嘉禾 Golden Harvest

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1132)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2005

RESULTS

The Board of Directors (the "Board") of Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2005 together with the comparative figures for the previous year as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	**2005** **HK$'000**	2004 *HK$'000*
TURNOVER	3	**203,239**	218,477
Cost of sales		**(103,207)**	(94,093)
Gross profit		**100,032**	124,384
Interest income		**56**	14
Other revenue		**7,149**	12,506
Selling and distribution costs		**(109,534)**	(106,229)
General and administrative expenses		**(56,109)**	(52,488)
Other operating expenses, net		**(14,076)**	(5,751)
Impairment of film rights		**–**	(3,543)
LOSS FROM OPERATING ACTIVITIES	4	**(72,482)**	(31,107)
Recognition of negative goodwill		**43,032**	–
Impairment of interests in an associate		**–**	(1,413)
Finance costs	5	**(3,073)**	(363)
Share of profits and losses of jointly-controlled entities		**1,763**	–
Share of profits and losses of associates		**30,073**	31,983
LOSS BEFORE TAX		**(687)**	(900)
Tax	6	**(12,251)**	(10,763)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**(12,938)**	(11,663)
LOSS PER SHARE	7		
Basic		**(1.1 cents)**	(1.3 cents)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2005 HK$'000	As at 30 June 2004 HK$'000
NON-CURRENT ASSETS		
Fixed assets	**86,590**	55,753
Interests in jointly-controlled entities	**178,619**	–
Interests in associates	**159,374**	182,613
Investments in club memberships	**4,380**	4,380
Rental deposits	**11,413**	11,869
Trademarks	**79,421**	79,421
	519,797	334,036
CURRENT ASSETS		
Prepayments, deposits and other receivables	**29,898**	23,387
Inventories	**571**	556
Film rights	**18,384**	20,184
Accounts receivable	**17,104**	22,471
Due from a jointly-controlled entity	**30,000**	–
Pledged bank balance	**486**	–
Cash and bank balances	**16,199**	22,575
	112,642	89,173
CURRENT LIABILITIES		
Accounts payable	**55,016**	52,070
Accrued liabilities and other payables	**55,125**	30,509
Customer deposits	**3,380**	2,330
Interest-bearing bank loans, secured	**24,697**	–
Current portion of finance lease payables	**413**	471
Provision for employee benefits	**1,680**	1,319
Tax payable	**11,051**	11,114
	151,362	97,813
NET CURRENT LIABILITIES	**(38,720)**	(8,640)
TOTAL ASSETS LESS CURRENT LIABILITIES	**481,077**	325,396
NON-CURRENT LIABILITIES		
Interest-bearing bank loans, secured	**65,325**	–
Non-current portion of finance lease payables	**298**	709
Provision for long service payments	**3,661**	3,800
Deferred tax	**825**	878
	70,109	5,387
	410,968	320,009
CAPITAL AND RESERVES		
Issued share capital	**133,031**	88,429
Reserves	**277,937**	231,580
	410,968	320,009

NOTES TO FINANCIAL STATEMENTS

1. **Basis of presentation**

The Group sustained a consolidated net loss attributable to shareholders of HK$12,938,000 for the year ended 30 June 2005 and had net current liabilities of HK$38,720,000 at the balance sheet date.

In order to improve the Group's working capital position, immediate liquidity and cash flow position of the Group, the directors have implemented the following measures:

(a) subsequent to the balance sheet date, on 10 October 2005, the Group entered into a Letter of Intent with an existing shareholder to dispose of a 5% equity interest in a jointly-controlled entity for a cash consideration of US$2,150,000 (approximately HK$16,700,000). The disposal, when completed, will generate a cash inflow of approximately HK$16,700,000 to the Group which will improve the working capital and cash flow positions of the Group;

(b) the directors of the Company are seeking support from its bankers to re-arrange the Group's secured short-term bank and other borrowings to longer term financing. The management is negotiating with a bank to extend two installments of a total of HK$12,400,000 which fall due within one year at the balance sheet date to be repaid after 30 June 2006 and the management is optimistic about the outcome based on the negotiation so far;

(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. The directors may consider in the future to close down certain non-profit making cinemas in Hong Kong following which the operating expenses shared by the Group can be reduced; and

(d) the Group is currently considering the issuance of convertible bonds and continues to seek support from the potential investors to strengthen the Group's working capital position.

