DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 029)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2005

INTERIM RESULTS

The Board of Directors (the "Directors") of Dynamic Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st December, 2005 together with comparative figures for the corresponding period in 2004 are as follows:

Condensed Consolidated Income Statement

		Unaudited Six months ended 31st December,	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
Turnover	4	**107,992**	82,876
Cost of sales		**(75,656)**	(59,074)
Gross profit		**32,336**	23,802
Other income	5	**10,440**	2,268
Gain on disposal of investment properties		**126,000**	—
Administrative expenses	6	**(14,380)**	(11,195)
Finance costs	7	**(2,529)**	(71)
Profit before taxation		**151,867**	14,804
Taxation	8	**(8,071)**	(1,708)
Profit for the period		**143,796**	13,096
Attributable to:			
Equity holders of the Company		**140,324**	12,078
Minority interests		**3,472**	1,018
		143,796	13,096
Dividend	9	**4,382**	4,382
Basic earnings per share *(HK cents)*	10	**64.04**	5.51

Condensed Consolidated Balance Sheet

	Notes	**Unaudited At 31st December, 2005** *HK$'000*	Audited At 30th June, 2005 *HK$'000* *(As restated)*
Non-current Assets			
Property, plant and equipment		**13,830**	12,475
Investment properties		**—**	500,000
Properties held for development		**225,346**	219,848
Loan receivables — due after one year		**4,461**	7,147
		243,637	739,470
Current Assets			
Properties under development		**—**	248,774
Properties held for sale		**426,382**	150,088
Loan receivables — due within one year		**6,661**	8,167
Trade and other receivables	11	**35,889**	32,961
Amounts due from minority shareholders		**5,211**	5,035
Taxation recoverable		**14,345**	14,949
Bank deposits — pledged		**21,027**	27,964
Bank balances and cash		**507,186**	101,773
		1,016,701	589,711
Current Liabilities			
Trade and other payables	12	**122,754**	118,346
Pre-sale deposits received		**27,355**	37,033
Taxation payable		**22,960**	83
Bank loans — due within one year		**69,126**	99,674
		242,195	255,136
Net Current Assets		**774,506**	334,575
Total Assets less Current Liabilities		**1,018,143**	1,074,045
Non-current Liabilities			
Bank loans — due after one year		**—**	123,500
Other payable — due after one year		**—**	493
Loan from a related company		**10,373**	68,620
Deferred tax liabilities		**—**	19,613
		10,373	212,226
Total Assets and Liabilities		**1,007,770**	861,819

	Unaudited At 31st December, 2005	Audited At 30th June, 2005
	HK$'000	*HK$'000* *(As restated)*
Capital and Reserves		
Share capital	**219,104**	219,104
Other reserves	**487,062**	483,101
Retained profits	**266,783**	128,926
Equity attributable to equity holders of the Company	**972,949**	831,131
Minority Interests	**34,821**	30,688
Total Equity	**1,007,770**	861,819

Notes:

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated financial statements of the Group for the six months ended 31st December, 2005 are unaudited and have been reviewed by the Audit Committee of the Company.

2. Principal accounting policies

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30th June, 2005 except for those changes following the Group's adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and relevant Interpretations ("HKAS-INTs" and "HK-INTs") which took effect on 1st July, 2005 for the Group. The changes in accounting policies, which have significant impacts on the Group's financial statements are summarised as below:

(a) ***Business combinations***

In the current period, the Group has applied HKFRS 3 "Business Combinations" which is effectively for business combinations for which the agreement date is on or after 1st January, 2005, which mainly has effects on the treatment of goodwill.

In prior periods, positive goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. In the current period, the Group has applied the relevant transitional provisions in HKFRS 3 that the Group has discontinued amortising but applied impairment testing on the positive goodwill at least annually from 1st July, 2005 onwards. But this change in accounting policy has no effect on the results of the Group for the current period as the positive goodwill of the Group has been fully amortised in the financial year ended 30th June, 2005.

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition (previously known as "negative goodwill") is recognised immediately in profit or loss in the period in which the acquisition takes place.

Negative goodwill arose on an acquisition prior to 1st July, 2001 was previously held in reserves and has been derecognised at 1st July, 2005 in accordance with the relevant transitional provisions in HKFRS 3, with a corresponding increase to retained profits, which financial impact is set out in note 3.

