嘉禾

Golden Harvest

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

INTERIM RESULTS

The board of directors (the "Board") of Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2005. The consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) Six months ended 31 December	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*3*	**265,200**	98,343
Cost of sales		**(122,279)**	(50,012)
Gross profit		**142,921**	48,331
Interest income		**384**	7
Other revenue		**18,169**	8,511
Selling and distribution costs		**(133,303)**	(52,809)
General and administrative expenses		**(26,687)**	(26,989)
Other operating expenses, net		**(6,277)**	(4,463)
Finance costs	*5*	**(3,538)**	(374)
Share of profits and losses of associates		**13,577**	10,117
PROFIT/(LOSS) BEFORE TAX	*3,4*	**5,246**	(17,669)
Tax	*6*	**(183)**	(4)
PROFIT/(LOSS) FOR THE PERIOD		**5,063**	(17,673)
ATTRIBUTABLE TO:			
Equity holders of the Company		**5,063**	(17,503)
Minority interests		**–**	(170)
		5,063	(17,673)

	Notes		
EARNINGS/(LOSS) PER SHARE	*7*		
Basic		**HK0.4 cent**	(HK1.7 cents)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As at 31 December 2005 *HK$'000*	(Restated) As at 30 June 2005 *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**245,784**	236,236
Interests in associates	**173,416**	159,374
Prepaid leasehold land rental	**2,899**	2,987
Prepaid rental	**12,348**	5,190
Club memberships	**3,590**	4,380
Rental deposits	**53,317**	54,706
Trademarks	**79,421**	79,421
Pledged bank deposits	**1,844**	1,139
	572,619	543,433
CURRENT ASSETS		
Prepayments, deposits and other receivables	**39,307**	46,508
Inventories	**709**	571
Film rights	**16,692**	18,384
Accounts receivable	**29,637**	18,304
Pledged bank balances	**960**	486
Cash and bank balances	**55,348**	65,632
	142,653	149,885
CURRENT LIABILITIES		
Accounts payable	**84,608**	75,583
Accrued liabilities and other payables	**91,723**	85,345
Due to associates	**1,323**	–
Customer deposits	**2,712**	3,380
Interest-bearing bank borrowings	**31,301**	24,697
Current portion of finance lease payables	**329**	413
Provision for employee benefits	**1,931**	1,680
Tax payable	**10,071**	12,295
	223,998	203,393
NET CURRENT LIABILITIES	**(81,345)**	(53,508)
TOTAL ASSETS LESS CURRENT LIABILITIES	**491,274**	489,925

NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**62,110**	65,325
Non-current portion of finance lease payables	**1,319**	298
Deposits received	**3,697**	3,686
Provision for long service payments	**4,322**	3,670
Deferred tax	**6,144**	5,978
	77,592	78,957
	413,682	410,968
CAPITAL AND RESERVES		
Equity attributable to the Company's equity holders		
Issued share capital	**133,031**	133,031
Reserves	**280,651**	277,937
	413,682	410,968

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

The Group achieved a profit for the period ended 31 December 2005 of HK$5,063,000 (2004: loss for the period of HK$17,673,000). At 31 December 2005, the Group had consolidated net current liabilities of approximately HK$81,345,000 (30 June 2005: HK$53,508,000) and consolidated net assets of approximately HK$413,682,000 (30 June 2005: HK$410,968,000).

In order to improve the Group's working capital position, immediate liquidity and cash flow position, the Group has implemented some measures/arrangements as further explained below:

(a) the Group is currently in negotiation with a financial institution to obtain a convertible loan of US$20,000,000 together with a term loan of US$2,000,000 to improve the Group's liquidity position;

(b) the directors may consider realising certain non-current assets which will further improve the Group's financial positions; and

(c) the Group continues to implement measures to tighten cost controls over various general and administrative expenses and to attain profitable and positive cash flow operations. After the period end, a loss-making cinema in Hong Kong was closed following which the operating expenses incurred by the Group will be reduced.

In the opinion of the directors, in light of the various measures/arrangements indicated above and the support from the Group's bankers and the potential investors, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position and tight liquidity as at 31 December 2005.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these financial statements.