In the opinion of the directors, in light of the various measures/arrangements implemented to date 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 30 June 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. Impact of recently issued Hong Kong Financial Reporting Standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS"), hereinafter collectively referred to as the new HKFRSs, which are generally effective for the Company's accounting period beginning on 1 July 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30 June 2005, except for the following standards:

- HKFRS 3 Business Combinations;
- HKAS 36 Impairment of Assets; and
- HKAS 38 Intangible Assets.

Changes in the accounting policies have been made in accordance with the provisions of HKFRS 3, HKAS 36 and HKAS 38, which were prospectively applied from 1 July 2004.

(i) The early adoption of HKFRS 3 and HKAS 36 has resulted in a change in the accounting policy for goodwill and excess of the fair values of the identifiable assets, liabilities and contingent liabilities acquired over cost ("Negative goodwill").

Prior to the adoption of HKFRS 3 and HKAS 36:

- goodwill arising from acquisitions after 1 July 2001 was amortised on the straight-line basis over its estimated useful life;
- goodwill was assessed for impairment if there was any indication of impairment of such; and
- on disposal of subsidiaries or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition was written back and included in the calculation of the gain or loss on disposal.

In accordance with the provisions of HKFRS 3 and HKAS 36:

- from the year ended 30 June 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment;
- Negative goodwill is recognised immediately in the consolidated profit and loss account;
- on disposal of subsidiaries, jointly-controlled entities or associates, any attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition is transferred to the accumulated losses as a movement in reserves and not included in the calculation of the gain or loss on disposal; and
- reversal of impairment losses for goodwill is prohibited.

HKFRS 3 is prospectively applied and the effect of its adoption on these financial statements for year ended 30 June 2005 is summarised as follows:

- the Negative goodwill arising from the companies acquired by the Group during the year over the cost of business combinations in aggregate amount of HK$43,032,000 was fully recognised as income for the year ended 30 June 2005; and
- the attributable goodwill previously eliminated against the consolidated capital reserve at the time of acquisition in aggregate amount of HK$12,483,000, was transferred to the accumulated losses as a movement in reserves for the year ended 30 June 2005.

(ii) The early adoption of HKAS 38 has had no significant impact on these financial statements in respect of the accounting policy for intangible assets.

The Group has already commenced an assessment of the impact of other new HKFRSs, which are generally effective for the Company's accounting periods beginning on 1 July 2005, but is not yet in a position to state whether these new HKFRSs would have a significant impact on its result of operations and financial position.

3. Turnover and segment information

(a) Business segments

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

	Film & 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* *(Note)*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**52,508**	51,225	**137,851**	146,271	**12,880**	20,981	**–**	–	**203,239**	218,477
Inter-segment sales	**3,427**	1,762	**–**	–	**294**	294	**(3,721)**	(2,056)	**–**	–
Other revenue	**1,583**	5,748	**3,852**	2,470	**910**	1,811	**(884)**	(1,305)	**5,461**	8,724
Total	**57,518**	58,735	**141,703**	148,741	**14,084**	23,086	**(4,605)**	(3,361)	**208,700**	227,201
Segment results	**(13,657)**	126	**(53,309)**	(24,394)	**(7,260)**	(7,092)	**–**	–	**(74,226)**	(31,360)
Interest income and unallocated gains									**1,744**	3,796
Impairment of film rights	**–**	(3,543)	**–**	–	**–**	–	**–**	–	**–**	(3,543)
Loss from operating activities									**(72,482)**	(31,107)
Recognition of negative goodwill	**–**	–	**43,032**	–	**–**	–	**–**	–	**43,032**	–
Impairment of interests in an associate	**–**	–	**–**	(1,413)	**–**	–	**–**	–	**–**	(1,413)
Finance costs									**(3,073)**	(363)
Share of profits and losses of jointly-controlled entities	**–**	–	**1,763**	–	**–**	–	**–**	–	**1,763**	–
Share of profits and losses of associates	**926**	2,372	**29,147**	29,611	**–**	–	**–**	–	**30,073**	31,983
Loss before tax									**(687)**	(900)
Tax									**(12,251)**	(10,763)
Net loss from ordinary activities attributable to shareholders									**(12,938)**	(11,663)

