CHINA STRATEGIC HOLDINGS LIMITED
中策集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 235)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2005

The directors of China Strategic Holdings Limited (the "Company") announce that the audited consolidated income statement of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2005

	NOTES	**2005** *HK$'000*	2004 *HK$'000* (restated)
Turnover		**38,459**	27,141
Cost of sales		**(32,936)**	(21,074)
Gross profit		**5,523**	6,067
Other income		**83,623**	59,762
Distribution costs		**(2,974)**	(850)
Administrative expenses		**(59,948)**	(36,662)
Other expenses		**(67,089)**	(40,325)
Allowances for loans and interest receivable		**(37,445)**	(140,889)
Finance costs		**(17,630)**	(17,434)
Change in fair value of conversion option of unlisted convertible note		**(39,743)**	—
(Loss) gain on dilution/disposal of interests in associates		**(2,814)**	81,631
Share of results of associates		**42,864**	(40,567)
Loss before taxation		**(95,633)**	(129,267)
Taxation	4	**(4,247)**	(6,464)
Loss for the year from continuing operations		**(99,880)**	(135,731)
Profit for the year from discontinued operations		—	1,511
Loss for the year	3	**(99,880)**	(134,220)
Attributable to:			
Equity holders of the parent		**(95,200)**	(179,244)
Minority interests		**(4,680)**	45,024
		(99,880)	(134,220)
Loss per share			
From continuing and discontinued operations			
— Basic	5	**HK$(0.11)**	HK$(0.21)
— Diluted		**N/A**	N/A
From continuing operations			
— Basic		**HK$(0.11)**	HK$(0.21)
— Diluted		**N/A**	N/A

Notes:

1. Application of Hong Kong Financial Reporting Standards/Changes in Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005.

The application of these new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests have been changed. The changes in presentation has been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting periods are prepared and presented:

(i) HKFRS 3 "Business Combinations"

(ii) HKAS 32 "Financial Instruments: Disclosure and Presentation"

(iii) HKAS 39 "Financial Instruments: Recognition and Measurement"

(iv) HKAS 17 "Leases"

(v) HK Interpretation 2 "The Appropriate Accounting Policies for Hotel Properties" and HKAS 16, "Property, Plant and Equipment"

(vi) HKFRS 5 "Non-current assets held for sale and discontinued operations"

2. Segment information

Business segments

During the year, the Group acquired 88% and 100% of the issued capital of 東莞市江海貿易有限公司 and 廣州耀陽實業有限公司 respectively for an aggregate cash consideration of HK$50 million. The two newly acquired subsidiaries are engaged in the business of sand mining. The segment of sand mining is regarded as a new business segment of the Group upon completion of the acquisition.

For management purposes, the Group is currently organised into the following four major divisions — battery products, investment in securities and advance, sand mining and others. These divisions are the basis on which the Group reports its primary segment information.

Battery products — Manufacturing and trading of battery products and related accessories

Investments in securities and advance — Investments in securities holding and advance of receivables

Sand mining — Sand mining activities

Others — Corporate and investment holding

	Investments in securities and advance HK$'000	Battery products HK$'000	Sand mining HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
For the year ended 31st December, 2005						
REVENUE						
(i) Turnover						
— External	—	33,161	5,298	—	—	38,459
— Inter-segment	473	—	—	1,200	(1,673)	—
	473	33,161	5,298	1,200	(1,673)	38,459
(ii) Other income						
— Interest income	52,423	33	—	5,628	—	58,084
— Gain on disposal of investments in securities at fair value through profit or loss	10,575	—	—	—	—	10,575
— Dividend income from listed investment	8,402	—	—	—	—	8,402
— Others	2,888	179	2,059	1,436	—	6,562
	74,288	212	2,059	7,064	—	83,623
RESULT						
Segment result	12,754	(5,907)	1,576	(64,497)	(1,673)	(57,747)
Unallocated corporate expenses						(20,563)
Change in fair value of conversion option of unlisted convertible notes						(39,743)
Finance costs						(17,630)
Loss on liquidation/disposal of interests in associates	—	—	—	(2,814)	—	(2,814)
Share of results of associates	—	(239)	—	43,103	—	42,864
Loss before taxation						(95,633)
Taxation						(4,247)
Loss for the year						(99,880)

Inter-segment sales are charged at terms determined and agreed between the group companies.

