunderland is still trying to approach HHHIL and the receiver to settle relevant matters.

EMPLOYEES

As at 31 March 2006, the Group employed about 463 employees, of which 450 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.

SHARES TRADING

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:36 a.m. on 3 January 2006 pending an announcement in relation to price sensitive information and will remain suspended until the publication of further announcement on the latest development including, amount others, the production and liquidity position of the Group.

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

During the year ended 31 March 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice (the "Code") as set in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company has set up an audit committee (the "Committee") with written terms of reference, for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors, being Messrs. Douglas Gary Drew, Shum Ming Choy, John and Kwong Wai Tim, William.

The financial results have been reviewed by the audit committee.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the year ended 31 March 2006, in compliance with the Code as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005, except that the non-executive directors of the Company were not appointed for specific terms as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

MODEL CODE

The Company has adopted the Model Code of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2006.

PUBLICATION OF THE ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

The detailed result announcement containing all the information in respect of the Company 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 in due course.

On behalf of the Board
Lo Oi Kwok, Sheree
Executive Director

Hong Kong, 6 November 2006

As at the date of this announcement, the board of directors comprises two executive directors, being Messrs. Lo Oi Kwok, Sheree and Wong Man Hon, Frederick, and three independent non-executive directors, being Messrs. Douglas Gary Drew, Shum Ming Choy, John and Kwong Wai Tim, William.

** For identification purpose only*

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