Note: Due to the decreasing of significance of the film and television drama series production segment to the Group, it has not been separately disclosed as a separate segment in the current year. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

(b) Geographical segments

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

	Hong Kong		Mainland China		Elsewhere in Asia		Others		Eliminations		Consolidated	
	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*
Segment revenue: Sales to external customers	**184,783**	201,748	**14,810**	3,697	**6,651**	3,407	**716**	11,681	**(3,721)**	(2,056)	**203,239**	218,477

4. Loss from operating activities

The Group's loss from operating activities is arrived at after charging:

	2005	2004
	HK$'000	*HK$'000*
Amortisation of film rights	**13,498**	14,093
Depreciation	**16,947**	16,245
Cost of inventories sold	**5,733**	9,410
Cost of services provided	**83,976**	70,590
Loss on disposal of fixed assets	**3,577**	1,345

5. Finance costs

	2005	2004
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**2,418**	–
Bank loans arrangement fee	**399**	–
Interest on accounts payable	**178**	264
Interest on finance leases	**78**	99
	3,073	363

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 year. 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.

	2005	2004
	HK$'000	*HK$'000*
Group:		
Hong Kong	**182**	642
Elsewhere	**21**	(130)
	203	512
Share of tax attributable to:		
Jointly-controlled entities		
Charge for the year	**1,789**	–
Deferred	**407**	–
	2,196	–
Associates		
Charge for the year	**8,405**	2,893
Deferred	**1,447**	7,358
	9,852	10,251
Total tax charge for the year	**12,251**	10,763

At the date of approval of the financial statements, a subsidiary of the Group has ongoing disputes with the Hong Kong Inland Revenue Department ("HKIRD") in respect of a non-taxable claim of certain non-Hong Kong sourced income for the years of assessment 1995/1996 and 1996/1997. The subsidiary is pursuing its objection to HKIRD's assessments and as at the date of the financial statements, the directors consider that sufficient tax provision has been made in this regard.

7. **Loss per share**

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK$12,938,000 (2004: HK$11,663,000) and the weighted average of 1,140,535,574 shares (2004: 877,223,566 shares) in issue during the year.

The comparative basic and diluted loss per share amounts have been adjusted to reflect the rights issue of shares.

No disclosure of diluted loss per share for both current year and prior year is shown as the exercise prices of the Company's outstanding share options granted prior to 1 July 2004 were higher than the average market price of the Company's ordinary shares during the year and thus the share options have no diluting effect.

EXTRACT FROM REPORT OF THE AUDITORS

Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the adoption of the going concern basis, being the basis on which the financial statements have been prepared. As explained in note 3 to the financial statements, the Group is currently undertaking a number of measures to relieve its current profitability and liquidity problem. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful completion of the disposal of equity interest in a jointly-controlled entity, the arrangement for long term financing with its existing bankers, the proposal currently developed by the Group for issuance of convertible bonds and the attainment of profitable and cash flow positive operations, to meet the Group's future working capital and financial requirements. The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 30 June 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

Hong Kong's economy has seen a rebound since 2004, after several years of deflation period triggered by the collapse of the property market and the Asian financial crisis. Unfortunately, the local film industry has not benefited from this and remained in the doldrums for the period under review. The market in general was lackluster due to the shortage of commercially appealing products. Hong Kong produced only 64 Chinese language films in the year 2004. This low number has affected the Group in several areas: we had fewer films to distribute, fewer films to screen in our cinemas, and fewer films using our laboratory services. In contrast to the weak performance in Hong Kong, our overseas associates and joint ventures have continued to perform strongly this year. Net profit contributed by the overseas exhibition businesses have improved nearly 3 times to some HK$22 million since its turnaround in 2003.

The Group continues to focus on its core businesses of distribution and exhibition. During the year, the Group succeeded in making several strategic investments, which have largely consolidated our market position in the region. In March 2005, the Group acquired a 40% equity interest in Warner Village Cinemas Co., Ltd. ("WVT"), the largest cinema chain in Taiwan. We have also increased our stake in TGV Cinemas Sdn. Bhd. ("TGV"), one of our joint ventures in Malaysia, to 50%, and opened our flagship multiplex cinema in Shenzhen. These investments were financed by the issue of new shares and bank borrowings, which are further discussed in the Liquidity and Financial Resources section of this announcement. The above investments have been performing to our satisfaction, and we expect them to contribute profits to the Group in the years ahead.