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 30 June 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 18, 19, 21, 23, 24, 27, 28, 32, 33, 37, 39, 40, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements, except for the followings:

(a) HKAS 17 – Leases

(b) HKAS 31 – Interests in Joint Ventures

(c) HKFRS 2 – Share-based Payment

The impact of adopting these HKFRSs is summarised in the interim report and the following is a summary of effect of adopting the new HKFRSs on the condensed consolidated financial statements:

(i) Condensed consolidated income statement

	Increase/(Decrease) For the six months ended 31 December					
	2005			2004		
	HKAS 1 Share of post-tax profit and loss of associates *HK$'000*	**HKAS 31 Proportionate consolidation** *HK$'000*	**Total** *HK$'000*	HKAS 1 Share of post-tax profit and loss of associates *HK$'000*	HKAS 31 Proportionate consolidation *HK$'000* *(Note)*	Total *HK$'000*
Turnover	**–**	**144,808**	**144,808**	–	–	–
Cost of sales	**–**	**(68,376)**	**(68,376)**	–	–	–
Interest income	**–**	**328**	**328**	–	–	–
Other revenue	**–**	**8,252**	**8,252**	–	–	–
Selling and distribution costs	**–**	**(72,666)**	**(72,666)**	–	–	–
General and administrative expenses	**–**	**(688)**	**(688)**	–	–	–
Other operating expenses, net	**–**	**(867)**	**(867)**	–	–	–
Finance costs	**–**	**(72)**	**(72)**	–	–	–
Share of profits and losses of jointly-controlled entities	**–**	**(8,780)**	**(8,780)**	–	–	–
Share of profits and losses of associates	**(5,001)**	**–**	**(5,001)**	(4,413)	–	(4,413)
Tax	**5,001**	**(1,939)**	**3,062**	4,413	–	4,413
Total effect for the period	**–**	**–**	**–**	–	–	–

Note: No restatement in relation to HKAS 31 was made on the condensed consolidated income statement for the six months ended 31 December 2004 as the entities only became jointly-controlled entities of the Group after 31 December 2004.

For illustrative purpose, the following is the pro forma consolidated financial information of the Group assuming that the Group held 50% equity interests in TGV Cinemas Sdn. Bhd. ("TGV") and 40% equity interests in Warner Village Cinemas Co., Ltd. ("WVT") at the commencement of the period ended 31 December 2004. The pro forma consolidation financial information is prepared by using proportionate consolidation and based on the unaudited financial statements of TGV and WVT for the six months ended 31 December 2004.

The pro forma consolidated financial information is provided for illustrative purpose only.

	(Pro forma) Six months ended 31 December 2004 *HK$'000*
Turnover	237,184
Gross profit	120,250
Loss for the period	(2,464)

(ii) Condensed consolidated balance sheet

	Increase/(Decrease)					
	As at 31 December 2005			As at 30 June 2005		
	HKAS 17 Prepaid land lease payment *HK$'000*	**HKAS 31 Proportionate consolidation** *HK$'000*	**Total** *HK$'000*	HKAS 17 Prepaid land lease payment *HK$'000*	HKAS 31 Proportionate consolidation *HK$'000*	Total *HK$'000*
Property, plant and equipment	**(2,899)**	**164,205**	**161,306**	(2,987)	152,633	149,646
Interests in jointly-controlled entities	**–**	**(193,972)**	**(193,972)**	–	(178,619)	(178,619)
Prepaid leasehold land rental	**2,899**	**–**	**2,899**	2,987	–	2,987
Prepaid rental	**–**	**12,348**	**12,348**	–	5,190	5,190
Rental deposits	**–**	**42,012**	**42,012**	–	43,293	43,293
Pledged bank deposits	**–**	**1,844**	**1,844**	–	1,139	1,139
Prepayments, deposits and other receivables	**–**	**14,094**	**14,094**	–	16,610	16,610
Accounts receivable	**–**	**1,785**	**1,785**	–	1,200	1,200
Due from a jointly-controlled entity	**–**	**–**	**–**	–	(30,000)	(30,000)
Cash and bank balances	**–**	**30,243**	**30,243**	–	49,433	49,433
	–	**72,559**	**72,559**	–	60,879	60,879

