



139 Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 139



2006/2007
Interim Report



CORPORATE INFORMATION

Executive Directors

Wong Howard (*Chairman & Chief Executive Officer*)
Wong Yat Fai
Wu Qing

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors

Tung Tat Chiu, Michael
Li Chi Ming
Wan Ngar Yin, David

Head Office and Principal Place of Business

Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Audit Committee

Tung Tat Chiu, Michael (*Chairman*)
Li Chi Ming
Wan Ngar Yin, David

Principal Share Registrar

Butterfield Fund Services
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Remuneration Committee

Li Chi Ming (*Chairman*)
Tung Tat Chiu, Michael
Wan Ngar Yin, David

Hong Kong Branch Share Registrar and Transfer Office

Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Company Secretary and Qualified Accountant

Szeto Pui Tong, Patrick

Auditors

Ernst & Young

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Company's Website

www.139hk.com

Stock Code

139



The Board of Directors (the “Board”) of 139 Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006 (the “Period”) together with comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
	Notes	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000 (Restated)
REVENUE	2		
Electronic products		32,353	5,484
Treasury investment		8,885	29,889
		41,238	35,373
Cost of electronic products sold		(32,142)	(5,526)
Brokerage and commission expenses		(84)	(805)
		(32,226)	(6,331)
		9,012	29,042
Other income and gains	3	569	1,474
Selling and distribution costs		(208)	(71)
Administrative expenses		(7,730)	(7,771)
Other operating expenses		(40)	(180)
Fair value gains and losses, net:			
Equity investments at fair value through profit or loss		(68,811)	(73,697)
Conversion option derivative		339	(5,472)
Finance costs	5	(18)	(953)
LOSS BEFORE TAX	4	(66,887)	(57,628)
Tax	6	–	–
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		(66,887)	(57,628)
DIVIDEND	7	–	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
BASIC		HK(5.90) cents	HK(5.09) cents
DILUTED		N/A	N/A



CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		489	403
Prepaid land lease payment		–	–
Convertible notes – loan portion		49,275	12,480
Available-for-sale equity investments		103,989	122,743
Total non-current assets		153,753	135,626
CURRENT ASSETS			
Convertible notes – call option portion		4,921	–
Equity investments at fair value			
through profit or loss	9	96,441	192,558
Inventories	10	78	6
Trade receivables	11	11,747	10,235
Bills receivables		2,497	–
Prepayments, deposits and other receivables		2,426	7,985
Pledged time deposits		6,860	6,731
Cash and cash equivalents		15,325	18,780
Total current assets		140,295	236,295
CURRENT LIABILITIES			
Trade payables	12	9,100	250
Tax payable		363	363
Other payables and accruals		6,138	7,170
Finance lease payables		81	78
Total current liabilities		15,682	7,861
NET CURRENT ASSETS		124,613	228,434



CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
	Notes		
TOTAL ASSETS LESS CURRENT LIABILITIES		278,366	364,060
NON-CURRENT LIABILITIES			
Finance lease payables		28	69
Deferred tax liabilities		–	6,471
Total non-current liabilities		28	6,540
Net assets		278,338	357,520
Equity attributable to equity holders of the parent			
Issued capital	13	11,332	11,332
Reserves		267,006	346,188
Total equity		278,338	357,520



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2006

Group

Unaudited six months ended 30 September 2006

	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Available-for- sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated Losses HK\$'000	Total Equity HK\$'000
As at 1 April 2006	11,332	310,000*	556*	551,174*	67,832*	(82)*	(583,292)*	357,520
Changes in fair values of available-for-sale equity investments	-	-	-	-	(18,754)	-	-	(18,754)
Deferred tax arising from changes in fair value loss of available-for- sale equity investments	-	-	-	-	6,471	-	-	6,471
Exchange realignment	-	-	-	-	-	(12)	-	(12)
Net loss for the period	-	-	-	-	-	-	(66,887)	(66,887)
As at 30 September 2006	11,332	310,000*	556*	551,174*	55,549*	(94)*	(650,179)*	278,338

Unaudited six months ended 30 September 2005

	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Available-for- sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated Losses HK\$'000	Total Equity HK\$'000
As at 1 April 2005								
As previously reported	113,324	310,000	556	449,182	-	32	(557,184)	315,910
Changes in fair values of other securities	-	-	-	-	-	-	20,374	20,374
As restated	113,324	310,000	556	449,182	-	32	(536,810)	336,284
Capital reorganisation	(101,992)	-	-	101,992	-	-	-	-
Changes in fair values of available-for-sale equity investments	-	-	-	-	4,096	-	-	4,096
Net loss for the period	-	-	-	-	-	-	(57,628)	(57,628)
As at 30 September 2005	11,332	310,000	556	551,174	4,096	32	(594,438)	282,752