Finance

For the financial year ended 30 June 2005, the Group incurred a loss of HK$13 million, as compared to a loss of HK$12 million last year. The loss before tax of HK$0.7 million included a gain of HK$43 million, representing a negative goodwill arising from the acquisition of the WVT cinema chain, and from increasing our stakes in TGV. The investments in Taiwan's WVT and Malaysia's TGV are classified as jointly-controlled entities under the current accounting standards and are equity accounted for in the financial statement. The exhibition business of our overseas associates and joint ventures continued to be robust, and contributed approximately HK$33 million profit before tax to the Group. In contrast, the Hong Kong market remains weak due to an insufficient supply of quality Chinese language films. Consequently, our local exhibition, distribution as well as the processing businesses in Hong Kong were badly hit. Our turnover dropped by 7% despite the opening of the Shenzhen multiplex during the year which partially offset the drop in turnover. Gross profit was down by HK$24 million mainly due to an under-performance in the distribution segment, both for Chinese language films and Panasia-licensed non-Chinese language films. We have continued to keep our total operating costs to the minimum and the increase of HK$7 million for the year came mostly from our newly-opened flagship cinema in Shenzhen. Other operating expenses were up HK$8 million to HK$14 million mainly due to the write-off of certain assets and one-off expenses incurred for exhibition business.

Film Distribution

Total box office of Hong Kong films was HK$905 million, down 7% from HK$973 million the previous year. Of this, Chinese language films grossed a total of HK$344 million, a drop of 32% from HK$506 million last year.

The Group distributed 15 Chinese language films and 36 non-Chinese language films in the current financial year, versus 21 Chinese language films and 21 non-Chinese language films last year. As a distributor, although the Group handled some of the stronger local films such as "Initial D" and "New Police Story", our market share fell to 28% from 34% due to a lesser number of films and the lack of success of the other films. Our Chinese language film library proved valuable by contributing a royalty income of HK$13 million to the Group during the year. The Group's overall distribution income of Chinese language films however, fell by HK$13 million from last year.

The box office takings for non-Chinese language films increased 20% to HK$561 million. This year, we released a total of 36 films, 15 more than last year, and improved box office takings to HK$109 million, compared to HK$65 million last year. The Group started to distribute DreamWorks pictures through United International Pictures ("UIP") during the year. With a greater number of commercially successful non-Chinese language films from Panasia and UIP, the Group's market share increased from last year's 14% to this year's 20%.

Exhibition

With the acquisition of the largest cinema chain in Taiwan and opening of our flagship multiplex in Shenzhen, the Group now operates 340 screens in 48 cinemas in the Asia region. Golden Harvest is the dominant market player in the territories in which it operates, except Hong Kong where the market still suffers from over competition.

In Hong Kong, performance was dismal due to the weak market as explained above. The Group took advantage of this lull in business to renovate one of our cinemas, GH Mongkok. Our market share slightly dropped to 14% accordingly.

In Mainland China the Group's flagship cinema, the Golden Harvest (Shenzhen) Cinema, posted encouraging results since its opening in December 2004. The box office takings amounted to RMB12 million in its six and a half months of operation and was consistently ranked among the top three in box office takings in the People's Republic of China. The Group's market share in Shenzhen is approximately 40%.

In Malaysia, the market box office was up 14% to RM158 million, representing a consecutive four-year double digit growth since 2002. The Group maintained its market share above 80% through its two joint ventures in Malaysia, TGV and Golden Screens Cinemas Sdn Bhd ("GSC"). To take advantage of this strong growth in the Malaysia market, the Group has increased it stakes in TGV to 50% in March 2005. Although TGV's market share slightly slipped from 35% to 33% due to opening of new multiplexes by GSC and independent competitors, its EBT and its net contribution to the Group improved significantly. TGV's EBT was up by HK$3 million from the previous year to HK$23 million and contribution to the Group also improved by HK$2 million to HK$6 million.