(b) ***Investment properties***

In the current period, the Group has applied HKAS 40 "Investment Property" by electing to adopt the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover the revaluation decreases, and the excess was charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arise, this surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

This change in accounting policy has no impact on the results of the current period since the disposal of the Group's interests in Dynamic Cargo Centre (an investment property held by the Group as at 30th June, 2005) was completed on 30th November, 2005, with its carrying value on a market value on existing state basis was transferred to the income statement to arrive at the gain on disposal of HK$126,000,000 by taking into account the fact that the investment property revaluation reserve has been fully transferred to the income statement according to the predecessor standard in prior periods.

(c) ***Financial instruments***

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". Under HKAS 32, a financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarized below:

Classification and measurement of financial assets and financial liabilities

Together with HKAS 32, the Group applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39. The classification depends on the purpose for which the assets are acquired. In accordance with HKAS 39, the Group has measured all its financial assets and financial liabilities upon initially recognition at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Loan receivables in respective of the mortgage loans (which are interest free with fixed and determinable payments) to the customers of Chaoyang Garden were financial assets and were classified as "loans and receivables". These loans and receivables are subsequently measured at amortised cost using the effective interest method, less any identified impairment losses.

Loan from a related company, which was unsecured with a better than the normal commercial terms that the Group can be granted by other financial institutions or third parties in the ordinary and usual course of business, was classified at financial liability at amortised cost. This financial liability was subsequently measured at amortised cost using the effective interest method.

The adoption of these new accounting standards has resulted in an increase in retained profits on 1st July, 2005 and a decrease in profit for the period from 1st July, 2005 to 31st December, 2005, which financial impact is set out in note 3.

(d) ***Presentational changes***

The application of the new HKFRSs has also resulted in changes in the presentation of the financial statements retrospectively with comparatives restated to conform to the current period's presentation.

In prior years, minority interests were presented in the consolidated balance sheet separately. Financial results shared by minority interests were separately presented in the consolidated income statement as a deduction before arriving at the net profit for the year.

With effect from 1st July, 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet with equity, separately from the equity attributable to the equity holders of the Company, and the results shared by minority interests are presented on the face of the consolidated income statement as an allocation of the attributable profit between the minority interests and the equity holders of the Company.

3. Summary of the effects of the changes in accounting policies

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior periods are as follows:

	HKAS 39	Total effect
	HK$'000	*HK$'000*
	(Note 2c)	
For the six months ended 31st December, 2005 (unaudited)		
Increase in imputed interest income for loan receivables	369	369
Increase in imputed interest expense on loan from a related company	(1,736)	(1,736)
Decrease in profit for the period	(1,367)	(1,367)

There is no effect on the profit for the period from 1st July, 2004 to 31st December, 2004 as HKAS 39 was not apply retrospectively (note 2c).

The cumulative effects of the new HKFRSs as at 30th June, 2005 and 1st July, 2005 are summarized below:

	As at 30th June, 2005	Retrospective Adjustment HKAS 1 & HKAS 27	As at 30th June, 2005	Adjustments on 1st July, 2005 HKAS 39	HKFRS 3	As at 1st July, 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(As originally stated)	*(Note 2d)*	*(As restated)*	*(Note 2c)*	*(Note 2a)*	*(As restated)*
Balance sheet items						
Property, plant and equipment	12,475		12,475			12,475
Investment properties	500,000		500,000			500,000
Properties held for development	219,848		219,848			219,848
Loan receivables — due after one year	7,147		7,147	(529)		6,618
Properties under development	248,774		248,774			248,774
Properties held for sale	150,088		150,088			150,088
Loan receivables — due within one year	8,167		8,167	(799)		7,368
Loan from a related company	(68,620)		(68,620)	1,639		(66,981)
Deferred tax liabilities	(19,613)		(19,613)			(19,613)
Other assets and liabilities	(196,447)		(196,447)			(196,447)
Total effect on assets and liabilities	861,819		861,819	311		862,130
Minority interests	(30,688)	30,688	—			—
	831,131	30,688	861,819	311	—	862,130
Share capital	219,104		219,104			219,104
Other reserves	483,101		483,101		(1,538)	481,563
Retained profits	128,926		128,926	377	1,538	130,841
Equity holders of the Company	831,131		831,131	377	—	831,508
Minority interests	—	30,688	30,688	(66)		30,622
Total effects on total equity	831,131	30,688	861,819	311	—	862,130