	Continuing operations					Discontinued operations	
	Investments in securities and advance	Battery products	Others	Elimination	Sub-total	Pharmaceutical products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000*
For the year ended 31st December, 2004							
REVENUE							
(i) Turnover							
— External	—	27,141	—	—	27,141	96,262	123,403
— Inter-segment	—	—	2,184	(2,184)	—	—	—
	—	27,141	2,184	(2,184)	27,141	96,262	123,403
(ii) Other income							
— Interest income	48,539	—	6,018	—	54,557	17	54,574
— Gain on disposal of investments in securities at fair value through profit or loss	—	—	—	—	—	—	—
— Dividend income from listed investment	1,542	—	—	—	1,542	—	1,542
— Others	—	150	3,050	—	3,200	446	3,646
	50,081	150	9,068	—	59,299	463	59,762
RESULT							
Segment result	(110,631)	(2,004)	(10,818)	(2,184)	(125,637)	6,777	(118,860)
Unallocated corporate expenses							(27,260)
Finance costs							(17,434)
Loss on disposal/dilution of interests in subsidiaries	—	—	—	—	—	(5,266)	(5,266)
Gain on disposal/liquidation of interests in associates	—	—	81,631	—	81,631	—	81,631
Share of results of associates	—	(147)	(40,420)	—	(40,567)	—	(40,567)
Profit (loss) before taxation						1,511	(127,756)
Taxation						—	(6,464)
Profit (loss) for the year						1,511	(134,220)

Inter-segment sales are charged at terms determined and agreed between the group companies.

Note:

(a) Following the disposal of Tung Fong Hung Investment Limited and its subsidiaries which are engaged in the manufacturing and trading of pharmaceutical products in May 2004, the business segment of manufacturing and trading of pharmaceutical products was regarded as discontinued operations during the year ended 31st December, 2004.

Geographical segments

The following provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods/services:

	Turnover	
	2005	2004
	HK$'000	*HK$'000*
Continuing operations:		
The People's Republic of China ("PRC"), other than Hong Kong	**36,519**	27,141
Hong Kong	**1,940**	—
	38,459	27,141
Discontinued operations:		
PRC, other than Hong Kong	**—**	—
Hong Kong	**—**	96,262
	—	96,262

3. LOSS FOR THE YEAR

	Continuing operations		Discontinued operations		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the year has been arrived at after charging:						
Staff costs						
— directors remuneration	**2,092**	3,413	**—**	—	**2,092**	3,413
— other staff costs	**14,724**	10,799	**—**	11,619	**14,724**	22,418
— retirement benefits scheme contributions, excluding directors	**405**	382	**—**	469	**405**	851
Total staff costs	**17,221**	14,594	**—**	12,088	**17,221**	26,682
Auditors' remuneration						
Current year	**6,622**	4,327	**—**	427	**6,622**	4,754
Underprovision in prior years	**—**	—	**—**	392	**—**	392
Depreciation and amortisation of property, plant and equipment	**8,102**	1,953	**—**	1,845	**8,102**	3,798
Loss on disposal of property, plant and equipment	**128**	—	**—**	—	**128**	—
Amortisation of prepaid lease payments	**519**	447	**—**	—	**519**	447
Amortisation of goodwill included in administrative expenses	**—**	1,005	**—**	155	**—**	1,160

