

ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 1064)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE, 2005

The Board of Directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2005 (the "Interim Results"), together with the comparative figures for the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

| CONDENSED CONSOLIDATED I ROFTI AND 1005 | Accour | For the six months | 2004 |
|--|--------|---------------------------------|-------------------------|
| | Notes | (Unaudited) <i>HK\$</i> '000 | (Unaudited) HK\$'000 |
| TURNOVER Cost of sales | 3 | 11,139 (10,897) | 7,292 (5,603) |
| Gross profit | | 242 | 1,689 |
| Other revenue Revaluation surplus on investment properties | | 751 10,700 | 313 |
| Gain on disposal of interests in subsidiaries | | _ | 85,763 |
| Selling and distribution costs Administrative expenses | | (9,831) | (12) (4,386) |
| Other operating expenses Finance costs | 5 | (5,361) (3,091) | (7,732) (1,375) |
| (LOSS)/PROFIT BEFORE TAX | | | |
| Tax | 6 7 | (6,590) (3,601) | 74,260 (62) |
| | , | | |
| (LOSS)/PROFIT FOR THE PERIOD | | (10,191) | 74,198 |
| ATTRIBUTABLE TO: Equity holders of the parent Minority Interests | | (10,202) 11 | 74,182 16 |
| | | (10,191) | 74,198 |
| (LOSS)/EARNINGS PER SHARE | 9 | | , |
| - BASIC | | HK(0.25) cent | HK2.45 cents |
| - DILUTED | | HK(0.23) cent | N/A |
| CONDENSED CONSOLIDATED BALANCE SHEET | | | |
| | | 30 June | 31 December |
| | | 2005 (Unaudited) | 2004 (Restated) |
| | Notes | HK\$'000 | HK\$'000 |
| NON-CURRENT ASSETS Fixed assets | | 123,362 | 130,186 |
| Investment properties | | 194,300 | 183,600 |
| Intangible assets Goodwill | | 19,485 128,788 | 23,303 84,882 |
| Trade receivables | 10 | 10,056 | 10,055 |
| Prepaid rental | | 17,321 | 17,808 |
| Deposit and other receivable Pledged deposits | | 28,014 779 | 64,003 776 |
| | | 522,105 | 514,613 |
| CURRENT ASSETS | | | |
| Trade receivables | 10 | 29,847 | 35,689 |
| Prepayments, deposits and other receivables Cash and bank balances | | 104,679 81,485 | 101,886 106,254 |
| | | 216,011 | 243,829 |
| | | | 243,829 |
| CURRENT LIABILITIES Trade payables | 11 | (31,018) | (31,486) |
| Tax payable | | (14,936) | (14,884) |
| Other payables and accruals Interest-bearing bank loans | | (15,804) $(40,461)$ | (17,065) (49,830) |
| Finance lease payables | | (505) | (492) |
| Deferred income | | (40,625) | (40,625) |
| | | (143,349) | (154,382) |
| NET CURRENT ASSETS | | 72,662 | 89,447 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 594,767 | 604,060 |
| NON-CURRENT LIABILITIES Interest-bearing bank loans | | (25,197) | (27,470) |
| Finance lease payables Convertible bonds | | (29,602) | (131) (29,426) |
| Deferred tax liabilities | | (26,033) | (22,502) |
| | | (80,832) | (79,529) |
| | | 513,935 | 524,531 |
| CAPITAL AND RESERVES | | | |
| Equity attributable to equity holders of the parent Issued capital | | 94,048 | 78,388 |
| Reserves | | 419,887 | 430,060 |
| | | 513,935 | 508,448 |
| Minority interests | | | 16,083 |
| | | | |

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 31 December 2004, 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

513,935

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 17, 18, 19, 21, 23, 24, 27, 31, 33, 37, 38 and HKFRS 2 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)
- (c) HKFRS 3 - Business Combinations and HKAS 36 - Impairment of Assets HK(SIC)-Int 21 - Income Taxes - Recovery of Revalued Non-depreciable Assets

Prior period adjustments: HK(SIC)-Int 21

properties

Deferred tax arising from revaluation of investment

Total effect at 1 January 2004

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted restrospectively. The details of the prior period adjustments and opening adjustments are summarised as