The financial effects of the application of the new HKFRSs to the Group's equity at 1st July, 2004 are summarized below:

		HKAS 1 & HKAS 27	
	HK$'000	*HK$'000*	*HK$'000*
	(As originally stated)	*(Note 2d)*	*(As restated)*
Share capital	219,104		219,104
Other reserves	484,741		484,741
Retained profits	45,555		45,555
Equity holders of the Company	749,400		749,400
Minority interests	—	28,146	28,146
Total effects on total equity	749,400	28,146	777,546

4. Segmental information

Business segments

For management purposes, the Group is currently organised into three operating divisions — property sales, property rental and port operations. These principal operating activities are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

Property sales	—	sales of properties developed by the Group
Property rental	—	leasing of investment properties
Port operations	—	operations of the port

Segmental information about these businesses is presented below:

	Property sales		Property rental		Port operations		Consolidated	
	Unaudited Six months ended 31st December,							
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**84,467**	59,308	**14,187**	14,733	**9,338**	8,835	**107,992**	82,876
SEGMENT RESULT	**15,518**	3,932	**13,805**	13,461	**6,191**	2,740	**35,514**	20,133
Unallocated corporate income							**665**	—
Gain on disposal of investment properties							**126,000**	—
Unallocated corporate expenses							**(7,783)**	(5,258)
Finance costs							**(2,529)**	(71)
Profit before taxation							**151,867**	14,804
Taxation							**(8,071)**	(1,708)
Profit for the period							**143,796**	13,096

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market		Profit for the period	
	Unaudited Six months ended 31st December,			
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**14,187**	14,733	**13,805**	13,461
Other regions in the People's Republic of China ("PRC")	**93,805**	68,143	**21,709**	6,672
	107,992	82,876	**35,514**	20,133
Unallocated corporate income			**665**	—
Gain on disposal of investment properties			**126,000**	—
Unallocated corporate expenses			**(7,783)**	(5,258)
Finance costs			**(2,529)**	(71)
Profit before taxation			**151,867**	14,804
Taxation			**(8,071)**	(1,708)
Profit for the period			**143,796**	13,096

5. Other income

	Unaudited Six months ended 31st December,	
	2005	2004
	HK$'000	*HK$'000*
Bank interest income	**2,136**	1,041
Exchange gain	**5,600**	—
Imputed interest income on loan receivables	**369**	—
Sundry income	**2,335**	1,227
	10,440	2,268

6. Depreciation

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
Profit from taxation for the period has been arrived at after charging the following item:		
Depreciation	**880**	805
Less: Amount capitalized and included in properties under development	**(32)**	(210)
	848	595

7. Finance costs

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
Interest on bank borrowings wholly repayable within five years	**2,585**	1,199
Less: Amount capitalised and included in properties under development by applying a capitalisation rate of 6.7% (2004: 4.7%) to expenditure on qualifying assets	**(1,792)**	(1,128)
Interest on loan from a related company wholly repayable within five years	**1,207**	2,076
Less: Amount capitalized and included in properties held for development	**(1,207)**	(2,076)
Imputed interest expense on loan from a related company	**1,736**	—
	2,529	71

8. Taxation

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
The tax charge comprises:		
Hong Kong Profits Tax		
Current period	**22,909**	—
Overprovision in prior years	**(1)**	(4)
PRC Income Tax		
Current period	**6,303**	2,363
Overprovision in prior years	**(1,527)**	(1,997)
Deferred Tax (Credit) Charge		
Current period	**(19,613)**	1,346
	8,071	1,708

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

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC.

Deferred tax has been provided on temporary differences using the current applicable rate.

Hong Kong profits tax of HK$22,909,000 and deferred tax credit of HK$19,613,000 for the six months ended 31st December, 2005 arose from the disposal of the investment properties of the Group on 30th November, 2005.

9. Dividend

On 17th January, 2006, a final dividend of 2 Hong Kong cents (2004: 2 Hong Kong cents) per share was paid to the Company's shareholders as a final dividend for the year ended 30th June, 2005.

On 3rd January, 2006, the Directors declared a special dividend of 15 Hong Kong cents per share to those shareholders whose names appeared on the register of members of the Company on 24th March, 2006. And such dividend will be paid in cash on or about 31st March, 2006.