4. TAXATION

	Continuing operations 2005 HK$'000	Continuing operations 2004 HK$'000	Discontinued operations 2005 HK$'000	Discontinued operations 2004 HK$'000	Consolidated 2005 HK$'000	Consolidated 2004 HK$'000
The charge comprises:						
Taxation in other jurisdictions						
— Current year	**1,010**	1,340	**—**	—	**1,010**	1,340
— Overprovision in prior years	**(663)**	—	**—**	—	**(663)**	—
Hong Kong Profits Tax						
— Current year	**1,300**	5,124	**—**	—	**1,300**	5,124
— Underprovision in prior years	**2,600**	—	**—**	—	**2,600**	—
Taxation attributable to the Company and its subsidiaries	**4,247**	6,464	**—**	—	**4,247**	6,464

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Company are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of approximately HK$95,200,000 (2004: HK$179,244,000) and on the weighted average of 881,595,087 (2004: 877,471,799) ordinary shares in issue during the year.

For the year ended 31st December, 2005, no diluted loss per share has been presented as there were no dilutive potential ordinary shares in issue.

For the year ended 31st December, 2004, no disclosure of diluted loss per share has been shown as the exercise of the share option would result in a decrease in loss per share.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of the Group's performance

During the year, the Group has adopted the newly effective Hong Kong Financial Reporting Standards. As a result, certain comparative figures for the year ended 31st December, 2004 have been restated.

For the year ended 31st December, 2005, the Group recorded a consolidated turnover of approximately HK$38.5 million, an increase of approximately 42.1% as compared to the financial year in 2004 of approximately HK$27.1 million. The turnover for the year was mainly generated from the manufacturing and trading of batteries products and the increase was primarily because the revenue contributed from this segment was included on a full year basis. During the year under review, the operating environment of manufactory industry in the PRC remains difficult due to competitive economy and sluggish battery market. Keen competition in the battery industry also exerted downward pressure on prices of battery products. Despite the unfavorable environment in the battery market, the Group's business in the PRC still manages to progress well.

The audited consolidated loss for the year ended 31st December, 2005 decreased from approximately HK$134.2 million for the last financial year to approximately HK$99.9 million in the current financial year. The notable improvement was mainly a result of the significant reduction in the allowance for loans and interests receivable which reflected the positive outcome of the management effort to closely assess and monitor the repayment status on the Group's loans and receivables. The net loss incurred for the current financial year was mainly attributable to the allowances for loans and receivables as well as the changes in fair value on investment in securities and the conversion right attached to the unlisted convertible note issued by Wing On Travel (Holdings) Limited ("Wing On"), of which the Group owns an effective interest of approximately 15.32%.

Liquidity and financial resources

During the financial year of 2005, the Group financed its operations mainly through cash generated from its business activities, banking facilities provided by its principal bankers and proceeds from disposal of investments.

As at 31st December, 2005, the Group had net current assets of approximately HK$755.7 million (31st December, 2004: net current assets of approximately HK$984.6 million) and a current ratio of 3.68 (31st December, 2004: 9.93).

The Group's short-term bank loans and other borrowings decreased from approximately HK$42.6 million as at 31st December, 2004 to approximately HK$8.6 million as at 31st December, 2005, representing a decrease of 79.8%. There was no long-term bank loans and other borrowings at 31st December, 2005 compared with approximately HK$3,000 at 31st December, 2004. Gearing ratio which is expressed as a ratio of total long-term liabilities and other borrowings to the shareholders' funds, remains nil as at 31st December, 2005 (31st December, 2004: 0.000002). As at 31st December, 2005, the Group's total borrowings of approximately HK$8.6 million were mainly denominated in Hong Kong dollar, the maturity profile were all within one year, and bear interest at floating rates.

Capital expenditure aggregated to approximately HK$153.6 million for the year ended 31st December, 2005 was mainly used primarily for purchasing of property, plant and equipment. The Group's capital expenditures will continue to be funded primarily by internal resources or external borrowings or a combination of both as required.