(a) Effect on opening balance of total equity at 1 January 2005

Equity Investment

| Effect of new policies (increase/(decrease)) | Notes | component of convertible bonds (Unaudited) HK\$'000 | revaluation reserve (Unaudited) HK\$'000 | Retained earnings (Unaudited) HK\$'000 | Total (Unaudited) <i>HK\$</i> '000 |
|--|-------------|---|---|---|--|
| | woies | ΠΚΦ 000 | HK\$ 000 | ΠΚΦ 000 | ΠΚΦ 000 |
| Prior period adjustments: HKAS 32 - Convertible bonds | 1(a) | 707 | _ | (133) | 574 |
| HK(SIC)-Int 21 Deferred tax arising from revaluation of investment properties | 1(d) | _ | _ | (3,805) | (3,805) |
| Net increase/(decrease) in total equity before opening adjustment | () | 707 | | (3,938) | (3,231) |
| Opening adjustment: HKAS 40 Surplus on revaluation of investment properties | <i>I(b)</i> | - | (40,964) | 40,964 | _ |
| Total effect at 1 January 2005 | | 707 | (40,964) | 37,026 | (3,231) |
| (b) Effect on opening balance | e of total | equity at 1 Janu | ary 2004 | | |
| Effect of new policies (increase/(decrease)) | Notes | Equity component of convertible bonds (Unaudited) | Investment property revaluation reserve (Unaudited) | Retained earnings (Unaudited) | Total (Unaudited) |

The following tables summarise the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 June 2005 and 2004 upon the adoption of the new HKFRSs. As no retrospective adjustments have been made for the adoption of HKASs 39, 40 and HKFRS 3, the amounts shown for the six months period ended 30 June 2004 may not be comparable to the amounts shown for the current interim period

(3,805)

(3,805)

1(d)

Effect on profit after tax for the six months ended 30 June 2005 and 2004

For the six months ended 30 June

| Effect of new policies (increase/(decrease)) | Notes | Equity holders of the parent (Unaudited) HK\$'000 | Minority interest (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Equity holders of the parent (Unaudited) HK\$'000 | Minority interests (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|--|-------------|---|---|----------------------------------|---|--|----------------------------------|
| Effect on profit after tax: HKAS 40 Surplus on revaluation of investment properties | <i>I(b)</i> | 10,700 | - | 10,700 | - | _ | - |
| HKFRS 3 Discontinuation of amortisation of goodwill | <i>l(c)</i> | 4,508 | - | 4,508 | _ | _ | _ |
| HK(SIC)-Int 21 Deferred tax arising from revaluation of investment properties | 1(d) | (3,531) | | (3,531) | | | |
| Total effect for the period | | 11,677 | | 11,677 | | | _ |
| Effect as earnings per share | : | | | | | | |
| - Basic | | HK0.28 cent | | | _ | | |
| - Diluted | | HK0.28 cent | | | _ | | |

Effect on income or expenses recognised directly in equity and capital transactions with equity

hold for the six months ended 30 June 2005 and 2004

| | | For the six months ended 30 June | | | | | | | | |
|--|-------------|---|---|----------------------------------|---|--|----------------------------------|--|--|--|
| | | | 2005 | | | 2004 | | | | |
| Effect of new policies (increase/(decrease)) | Notes | Equity holders of the parent (Unaudited) HK\$'000 | Minority interest (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Equity holders of the parent (Unaudited) HK\$'000 | Minority interests (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | | | |
| HKAS 40 Surplus on revaluation of investment properties no longer recognised in reserve | <i>I(b)</i> | (10,700) | - | (10,700) | - | _ | - | | | |
| HK(SIC)-Int 21 Deferred tax arising from revaluation of investment properties | <i>I(d)</i> | 3,531 | | 3,531 | | | | | | |
| Total effect for the period | | (7,169) | _ | (7,169) | _ | _ | _ | | | |

TURNOVER

Turnover for the six months ended 30 June 2005 (the "Period") represents the aggregate of gross rental income from investment properties and leasing of equipment, and income from provision of telecommunication and other related services, less any applicable turnover taxes.

Turnover for the six months ended 30 June 2004 represented the aggregate of gross rental income from investment properties and leasing of equipment, the sale of online English learning courses and income from provision of telecommunication and other related services, less any applicable turnover taxes.