* These reserve accounts comprise the consolidated reserves of HK\$267,006,000 (31 March 2006: HK\$346,188,000) in the condensed consolidated balance sheet.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,461)	(25,846)
NET CASH INFLOW FROM INVESTING ACTIVITIES	185	1,414
CASH OUTFLOW FROM FINANCING ACTIVITIES	(38)	(977)
DECREASE IN CASH AND CASH EQUIVALENTS	(3,314)	(25,409)
Cash and cash equivalents at beginning of period	25,511	90,076
Effect of foreign exchange rate changes, net	(12)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	22,185	64,667
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,302	4,630
Non-pledged time deposits with original maturity of less than three months when acquired	4,023	53,391
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	6,860	6,646
	22,185	64,667



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These condensed consolidated interim financial statements have not been audited by the Company's Auditors but have been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of preparation used in the preparation of these unaudited interim financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2006. The new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for the accounting periods commencing on or after 1 January 2006 has had no significant impact on these unaudited condensed consolidated interim financial statements.

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted those new HKFRSs in these unaudited condensed consolidated interim financial statements. The Group expects that the adoption of those new HKFRSs will not have significant impact on the Group's financial statements in the period of initial application.

Certain comparative amounts have been reclassified and restated to conform with the presentation and accounting treatments of the Period.



2. Revenue and segmental information

(a) Primary reporting format – business segments

For the management purpose, the Group is currently organised into three operating divisions – electronic products, treasury investment and corporate & others. An analysis of the Group's turnover and results by business segments for the Period and the corresponding previous period is as follows:

Group

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000 (Restated)	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000 (Restated)
Segment Revenue:								
Sales to external customers	32,353	5,484	-	-	-	-	32,353	5,484
Gains from treasury investment	-	-	8,885	29,889	-	-	8,885	29,889
Total	32,353	5,484	8,885	29,889	-	-	41,238	35,373
Segment results	(1,381)	(1,103)	(61,780)	(51,932)	(3,894)	(4,818)	(67,055)	(57,853)
Interest income, gains and unallocated gains							370	1,346
Unallocated expenses							(184)	(168)
Finance costs							(18)	(953)
Loss before tax							(66,887)	(57,628)
Tax							-	-
Loss for the period							(66,887)	(57,628)

(b) *Secondary reporting format – geographical segments*

An analysis of the Group's revenue by geographical segments for the Period and the corresponding previous period is as follows:–

Group

	The People's Republic of China (Including Hong Kong)		United States of America and Europe		Consolidated	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Segment Revenue:						
Electronic products	28,250	–	4,103	5,484	32,353	5,484
Treasury investment	8,885	29,889	–	–	8,885	29,889
	37,135	29,889	4,103	5,484	41,238	35,373

3. Other income and gains

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Bank interest income	363	1,341
Gain on disposal of items of property, plant and equipment	–	110
Others	206	23
	569	1,474



4. Loss before tax

The Group's loss before tax is arrived at after charging:-

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Depreciation	92	81

5. Finance costs

	For the six months ended 30 September	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest expenses on:		
bank overdraft and other loans wholly repayable within five years	13	950
finance leases	5	3
	18	953

6. Tax

No Hong Kong profits tax has been provided during the Period (2005: Nil) as the Group did not derive any assessable profit attributable to its operation in Hong Kong.

No provision for tax in the Mainland China has been made during the Period (2005: Nil) since no assessable profit has been generated by the subsidiaries operating in the Mainland China.



7. Dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2006 (2005: Nil).

8. Loss per share attributable to ordinary equity holders of the parent

The calculation of basic loss per share is based on the net loss for the Period attributable to ordinary equity holders of the parent of HK\$66,887,000 (2005: HK\$57,628,000) and the 1,133,243,047 ordinary shares in issue during the Period (2005: weighted average number of 1,133,243,047 ordinary shares).

The diluted loss per share for the periods ended 30 September 2005 and 2006 has not been shown as there were no dilutive events during these periods.