Cash and bank balances amounted to approximately HK$116.9 million, and is mainly denominated in Hong Kong dollars and Australian dollars. During the financial year, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign exchange contracts, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENTS

China Enterprises Limited (carried on business in Hong Kong as China Tire Holdings Limited)

For the year under review, China Enterprises Limited ("China Enterprises') continues to be an investment holding company. Through its subsidiaries, China Enterprises is engaged in the business of property investment and development in the PRC and has substantial interests in Hangzhou Zhongce Rubber Company Limited ("Hangzhou Zhongce") and Wing On, which are principally engaged in manufacturing and marketing of tires in the PRC and other countries aboard, and the business of providing package tour, travel and other related services and hotel operations, respectively. Wing On continues to benefit from the notable growth momentum of the Hong Kong economy and coupled with the upsurge on both inbound arrivals and outbound departures, the prospect for the tourism industry remain promising.

After disposing of its significant interest of investment in manufacturing and trading of tires products in the PRC and other countries aboard in 2003, China Enterprises maintains minimal involvement in the manufacturing and trading of tires products through its 26% held interest in Hangzhou Zhongce. The operating result of Hangzhou Zhongce have shown a continuing strong in the financial year 2005 as the overall tire market in the PRC improved.

Throughout the financial year 2005, both of associated companies, Wing On and Hangzhou Zhongce have contributed encouraging and positive results to the Group and China Enterprises will continue to look at strategic investment opportunities with a view of the positive outlooks on PRC in the coming future to expanding business portfolios.

MRI Holdings Limited

During the financial year of 2005, MRI Holdings Limited ("MRI") successfully negotiated the investment of A$4 million into the highly successful Zest Health Clubs, Australia's second largest health and fitness chain, and number 1 in market share in 3 of Australia's 5 largest fitness markets. With the recent success of the fitness and health clubs in overseas markets, combined with the increasing awareness and rapid growth of the industry in Australia, MRI feels the investment in a successful group in a dynamic market is both opportune and timely. Following the completion of the aforementioned investment, the Directors were pleased that the trading in the MRI's shares on the Australian Stock Exchange recommenced.

MRI will continue to identify appropriate, strategic investment opportunities that maximise returns to the shareholders, within the clear mandate determined by the shareholders.

Super Energy Group Limited

Super Energy Group Limited ("Super Energy") is a principally engaged in the production and sales of batteries and battery-related accessories. Its major products are the primary battery and the re-chargeable battery. Super Energy is also actively engaged in new product development by introducing the latest technology into its products. The invention of "No Mercury Button Cell Battery" has obtained the patent in Beijing, the PRC; moreover, an International Organisation for Standardisation quality control system had been adopted in all aspect of products, which Super Energy has achieved reputation for premium quality as result of continuous research and development.

A new factory will be set up by the end of 2006 and occupies an area of over 110,000 square meters. The new factory is fully equipped with advanced machineries based on the best combination of Japanese and European technologies and facilities. Direct and onsite supervision from our technical experts will ensure that the highest quality and efficiency are achieved.

With a view to improve its financial position, Super Energy has implemented a series of measures to enhance cost competitiveness and operational efficiency. During the financial year of 2005, Super Energy has not only divested its non-profitable products and adopted stringent cost control, it has also been exploring new product opportunities to generate revenue and cash flow stream. As the battery industry in the PRC is under active growth, the Directors believe that investment in the battery market in the PRC is an excellent opportunity to bring in high quality and sustainable income for the Group.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st December, 2005, the Group employed approximately 179 staff, remuneration packages comprised of salary and year-end bonuses based on individual merits.

No options were granted and then exercised during the year ended 31st December, 2005.

CORPORATE DEVELOPMENTS

On 4th February, 2005, the Group entered into a placing and subscription agreement with Wing On and the placing agent pursuant to which the placing agent agreed to place, on a best efforts basis, up to 6,400 million shares of Wing On at a price of HK$0.022 per Wing On share and the Group would subscribe for up to 6,400 million new shares of Wing On at the price of HK$0.022 per share. The above transactions were completed in February, 2005. The Group's interest in Wing On was decreased to approximately 21.11%.