For the six months ended 30 June

SEGMENT INFORMATION

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

| | | | | | | 101 | (Unau | idited) | June | | | | | |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------|---------------------------------|
| | | | | le of | | | | munication | | | | | | |
| | | perty | | English | | sing of | | other | | ftware | | | | |
| | | stment | | g courses | | ipment | | l services | | ng services | | rporate | | solidated |
| | 2005 (Unaudited) HK\$'000 | 2004 (Unaudited) HK\$'000 | | 2004 (Unaudited) HK\$'000 |
| Segment revenue: Sales to external | 2 000 | 2.007 | | 220 | 1.024 | 1.022 | . 10. | 224 | | | | | 11.120 | 7.202 |
| Other revenue and ga | 2,909 tins 10,700 | 2,906 | | 320 | 1,824 | 1,822 | 6,406 | 2,244 | | | | 85,763 | 11,139 10,700 | 7,292 85,763 |
| Total | 13,609 | 2,906 | _ | 320 | 1,824 | 1,822 | 6,406 | 2,244 | _ | _ | _ | 85,763 | 21,839 | 93,055 |
| Segment results | 13,225 | 2,782 | _ | (6,991 | (2,124 | (3,170 | (6,992 | 861 | (1,012 | (168 | (7,347 | 82,008 | (4,250) | 75,322 |
| Interest income | | | | | | | | | | | | | 751 | 313 |
| Finance costs | | | | | | | | | | | | | (3,091) | (1,375) |
| (Loss)/Profit before tax Tax | | | | | | | | | | | | | (6,590) (3,601) | |
| (Loss)/Profit for the pe | riod | | | | | | | | | | | | (10,191) | 74,198 |
| No geograp customers b | | | | | | | | | | | | | derive | d from |
| FINANCE | COSTS | S | | | | | | | | | | | | |

| | For the six ended 30 | |
|---|---|---|
| | 2005 (Unaudited) <i>HK\$</i> '000 | 2004 (Unaudited) <i>HK</i> \$'000 |
| Interest expense on bank loans wholly repayable within five years Interest on finance lease Interest on convertible bonds | 2,353 150 588 | 1,375 |
| | 3,091 | 1,375 |

(LOSS)/PROFIT before tax

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

| | ended 30 June | | |
|---|---------------|-------------|--|
| | 2005 | 2004 | |
| | (Unaudited) | (Unaudited) | |
| | HK\$'000 | HK\$'000 | |
| Cost of inventories sold | _ | 220 | |
| Depreciation | 7,184 | 2,210 | |
| Impairment of goodwill arising in the Period | _ | 7,000 | |
| Amortisation of intangible assets | 3,840 | 3,891 | |
| Provision for doubtful debts | 5,880 | _ | |
| Amortisation of goodwill on acquisition of subsidiaries | _ | 724 | |
| Interest income | (751) | (313) | |
| Net rental income | (2,909) | (2,906) | |
| Write back of other receivables | (519) | | |
| TAX | | | |

| IAX | | | | |
|---------------------------|---------------------------------|----------------------------|--|--|
| | | e six months ed 30 June | | |
| | 2005 | 2004 | | |
| | (Unaudited) <i>HK\$</i> ?000 | (Unaudited) HK\$'000 | | |
| Provision for the period: | | | | |
| Hong Kong | _ | _ | | |
| Elsewhere | 70 | 62 | | |
| Deferred taxation | 3,531 | | | |
| | 3,601 | 62 | | |

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the Period (30 June 2004: Nil).

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

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005

(LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the Period is based on the loss attributable to equity holders of the parent of HK\$10,202,000 (30 June 2004: net profit of HK\$74,182,000) and the weighted average of 4,114,081,517 (30 June 2004: 3,028,497,656) ordinary shares in issue during the Period.

The calculation of diluted loss per share is based on the loss attributable to equity holders of the parent of HK\$9,716,000, after adjusting for the interest saved upon the deemed conversion of all convertible bonds. The weighted average number of ordinary shares used in the calculation is the 4,114,081,517 ordinary shares in issue during the Period, as used in the basic loss per share calculation; and the weighted average of 100,000,000 ordinary shares assumed to have been issued on the deemed conversion of all convertible bond

Diluted earnings per share for the six months ended 30 June 2004 have not been disclosed as the potential ordinary shares outstanding during these periods had an anti-dilutive effect on the basic earnings per share for the six months ended 30 June 2004.

TRADE RECEIVABLES

The aged analysis of the trade receivables at the balance sheet date, net of provisions, is as follows:

| | 30 June (Unaud | | 31 Decemb (Audit | |
|--------------------------------------|-------------------|------------|---------------------|------------|
| | HK\$'000 | Percentage | HK\$'000 | Percentage |
| Within 6 months | 7,372 | 18 | 17,639 | 39 |
| More than 6 months but within 1 year | 16,549 | 41 | 11,735 | 26 |
| More than 1 year but within 2 years | 4,404 | 11 | 3,847 | 8 |
| More than 2 years | 3,650 | 10 | 4,598 | 10 |
| Not due at balance sheet date | 7,928 | 20 | 7,925 | 17 |
| | 39,903 | 100 | 45,744 | 100 |
| Portion classified as current assets | (29,847) | | (35,689) | |
| Non-current assets | 10,056 | | 10,055 | |

The Group generally grants credit terms of 3 to 12 months to the customers.