GSC opened 2 multiplexes with 22 screens during the year. GSC's revenue increased by 16% to HK$217 million this year, with EBT up HK$3 million to HK$24 million as compared to the same period last year.

Singapore's market continued to grow steadily at 8% to S$118 million. Golden Village Multiplex Pte Ltd ("GVM"), the Group's associate, contributed a net profit of HK$14 million, up HK$2 million from HK$12 million last year. One of the GVM's key cinemas in Marina Square closed for renovation work for a large part of the year, but in spite of this, GVM's market share was maintained at 44% with EBT up HK$12 million to HK$44 million. 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. The Group is hopeful for a positive outcome of these proceedings, thereby preserving the integrity of the Group's investment.

In Taiwan, the market box office grew with an aggressive programming strategy adopted by the Group. WVT had ended its seven years of losses and turned around this year. However, the Group shared a loss subsequent to the completion of acquisition in February 2005 as March to May is traditionally a slack period in Taiwan. With the right marketing and programming strategies, we are optimistic that WVT will now consistently post a positive contribution to the Group in the years ahead.

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 year, the Group successfully raised new fundings through new share placements, rights issue and bank borrowings in an aggregate amount of approximately HK$200 million. The funds were used to finance a variety of new projects and planned investments as well as providing general working capital to the Group. Some of these projects include the opening of a multiplex cinema in Shenzhen, the acquisition of a 40% interest in WVT, and increasing our stake in our Malaysian joint venture TGV.

In August 2004, the Group placed new shares to Typhoon Music (PRC) Limited, an independent third party. Net proceeds of HK$36.3 million were raised. In January 2005, the Group raised net proceeds of HK$60.9 million from a rights issue. The Group further placed new shares to an independent third party, Asset Managers (China) Fund Co., Ltd. in March 2005, in the amount of HK$7.6 million.

In addition, the Group obtained four bank loans during the year and as at 30 June 2005, the bank borrowing balance stood at HK$90 million. The terms of the loans are spread over a period of less than one year to five years. These loans are secured by the pledge of certain assets/fixed assets and bank balance of the Group and the shares in a wholly-owned subsidiary and a jointly-controlled entity. The bank borrowings are in Hong Kong dollars, Renminbi and US dollars with interest rates ranging from 5% to 9% per annum.

As at 30 June 2005, the Group's cash balances was at HK$16.7 million and the net current liabilities stood at HK$38.7 million. Gearing ratio, calculated on the basis of external borrowings over total assets, was 14.3%. The Group had contingent liabilities of HK$17.3 million at the year-end date (30 June 2004: HK$17.1 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 the PRC. Since the exchange rate of the currencies in these territories have been relatively stable for the past two years, the directors are of the view that the Group's exposure to currency exchange risk is minimal. Accordingly, the Group did not carry out any hedging of foreign currencies.

Subsequent to 30 June 2005, the Group obtained another bank loan facility of HK$2.3 million in July 2005 to improve its general working capital. The banking facility is secured by the leasehold land and building of the Group.

In July 2005, the Malaysia Ringgit and Renminbi were unpegged from the United States dollars. 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.

On 10 October 2005, the Group entered into a Letter of Intent to dispose of its 5% equity interests in a jointly-controlled entity at a cash consideration of US$2.15 million, approximately HK$16.7 million.

In order to improve the Group's financial position and to finance new projects, the Group will continue to seek support from its bankers; explore opportunities for different sources of financing and implement measures to tighten cost controls over various general and administrative expenses to attain profitable and positive cash flow operations.

Employees and Remuneration Policies

As at 30 June 2005, the Group had 228 (2004: 186) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions, mandatory provident fund and discretionary bonuses, share options are granted to certain employees based on individual merit.

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 year.

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2005 and agreed to the accounting treatment, adopted by the Company.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 (which was in force prior to 1 January 2005) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year under review, except that the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's bye-laws.

The Code was replaced by the Code on Corporate Governance Practices which will be applied by the Company for the next accounting period commencing on 1 July 2005. Appropriate actions are being taken by the Company for compliance with the Code on Corporate Governance Practices.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow board members, the management and employees for their hard work and contribution to the Group in the past year.

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 Director:
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, 13 October 2005