9. Equity investments at fair value through profit or loss

	At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	96,441	192,558

10. Inventories

	At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
Finished goods	78	6



11. Trade receivables

Ageing analysis:

	At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
Within 1 month	10,426	8,709
1 to 2 months	732	736
2 to 3 months	589	790
	<u>11,747</u>	<u>10,235</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

12. Trade payables

Ageing analysis:

	At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
Within 1 month	9,069	210
Over 3 months	31	40
	<u>9,100</u>	<u>250</u>



13. Share capital

	At 30 September 2006 (Unaudited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid		
– 1,133,243,047 ordinary shares of HK\$0.01 each	<u>11,332</u>	<u>11,332</u>

Notes:

A capital reorganisation scheme was approved by the shareholders under a special resolution on 28 July 2005, details of which are as follows:

- (a) Every ten shares of HK\$0.01 each in the issued share capital of the Company were consolidated into one consolidated share of HK\$0.10;
- (b) Every issued consolidated share was reduced in nominal amount by cancelling HK\$0.09 of the capital paid up for each issued consolidated share so as to form (after the share consolidation) one reorganised share of HK\$0.01; and
- (c) The credit arising from the capital reorganisation was transferred to the contributed surplus of the Company.

The value of the authorised share capital of the Company before and after the capital reorganisation remains unchanged and is HK\$600,000,000.

14. Related party transactions

During the Period, the Group had no related party transactions.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the Period was HK\$41.2 million, representing an increase of HK\$5.9 million or 16.6% compared with the corresponding period of last year. The net loss for the Period attributable to ordinary equity holders of the parent was HK\$66.9 million, representing an increase of HK\$9.3 million or 16.1% compared with the corresponding period of last year. Loss per share for the Period increased to HK5.90 cents (2005: HK5.09 cents). The Group's net loss for the Period was primarily attributable to a fair value loss on equity investment at fair value through profit or loss of HK\$68.8 million.

During the Period, the Group continued to put efforts into electronic product and market development by opening up more distribution channels and extending the product line. As a result, the sales revenue from electronic product trading substantially increased by HK\$26.8 million, or 490% to HK\$32.3 million. Coupled with strict cost control, the operating loss for this segment was contained at HK\$1.4 million.

The Group has continued to utilise its available fund in treasury investment. During the Period, the gain and the operating loss from treasury investment segment were HK\$8.9 million and HK\$61.8 million respectively.

Prospects

In recent years, energy consumption in Mainland China has experienced a steady increase, driven by rapid economic growth, and in particular increasing demand for methanol in end user markets. In view of this, the Board considered that methanol production business in the Mainland China would have a considerable growth potential in long run.



In order to tap into the growing Mainland China energy market, the Group has entered into an agreement for investment in methanol refinery project at Inner Mongolia in Mainland China. Details of such investment were disclosed in the Company's announcements dated 19 October 2006 and 2 November 2006. For the second half of the year to come, the Group will continue to pursue its prudent strategy to explore investment opportunities to broaden its assets and revenue streams.

Financial Review

The Group's sales revenue for the Period was HK\$41.2 million, representing an increase of HK\$5.9 million or 16.6% compared with the corresponding period of last year. The Group's sales revenue is comprised of the sales revenue of electronic product trading of HK\$32.3 million and gains from treasury investment of HK\$8.9 million .

The loss for the Period was HK\$66.9 million, comparing to loss of HK\$57.6 million for the corresponding period of last year. As at 30 September 2006, the Group's consolidated net asset value was HK\$278.3 million (at 31 March 2006: HK\$357.5 million). The Group maintained a sound financial position in terms of high assets liquidity and free of debt burden.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow and banking facilities. The Group's cash and bank balances and time deposits as at 30 September 2006 amounted to HK\$22.2 million (at 31 March 2006: HK\$25.5 million).

As at 30 September 2006, there were no bank overdrafts, short and long term interest-bearing bank borrowings to the Group (at 31 March 2006: Nil).

As at 30 September 2006, the Group's current ratio was 8.9 times (at 31 March 2006: 30.1 times) based on current assets of HK\$140.3 million (at 31 March 2006: HK\$236.3 million) and current liabilities of HK\$15.7 million (at 31 March 2006: HK\$7.9 million).



As at 30 September 2006, the Group has no contingent liabilities or material commitments for the purchase of property, plant and equipment.

Capital Structure

As at 30 September 2006, the Group's gearing ratio, being the total finance lease payables to net worth was 0.04% (at 31 March 2006: 0.04%).

The Group's bank deposits and borrowings are mainly denominated in Hong Kong dollars. Most of the Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the exchange risk exposed to the Group is minimal.