The Directors have declared an interim dividend of 2 Hong Kong cents (2004: 2 Hong Kong cents) per share for the six months ended 31st December, 2005 to all shareholders whose names appear on the register of members of the Company on 21st April, 2006.

10. Basic earnings per share

The calculation of basic earnings per share is based on profit of HK$140,324,000 (2004: HK$12,078,000) attributable to equity holders of the Company for the period and on 219,103,681 (2004: 219,103,681) ordinary shares in issue throughout the period.

The changes in the Group's accounting policies during the period as described in note 2 has no effect on the basic earnings per share for the period ended 31st December, 2004.

No diluted earnings per share is shown as there is no dilutive effect on the earnings per share for both periods.

11. Trade and other receivables

At 31st December, 2005, the balance of trade and other receivables included trade receivables of HK$1,888,000 (30th June, 2005: HK$1,413,000) and home loans of HK$26,416,000 (30th June, 2005: HK$21,626,000). For property sales, other than home loans, the Group allows an average credit period of 30 days to its customers. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The aged analysis of trade receivables is as follows:

	Unaudited At 31st December, 2005 *HK$'000*	Audited At 30th June, 2005 *HK$'000*
0 – 60 days	**650**	1,268
61 – 90 days	**72**	79
Over 90 days	**1,166**	66
	1,888	1,413

12. Trade and other payables

At 31st December, 2005, the balance of trade and other payables included trade payables of HK$63,910,000 (30th June, 2005: HK$59,090,000). The aged analysis of trade payables is as follows:

	Unaudited At 31st December, 2005 *HK$'000*	Audited At 30th June, 2005 *HK$'000*
0 – 60 days	**52,701**	35,929
61 – 90 days	**2,674**	10,350
Over 90 days	**8,535**	12,811
	63,910	59,090

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2004: 2 Hong Kong cents) per share for the six months ended 31st December, 2005 to all shareholders whose names appear on the register of members of the Company on 21st April, 2006. The dividend warrants are expected to be despatched to those entitled on or about 4th May, 2006.

RESULTS REVIEW

For the six months ended 31st December, 2005, the turnover of the Group increased by about 30% to HK$107,992,000 after taking into account the sales proceeds of Phase III of Chaoyang Garden in Beijing. The Group's gross profit rose by about 36%, to HK$32,336,000 for the period.

During the period under review, the Group disposed of its cargo centre, realizing a capital gain of HK$126,000,000 boosting the Group's total profit for the period to HK$143,796,000 and earnings per share to HK$0.64, as compared to HK$13,096,000 and HK$0.055 respectively for the last corresponding period.

BUSINESS REVIEW

Chaoyang Garden

Construction of Phase III of Chaoyang Garden was completed on schedule in September 2005 and delivered to the buyers. So far about 59% of its commercial apartments is taken up and sold. Leasing activities of the podium shopping mall, have started.

Dynamic Cargo Centre

On 4th October, 2005, the Group disposed of its cargo centre for a cash consideration of HK$650,000,000, subject to a deduction of HK$18,000,000 as a lump sum rental guarantee to the purchaser. A capital gain of HK$126,000,000 was realized on the disposal, details of which were disclosed in an announcement made by the Group on 4th October, 2005.

Tung Kok Tau

The port operation in Tung Kok Tau has made a small profit contribution of HK$6,191,000 to the Group during the period.

FINANCIAL REVIEW

The financial position of the Group remains sound and liquid. At 31st December, 2005, the equity attributable to equity holders of the Company amounted to HK$972,949,000 (30th June, 2005: HK$831,131,000) with net asset value per share of HK$4.44 (30th June, 2005: HK$3.79). Total borrowings of the Group, both secured and unsecured, were about HK$79,499,000 (30th June, 2005: HK$291,794,000) as at 31st December, 2005, which were in Hong Kong dollars, Renminbi and United States dollars and repayable within five years at an average interest rate of about 6.19% (30th June, 2005: 4.88%) per annum. As at 31st December, 2005, the gearing ratio of the Group was about 8% (30th June, 2005: 35%) based on the Group's total borrowings to its equity attributable to equity holders of the Company. The extent of credit facilities unutilised by the Group as at 31st December, 2005 amounted to HK$178,337,800 (30th June, 2005: HK$221,624,800), of which HK$10,000,000 (30th June, 2005: HK$111,500,000) was banking facilities and HK$168,337,800 (30th June, 2005: HK$110,124,800) was a credit facility provided by a related company.