The Company had been informed by PYI Corporation Limited ("PYI") and Hanny Holdings Limited ("Hanny") that they have entered into the share sale agreement on 10th March, 2005 pursuant to which and subject to, inter alia, the implementation of the Group Reorganisation as stated below in full each of PYI and Hanny agreed to dispose 135,000,000 shares (equivalent to 67,500,000 consolidated shares of the Company upon the Capital Reorganisation as stated below having become effective) which shares represent approximately an aggregate of 30.6% of the issued share capital of the Company, for an aggregate consideration of HK$52,110,000, equivalent to about HK$0.193 per share (or HK$0.386 per consolidated share).

As stated in the joint announcement of the Company dated 19th April, 2005, the Company announced the following proposals, if approved and implemented, will result in below.

Group Reorganisation

(i) the Company continues to be a public listed company with its subsidiaries concentrating on its business of manufacturing and trading of battery products, investments in securities and property and investment in unlisted investments;

(ii) all other subsidiaries of the Company carrying on property development and investment holding business, and all other associates of the Company carrying on manufacturing and marketing of tires and business of providing package tour, travel and other related services being grouped under Group Dragon Investments Limited ("GDI"), a wholly-owned subsidiary of the Company, and its subsidiaries; and

(iii) the distribution in specie of the GDI share to the shareholders of the Company whose names appear on the register of members of the Company on the record date on the basis of one GDI share for one consolidated share of the Company.

Capital Reorganisation

(i) the cancellation of the paid-up capital of HK$0.05 on each issued share of the Company and reduction in the nominal value of each issued share of the Company from HK$0.10 to HK$0.05;

(ii) the cancellation of the entire share premium account of the Company;

(iii) the subdivision of each authorised but unissued share of the Company into two reduced shares of the Company of HK$0.05 each; and

(iv) consolidate every two reduced shares of the Company of HK$0.05 each into one consolidated share of the Company of HK$0.10.

The abovementioned proposals relating to the Capital Reorganisation; and the Group Reorganisation were duly approved by the shareholders of the Company at the extraordinary general meeting held on 6th October, 2005.

The Company attended the hearing of the Summons for Directions before the Court on 28th March, 2006 and pursuant to the directions given by the Court at the said hearing, among other things, the Petition is now scheduled to be heard by the Court on 27th April, 2006. Assuming the Court makes the Confirming Order and all the other conditions in respect of the Capital Reorganisation set out in the circular dated 10th September, 2005 of the Company have been fulfilled, the Capital Reorgainsation will take effect upon the registration of the Confirming Order and the Minute.

In April, 2005, the Group converted approximately HK$55 million convertible note of Wing On into ordinary shares of HK$1.00 each of Wing On at conversion price of HK$1.97 per share. The interest of Wing On held by the Group was accordingly increased to approximately 27.74% upon conversion of the convertible note into shares of HK$1.00 each in Wing On by the Group.

On 23rd March, 2006, the Group entered into an agreement with Wing On for the subscription of the 2% convertible exchangeable note to be issued by Wing On to the Group for the consideration of HK$300 million (the "Subscription"). The Subscription under an agreement constitutes a major transaction for the Company under the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accordingly, the Subscription and the transactions contemplated under the agreement are subject to the approval of the shareholders of the Company at general meeting. Further details can be found in a joint announcement dated 27th March, 2006 issued by the Company and Wing On.

PROSPECT

In April 2002, the Group acquired a controlling stake in Wing On, a then loss-making group of companies engaged in providing packaged tours, hotel operations and transportation in Hong Kong. After being inspired by the endurance and hard working culture of the Group and under our experienced management, the once loss-making enterprise has now turned around and successfully resumed its profitability and vitality. To extend such investment success of the Group onward, management is pledged to seize all potential investment opportunities that will create long-term value for our shareholders.