The age of the Group's trade receivables are based on the date of recognition of turnover and the due date of instalments as stipulated in the sales contracts.

The legal titles of the properties sold are retained by the Group until the contracted amounts and the related expenses of the property have been fully settled.

| | 30 June 2005 (Unaudited) | | 31 December 2004 (Audited) | |
|--------------------------------------|-----------------------------|------------|-------------------------------|------------|
| | HK\$'000 | Percentage | HK\$'000 | Percentage |
| Within 6 months | _ | _ | 195 | 1 |
| More than 6 months but within 1 year | 103 | _ | 343 | 1 |
| More than 1 year but within 2 years | _ | _ | 3 | - |
| More than 2 years but within 3 years | 3 | _ | 195 | 1 |
| Over 3 years | 30,912 | 100 | 30,750 | 97 |
| | 31,018 | 100 | 31,486 | 100 |

The age of Group's trade payables are based on the date of the goods received or services rendered.

POST BALANCE SHEET EVENTS

The corporate events transacted subsequent to balance sheet date had been disclosed by way of press announcements from time to time and are summarised in the interim report of the Group for the six months ended 30 June 2005. All the information was published on the website of The Stock Exchange of Hong Kong

REVIEW OF RESULTS

The Directors would like to report that the Group recorded a turnover of HK\$11,139,000 (30 June 2004: HK\$7,292,000) for the six months ended 30 June 2005, representing an increase of 53% compared with the corresponding period. Loss attributable to equity holders of the parent was HK\$10,202,000 (30 June 2004: net profit of HK\$74,182,000) for the Period.

REVIEW OF OPERATIONS The Group's turnover during the Period mainly comprised of rental income generated from the commercial podium in Chongqing, the People's Republic of China (the "PRC"), the leasing of point-of-sale ("POS") equipment in Guangzhou, the PRC and the provision of telecommunication and other related services in the PRC.

The occupancy rate of Gang Yu Square in Chongqing, the PRC remained satisfactory during the Period. It was expected that the business would continue to generate a steady stream of income to the Group. In addition, HK\$10,700,000 was attributable to property revaluation surplus following the adoption of new

Leasing of POS equipment

accounting standards since January 2005.

Since 2003, the Group had engaged in the business of leasing corded and cordless POS equipment in Guangzhou, the PRC. The demand for POS equipment remained steady during the Period. The Group will explore business opportunities for other value added services adhered to the leasing of the POS equipment.

Provision of telecommunication and other related services

Since 2004, the Group had engaged in the business of providing integrated telecommunication network services to online game developers and other broadband media providers via its operating subsidiary. However, since the second half of this year, the management of the Company and that of its subsidiary had had serious diversion in their strategic direction and development of the subject business. On this basis, the senior management of the Company had experienced difficulty in obtaining certain financial information from the management of its operating subsidiary for the purpose of publishing the unaudited consolidated results of the Group for the six months ended 30 June 2005 on or before 30 September 2005.

Due to cut-throat competition in the dynamic online business market in Guangzhou, the PRC, it was difficult for integrated telecommunication network service providers to secure a steady profit margin unless new and attractive online games and/or related broadband media products kept emerging from the market to drum up demand for such services. In view of this, the management of the Company will focus on consolidating rather than expanding its business structure in the coming months.

Acquisition of remaining interest of a subsidiary

On 14 December 2004, Telesuccess International Limited, a wholly-owned subsidiary of the Company, entered into an agreement with then existing shareholder of Sky City to acquire the remaining 19.1% equity interest in Sky City at a cash consideration of HK\$60,000,000. The acquisition was completed in February 2005 and details of which had been set out in a circular to shareholders of the Company dated 21 January 2005.