As at 31st December, 2005, the Group pledged certain of its assets to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HK$21,027,000 (30th June, 2005: HK$27,964,000) to banks to secure mortgage bank loans granted to the home buyers. The contingent liabilities of the Company for guarantees given to financial institutions in respect of banking facilities granted to the Group amounted to HK$79,126,000 (30th June, 2005: HK$334,674,000). In addition, the Group and the Company have given guarantees in respect of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2005, the

Group and the Company had a maximum amount of mortgage loans which were subject to these guarantees of HK$626,360,000 (30th June, 2005: HK$643,533,000) and HK$38,763,000 (30th June, 2005: HK$38,858,000) respectively.

And there was a claim against a subsidiary of the Group in the amount of about HK$14,879,000 (30th June, 2005: HK$14,879,000), but the subsidiary and its legal counsel are strongly resisting this claim and a counterclaim of about HK$49,309,000 (30th June, 2005: HK$49,309,000) has been lodged against the plaintiff.

In the period, sufficient cashflow was generated by sales proceeds of Chaoyang Garden/The Sun Crest, sales proceeds and rental income of Dynamic Cargo Centre and revenue of port operations. As at 31st December, 2005, the Group's bank balances and cash stood at HK$507,186,000 (30th June, 2005: HK$101,773,000) denominated primarily in Renminbi yuans and Hong Kong dollars. No significant exposure to foreign currency fluctuations affected the Group in the period under review. The funding requirements for development projects of Chaoyang Garden, acquisition of office area in West Tower of Eton Place and redevelopment of Tung Kok Tau are intended to be financed by internal resources, bank borrowings and such other means of financing as the Directors may deem expedient.

EMPLOYEES

At 31st December, 2005, the Group had about 150 employees in Hong Kong and the Mainland China at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

PROSPECTS

Beijing

It is expected that the sales of commercial apartments of Phase III will meet targets. So far, about 40% of the four-storey podium shopping mall has been leased. Grand opening of the mall is scheduled to take place in the third quarter of this year.

Shanghai

On 6th January, 2006, the Group announced its proposed acquisition of a block of 182 office units in Shanghai, Pudong from connected parties for a total consideration of HK$728 millions. Details of the proposed transaction were set out in a circular dated 24th February, 2006 sent to all the shareholders of the Company. The acquisition was duly approved by the independent shareholders at a special general meeting of the Company held on 13th March, 2006.

With the disposal of the cargo centre and the subsequent acquisition of the Shanghai office block, the Group has completed a strategic swap of its major investment property to a higher-yield RMB based asset. Measures taken by the Central Government to cool down the speculative residential market in Shanghai has had little or no effect on the commercial segment. Office rental continues to climb at a fast pace. With the inevitable appreciation of the RMB, the Group's investment in Shanghai is expected to generate a better short-term rental yield as well as a longer term capital appreciation.

Tung Kok Tau

The Western Corridor, the bridge linking Hong Kong and Tung Kok Tau will become operational by the end of this year, which together with the scheduled relocation of the neighboring oil and gas depot, will enhance the overall redevelopment of the Tung Kok Tau site currently under replanning by the city planning authorities. As the premium of the land in question has been fully paid for and the land itself has appreciated in value, the Group will have no difficulties in funding the development with its internal resources and banking facilities.

The Group has just lodged a petition for international arbitration which will effectively set a date to end the protracted negotiations with the Chinese partner. In the meantime, talks are continuing with the Chinese partner with a view to reaching an earlier settlement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18th April, 2006 to Friday, 21st April, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13th April, 2006.

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 of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31st December, 2005.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of these unaudited interim results for the six months ended 31st December, 2005.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board
PANG Kit Man, John
Chief Executive Officer

Hong Kong, 28th March, 2006

As at the date of this announcement, the Directors of the Company comprises Mr. CHUA Domingo, Mr. PANG Kit Man, John, Mr. TANENGLIAN Mariano Chua, Mr. TAN Lucio Jr. Khao and Mr. CHEUNG Chi Ming as Executive Directors; and Mr. CHONG Kim Chan, Kenneth, Mr. SY Robin and Mr. MAK Kwai Wing, Alexander as Independent Non-Executive Directors.

Please also refer to the published version of this announcement in ***The Standard.***