Accounts payable	**–**	**19,215**	**19,215**	–	20,567	20,567
Accrued liabilities and other payables	**–**	**34,704**	**34,704**	–	30,220	30,220
Current portion of interest-bearing bank borrowings	**–**	**947**	**947**	–	–	–
Tax payable	**–**	**927**	**927**	–	1,244	1,244
Non-current portion of interest-bearing bank borrowings	**–**	**7,579**	**7,579**	–	–	–
Deposit received	**–**	**3,697**	**3,697**	–	3,686	3,686
Provision for long service payments	**–**	**145**	**145**	–	9	9
Deferred tax	**–**	**5,345**	**5,345**	–	5,153	5,153
	–	**72,559**	**72,559**	–	60,879	60,879

(iii) Condensed consolidated statement of changes in equity

	Increase/(Decrease) For the six months ended 31 December	
	2005	2004
	HKFRS 2	HKFRS 2
	Share option expenses	Share option expenses
	HK$'000	*HK$'000*
Share option reserve	**150**	150
Accumulated losses	**(150)**	(150)
Total effect for the period	**–**	–

3. Turnover and segment information

(a) Business segments

The following table presents revenue and results for the Group's business segments.

	(Unaudited) Six months ended 31 December									
	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**23,051**	21,241	**231,465**	70,959	**10,684**	6,143	**–**	–	**265,200**	98,343
Inter-segment sales	**864**	1,131	**–**	–	**234**	–	**(1,098)**	(1,131)	**–**	–
Other revenue	**1,493**	919	**15,815**	2,739	**798**	636	**(315)**	(542)	**17,791**	3,752
Total	**25,408**	23,291	**247,280**	73,698	**11,716**	6,779	**(1,413)**	(1,673)	**282,991**	102,095
Segment results	**(1,685)**	(10,744)	**(3,083)**	(15,474)	**(787)**	(5,960)	**–**	–	**(5,555)**	(32,178)
Interest income and unallocated gains and expenses									**762**	4,766
Finance costs									**(3,538)**	(374)
Share of profits and losses of associates	**1,102**	(932)	**12,475**	11,049	**–**	–	**–**	–	**13,577**	10,117
Profit/(loss) before tax									**5,246**	(17,669)
Tax									**(183)**	(4)
Profit/(loss) for the period									**5,063**	(17,673)

(b) Geographical segments

The following table presents revenue for the Group's geographical segments.

	(Unaudited) Six months ended 31 December													
	Hong Kong		Mainland China		Taiwan		Malaysia		Elsewhere in Asia		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**108,794**	91,825	**10,133**	3,202	**102,381**	1,844	**42,674**	–	**361**	1,283	**857**	189	**265,200**	98,343

4. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging:

	(Unaudited) Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Cost of inventories sold	**12,046**	2,725
Cost of services provided	**106,138**	41,020
Amortisation of film rights	**4,095**	6,267
Amortisation of leasehold land rental	**88**	88
Depreciation	**20,656**	7,576
Loss on disposal of property, plant and equipment	**918**	480
Impairment on club memberships	**365**	–

5. Finance costs

	(Unaudited) Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Interest and finance cost on bank loans wholly repayable within five years	**3,365**	243
Interest on finance leases	**28**	42
Interest on accounts payable	**145**	89
	3,538	374

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on country legislation, interpretations and practices in respect thereof.

	(Unaudited) Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Group:		
Hong Kong	**–**	–
Elsewhere	**(1,756)**	4
	(1,756)	4
Jointly-controlled entities:		
Current	**1,696**	–
Deferred	**243**	–
	1,939	–
Tax charge for the period	**183**	4

Share of tax attributable to associates amounting to HK$5,001,000 (2004: HK$4,413,000) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on profit attributable to equity holders of the Company for the period of HK$5,063,000 (2004: loss attributable to equity holders of the Company of HK$17,503,000) and the weighted average number of 1,330,309,375 shares (2004: 1,004,749,456 shares) in issue during the period.

No disclosure of diluted earnings/(loss) per share for both the current period and prior period is shown as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary shares during both periods and thus the share options had no diluting effect on the basic earnings/(loss) per share for these periods.

8. Comparative amount

Due to the adoption of new HKFRSs during the period, the accounting treatment and presentation of certain items and balances in the condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain prior period and opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current period presentation and accounting treatment.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operations

The Group reported a profit of HK$5 million for the period under review, as compared to a loss of HK$17.7 million last year. The investment decisions in the last financial year to acquire the largest cinema chain in Taiwan, increase our stake in one of our Malaysian cinema operations and to open a flagship cinema in Shenzhen have proved correct and successful. All these investments recorded impressive contributions and helped to turn around the Group's results for the period under review.