At the same time, management will also keep maintaining its conservative and cautious investment posture towards every strategic decision the Group makes to ensure superior results.

CONTINGENT LIABILITIES

	2005	2004
	HK$'000	*HK$'000*
(a) Corporate guarantee given by the Company for banking facilities granted to:		
(i) subsidiaries	**—**	—
(ii) associates	**8,000**	15,500
Other guarantees issued to associates	**30,780**	30,780
	38,780	46,280

(b) The Company has granted a guarantee in favour of MTR Corporation Limited ("MTR") in respect of outstanding rent and obligations under the tenancy agreement entered into between Tung Fong Hung Medicine (Retail) Limited, a wholly-owned subsidiary of TFHI (former wholly-owned subsidiary of the Company) and MTR for the leased properties. As at 31st December, 2005 and 31st December, 2004, such guarantee has not yet been released.

PLEDGE OF ASSETS

(a) As at 31st December, 2005, bank deposits of HK$1,036,000 (2004: HK$1,012,000) was pledged to banks to secure credit facilities granted to the Group.

(b) As at 31st December, 2005, listed equity securities with a carrying value of HK$30,861,000 (2004: HK$72,186,000) were pledged to secure margin account credit facilities and banking facilities granted to the Group. As at 31st December, 2005, no margin loan facility were utilised by the Group. As at 31st December, 2004, the margin loan facility amounting to HK$33,567,000 included in bank loans and other borrowings were utilised by the Group.

COMMITMENTS

At the balance sheet date, the Group had the following commitments:

	2005	2004
	HK$'000	*HK$'000*
Contracted for but not provided in the financial statements in respect of		
(i) Acquisition of interest in properties	**—**	377,516
(ii) Other assets	**93,301**	91,981
(iii) Acquisition of subsidiaries	**—**	10,000
	93,301	479,497

In respect of the conditional agreement entered into by the Group in 2004 to acquire properties interest of 香樟花園 located in Shanghai, PRC at a consideration of RMB450 million, of which deposits of RMB58 million were paid as at 31st December 2005, the Group has commenced legal proceedings to demand the vendor of the properties to fulfil its obligations under the agreement. Having consulted the legal counsel and under certain considerations, the Group has at present decided to exercise its discretion to proceed with the acquisition of the properties.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the directors of the Company, the directors complied throughout the year in review with the required standards as set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2005, except for the following deviations:

1. Code Provision A.2.1. stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Dr. Chan Kwok

Keung, Charles currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

2. Code Provision A.4.1. stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment as subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

3. Code Provision E.1.2. stipulates that the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 29th June, 2005 as he had another engagement that was important to the business of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the audited financial report for the year. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. David Edwin Bussmann, Mr. Wong King Lam, Joseph and Mr. Sin Chi Fai.

ANNUAL GENERAL MEETING

The 2006 Annual General Meeting of the Company will be held on 29th June, 2006. Notice convening the meeting will be issued in due course.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement containing all information required by paragraphs 45(1) to 45(3) of Appendix16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

LIST OF DIRECTORS OF THE COMPANY

As at the date of this announcement, the board of Directors comprises as below:—

Executive Directors:
Dr. Chan Kwok Keung, Charles
Dr. Yap, Allan
Ms. Chau Mei Wah, Rosanna
Ms. Chan Ling, Eva
Mr. Li Bo

Alternate Directors:
Mr. Chan Kwok Hung
(Alternate to Dr. Chan Kwok Keung, Charles)
Mr. Lui Siu Tsuen, Richard
(Alternate to Dr. Yap, Allan)

Independent non-executive Directors:
Mr. David Edwin Bussmann
Mr. Wong King Lam, Joseph
Mr. Sin Chi Fai

By order of the Board
Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 7th April, 2006