Placement of new shares

On 18 May 2005, a placement agreement was entered into between the Company and a placing agent pursuant to which the placing agent, on a fully underwritten basis, agreed to procure subscribers to subscribe for 783,000,000 new shares (the "New Shares") at a subscription price of HK\$0.02 per share. The New Shares represented approximately 19.98% of the Company's then existing issued share capital and approximately 16.65% of its issued share capital as then enlarged by the issue of the New Shares. The New Shares were allotted and issued pursuant to the general mandate granted to the Directors at the Company's respiral general mention below. special general meeting held on 7 February 2005. Net proceeds of approximately HK\$15,210,000 were raised from the issue of the New Shares and were utilized as general working capital of the Group. The New Shares were issued in June 2005.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows, banking facilities and net proceeds from placing of new shares during the Period. Cash and bank balances of the Group as at 30 June 2005 amounted to HK\$81,485,000 (31 December 2004: HK\$106,254,000) and pledged deposits of HK\$779,000 (31 December 2004: HK\$776,000).

As at 30 June 2005, the Group had outstanding borrowings of approximately HK\$95,260,000 comprising interest-bearing bank loans and borrowings amounted to HK\$65,658,000 (31 December 2004: HK\$77,300,000) and convertible bonds payable amounted to HK\$29,602,000 (31 December 2004: HK\$29,426,000 (restated)). Of the Group's interest-bearing bank loans and borrowings, 62%, 8%, 26% and 4% respectively are repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and beyond five years, respectively. An amount of HK\$35,736,000 bank loans as at 30 June 2005 was charged at fixed interest rates (31 December 2004: HK\$45,120,000). The convertible bonds will mature in Angust 2006.

The Group's gearing ratio as at 30 June 2005 was 0.25 (31 December 2004: 0.25 (restated)), calculated based on the Group's total liabilities, excluding deferred income, of HK\$183,556,000 (31 December 2004: HK\$193,286,000 (restated)) over total assets of HK\$738,116,000 (31 December 2004: HK\$758,442,000).

Currency structure

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were mainly conducted in Hong Kong dollars or Renminbi and the exchange rates of these currencies were relatively stable throughout the Period.

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK\$65,658,000 (31 December 2004: HK\$77,300,000) as at 30 June 2005. The bank loans were supported by certain of the Group's investment properties, corporate guarantees executed by the Company and certain third parties.

Contingent liabilities

As at 30 June 2005, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$7,791,000 (31 December 2004: HK\$7,763,000). PROSPECTS

For the six months

The Group is principally engaged in property investment, leasing of point-of-sale equipment and provision of telecommunication and other related services in the PRC. Given that the Group had extensive experience in property development and investment in the PRC since 1992, the Directors consider that they should capitalize their expertise and connections in this area for the Group's future business development. Hence, it is expected that the Group will consolidate its business sectors and formulate a new business direction in the coming months. In this respect, the Directors are optimistic that the continuing economic growth in the PRC will serve to facilitate the business growth of the Group. **Employees and remuneration policy**

The Group employed about 50 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2005. Employees were remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes and Mandatory Provident Fund Schemes.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") (with the exception of Code Provision C.2 on internal controls which will not become effective until 1 July 2005) as set out in Appendix 14 of the Listing Rules throughout the Period, except for the

Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to reelection.

All non-executive directors of the Company during the Period were not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's Bye-laws.

In order to comply with the Code's practice, all existing non-executive directors of the Company who have not been appointed with specific terms will have a specific term with effective from January 2006

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

However the Chairman of the Board and/or the Managing Director of the Company had retired and voluntarily offered themselves for re-election at general meetings in the past years. The Directors consider that this practice is in line with the spirit of the Code's practice.

Code Provision B.1.1

Code B.1.1 stipulates that issuers should establish a remuneration committee with specific terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Directors adopted the formation of the remuneration committee in December 2005. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry of the Directors, the Company confirmed that the Directors have complied with required standard set out in the Model Code throughout the accounting period covered by the interim report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed

securities of the Company. REVIEW BY AUDIT COMMITTEE

The Interim Results and the interim report have been reviewed and approved by the Audit Committee of the

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares was suspended with effect from 26 September 2005 pending the release of the interim results of the Company for the six months ended 30 June 2005. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on Tuesday 20 December 2005. By order of the Board

Ho Kam Hung Executive Director

Hong Kong, 19 December 2005

As at the date of this announcement, the Board comprises: (i) Messrs. Ho Tsam Hung, Mr. Ho Kam Hung and Mr. Yang Jia Jian as executive directors; (ii) Ms. Yeung Mo Sheung and Ms. Lam Kuo as non-executive directors; and (iii) Messrs. Young Kwok Sui, Mr. Wong Ting Kon, Mr. Lawrence K. Tam and Ms. Wong Miu Ting, Ivy as independent non-executive directors.