The performance of our distribution business across the region has improved. Although the HK market remains soft, especially for the Chinese language films, Golden Harvest has managed to stay ahead of the market and to increase our overall distribution market share to 35%. Our exhibition business in all our territories, except Hong Kong, performed strongly and the good performance is expected to continue.

In accordance with the requirements of new accounting standards, the Group has proportionately consolidated the financial statements of the jointly-controlled entities in Taiwan and Malaysia (namely Warner Village Cinemas Co., Ltd. ("WVT") and TGV Cinemas Sdn. Bhd. ("TGV")). Although the net assets value and net results of the Group are not affected, the figures of individual items such as turnover, cost of sales, property, plant and equipment, accounts payable and accruals etc. were all be significantly affected this period as a result of proportionate consolidation. Proportionate consolidation is considered by the management to be a better way to reflect the substance and economic reality of the Group's interests in the jointly-controlled entities.

Film distribution

Total box office receipts in Hong Kong increased by 8% to HK$503 million, of which non-Chinese language films grossed HK$328 million, up 26% from the same period last year. The box office of Chinese language films remained weak, dipping 16% to HK$175 million. As a distributor for both Chinese and non-Chinese language films, the Group had 35% of total box office collections.

Notwithstanding the insufficient supply of Chinese language films in the market, our film financing activity has successfully secured a substantial slate of films for our Gala circuit. The total box office of Chinese language films distributed by the Group increased slightly by HK$6 million to HK$60 million and our market share rose to 34% from last year's 26%.

Good performance of our non-Chinese language films this year was attributable to blockbusters like "Madagascar" and "King Kong". The number of films released by the Group increased from last year's 17 to this year's 22 and the box office receipts doubled to HK$114 million. Our market share increased to 35% from last year's 20%. The Panasia-licensed films also achieved satisfactory results, such as the Japanese movie "Train Man" which was well received by the market.

Film exhibition

In the prior year, the Group made a strategic move to strengthen the exhibition business by acquiring the largest cinema chain in Taiwan, increasing the stake in one of our Malaysian cinema operations and opening our flagship cinema in Shenzhen in Mainland China. The Group now operates 47 cinemas with 325 screens across the Asian region and is one of the leading cinema operators in Asia.

In Hong Kong, our cinema box office income was down by 2% to HK$65 million as a result of keen competition in the market. The impact of the drop in revenue was partly compensated by lower film hire costs and operating expenses for the period.

In Mainland China, our cinema in Shenzhen accounted for 47% market share in Shenzhen and has consistently ranked second nation-wide in terms of box office takings. Our flexible multi-pricing strategies and customer-oriented marketing promotions have seen an initial success in developing a movie-going habit in our customers. Gross theatre takings in the second half of 2005 amounted to RMB20 million, nearly doubled the takings of the first half of 2005.

By opening more new screens in 2005, the Malaysian market box office achieved a record high of RM98 million in the second half of 2005, soaring by 34% above last year. The Group has an approximately 80% market share through its two joint ventures in Malaysia. Golden Screen Cinemas Sdn. Bhd. ("GSC") opened 22 screens in the first half of 2005 and its revenue for the period under review increased by 38% to RM68 million. Earnings before tax ("EBT") doubled to RM10 million. On the other hand, the revenue growth of our joint venture TGV was relatively flat since most of their new screens are due to open in 2006. TGV opened a new 5-screen cinema in late 2005 and EBT was up by 17% to RM5 million. In 2006, TGV fully opened a 10-screen cinema in February and plans to open another two cinemas in the second half of the year.

In Singapore, the market box office stayed flat at S$60 million for the period. The growth of admissions has stalled since the increase of ticket prices in May 2005 but theatre takings of Golden Village Multiplex Pte Ltd was up slightly by 2% to S$26.6 million. Total revenue and EBT for the period were flat. In May 2005, the Group commenced proceedings in the Hong Kong court to wind up Dartina Development Limited, the holding company of the Singapore joint venture with Village Roadshow, on the grounds that the Group had not been properly included in the management of the joint venture. We believe that we will be better off running our own cinemas in Singapore.