Post Balance Sheet Event

- (i) On 17 October 2006, the Company entered into an agreement with a placing agent for placement of 226,640,000 new shares of the Company at HK\$0.325 per share. The 226,640,000 placing shares represented approximately 20% of the then existing issued share capital of the Company. The net proceeds from the placing of approximately HK\$72.4 million will be used as additional working capital for the Group.
- (ii) On 1 November 2006, the Group entered into an agreement with JB International Holdings Limited to acquire (i) 25% of the equity interest together with shareholder's loan of Century Time Investments Limited which indirectly owns a Sino-foreign equity joint venture established under the laws of the PRC for HK\$150 million; and (ii) the call option to purchase up to an additional 50% equity interest of Century Time Investments Limited. The joint venture company is principally engaged in the manufacture and the sales of methanol at Inner Mongolia in the PRC. Details of the transaction were disclosed in the Company's announcements dated 19 October 2006 and 2 November 2006.



Significant Investments

As at 30 September 2006, the Group had convertible notes issued by two companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with carrying amount of HK\$54.2 million. The related interest for the Period was HK\$0.8 million.

As at 30 September 2006, the Group maintained a portfolio of equity investments (including available-for-sale equity investments and equity investments at fair value through profit or loss) with total carrying amount of HK\$200.4 million. The related dividend income for the Period was HK\$3.2 million.

Details of Charge on Assets

At 30 September 2006, a fixed deposit of HK\$6.9 million (2005: HK\$6.7 million) was pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals

During the Period, the Company had no other material acquisition and disposal of subsidiaries and associate.

Employment, Training and Development

At 30 September 2006, the Group had a total of 45 employees of which 22 were based in Hong Kong and 23 based in Mainland China. The Group has committed itself to its staff training and development and structured training programs for all employees.

Remuneration packages are maintained at competitive level and reviewed on a periodic basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industry practice.



DIRECTORS' INTERESTS IN SHARES

At 30 September 2006, the interests of the directors of the Company in the shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules (the "Model Code") were as follows:–

Long position in ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Wong Howard	Beneficial owner	21,299,000	1.88%
Mr. Wong Yat Fai	Beneficial owner	21,299,000	1.88%
Mr. Wu Qing	Beneficial owner	21,299,000	1.88%

In addition to the above, as at 30 September 2006, certain director(s) of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying the previous requirements of a minimum of two shareholders.

Save as disclosed above, as at 30 September 2006, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 September 2006, the following interests of 5% or more of the issued share capital of the Company were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Long/short position	Capacity	Note	Number of ordinary shares	Percentage of the Company's issued share capital
Radford Capital Investment Limited	Long	Interests held by a controlled corporation	(a)	92,782,000	8.19%
Penta Investment Advisers Ltd	Long	Investment manager	(b)	58,390,000	5.15%
Mr. John Zwaanstra	Long	Interests held by a controlled corporation	(b)	58,390,000	5.15%

Notes:

- (a) Radford Capital Investment Limited held the interests in the share capital of the Company via its wholly owned subsidiary "Winning Horsee Limited".
- (b) Mr. John Zwaanstra was deemed to be interested in 58,390,000 shares of the Company which were held by Penta Investment Advisers Ltd, a corporation wholly-owned by Mr. Zwaanstra.

Save as disclosed above, as at 30 September 2006, no persons had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.



SHARE OPTION SCHEME

The Company currently operates a share option scheme (the “Scheme”) adopted on 27 August 2003 for the purpose of providing incentives and rewards to eligible participants (including but not limited to the directors and employees of the Group) who contribute to the success of the Group’s operations. No share options of the Company have been granted under the Scheme since its adoption.

In addition, there were no outstanding share options of the Company at the beginning and at the end of the Period.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders’ benefit. Detailed disclosure of the Company’s corporate governance practices was stated in the Company’s Annual Report for the year ended 31 March 2006.

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006 except that there is no separation of the roles of the Chairman and Chief Executive Officer as laid down in the code provision A.2.1. Mr. Wong Howard currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Company.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The Audit Committee of the Company meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited consolidated interim financial statements for the six months ended 30 September 2006 and discussed auditing, financial and internal control, and financial reporting matters of the Company. The members of the Audit Committee are Mr. Tung Tat Chiu, Michael (Chairman of the Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David, all of whom are independent non-executive directors of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "Own Code") on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code and the Own Code during the six months ended 30 September 2006.



COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the “Relevant Employees”) in respect of their dealings in the securities of the Company (the “Written Guidelines”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, “Relevant Employee” includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the six months ended 30 September 2006.

On behalf of the Board
Wong Howard
Executive Director

Hong Kong, 14 December 2006