In Taiwan, WVT contributed a net profit of HK$5 million to the Group for the period under review. Although the Taiwan market box office for the period remained the same as last year's level of NT$2.7 billion, the revenue of WVT grew by 6% to NT$1.2 billion. The increase was mainly due to the improvement of concession sales and rental income. Besides the cinema operations, WVT also manages a retail mall at Warner Village Cinemas Taipei Hsinyi ("Hsin Yi") in Taipei. To support the cinema multiplex business at Hsin Yi, WVT made its entry into the food court business this period. The increase of revenue combined with a decrease in film hire led to an improvement in operating profit of WVT to NT$84 million for the period of 2005, tripled last year's results.

Prospects

Hong Kong will continue to be the base of the Group's operations, strongly supported by our regional network. The Group will continue to focus on development of the Greater China market and strengthening its Pan-Asian footprint. The Group is currently taking careful steps to explore new sites for our cinemas.

Liquidity and financial resources

During the period, the Group obtained an additional facility of approximately HK$2 million for working capital purposes. In addition, one of the Group's jointly-controlled entities secured a bank loan of HK$17.1 million (our 50% share HK$8.6 million) to finance the development of the new cinema sites in Malaysia. As at 31 December 2005, the aggregate amount of our bank borrowings HK$93.4 million. The terms of the loans are spread over a period of between one year to five years. The bank loans are either unsecured or secured by the pledge of certain bank balances, assets/fixed assets including a leasehold land and building of the Group and the shares in a wholly–owned subsidiary. The bank borrowings are in Hong Kong dollars, Renminbi, Malaysian Ringgit and US dollars with interest rates ranging from 4% to 11% per annum.

As at 31 December 2005, the Group's cash balances was at HK$56.3 million and the net current liabilities stood at HK$81.3 million. Gearing ratio, calculated on the basis of external borrowings over total assets, reduced to 13.3%. The Group had contingent liabilities of HK$17.5 million at the period-end date (30 June 2005: HK$17.3 million) in respect of a guarantee of a banking facility granted to an associate.

The Group's assets and liabilities are principally denominated in Hong Kong dollars except certain assets and liabilities associated to the investments located in Singapore, Malaysia, Taiwan and Mainland China. Since the exchange rates of the currencies in these territories have been relatively stable, the directors are of the view that the Group's current exposure to currency exchange risk is minimal. Accordingly, the Group did not carry out any hedging of foreign currencies during the period. The directors will continue to assess the exchange risk and exposures, and will consider all possible hedging measures in order to minimise the risk at a reasonable cost.

The Group is currently in negotiation with a financial institution to obtain a convertible loan of US$20 million together with a term loan of US$2 million to improve the Group's liquidity position. In order to further improve the Group's financial position and to finance new projects, the Group will consider realising certain non-current assets and will continue to explore opportunities for different sources of financing.

Employees and remuneration policies

As at 31 December 2005, the Group had 230 (as at 30 June 2005: 228) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution which arose upon employees leaving the retirement benefit scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2005.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 31 December 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted its code on corporate governance (the "Company's Code on CG") based on the principles set out in the Code on Corporate Governance Practices ("CG Practices") contained in Appendix 14 of the Listing Rules. To comply with the CG Practices and the Company's Code on CG (collectively, the "CG Codes"), certain amendments to the Bye-laws of the Company were proposed and approved by shareholders at the annual general meeting of the Company held on 28 November 2005.

In the opinion of the directors, the Company has complied with the CG Codes for the six months ended 31 December 2005, except that all non-executive directors of the Company were not appointed for a specific term as required by code provision A.4.1 of CG Practices because they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information of the Group for the six months ended 31 December 2005 required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

List of all directors of the Company as of the date of this announcement:

Executive directors:
Mr. Raymond Chow Ting Hsing
Mr. Phoon Chiong Kit
Mr. David Chan Sik Hong
Mrs. Roberta Chin Chow Chung Hang
Mr. Lau Pak Keung (alternate to Mr. Phoon Chiong Kit)

Non-executive directors:
Mr. Eric Norman Kronfeld

Independent non-executive directors:
Mr. Paul Ma Kah Woh
Mr. Frank Lin
Prince Chatrichalerm Yukol

On behalf of the Board
Raymond Chow Ting Hsing
Chairman

Hong Kong, 24 March 2006