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 2005 (the "Period") together with comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the six months ended 30 September **2005** **(Unaudited)** **HK$'000**	 2004 (Unaudited) HK$'000
Turnover	4	**35,373**	30,890
Cost of Sales		**(6,331)**	(8,539)
Gross profit		**29,042**	22,351
Other revenue	5	**1,474**	82
Fair value changes on convertible note receivable		**(5,472)**	–
Selling and distribution costs		**(71)**	(219)
Administrative expenses		**(7,771)**	(7,389)
Other operating expenses		**(180)**	(77)
Unrealised loss on financial assets measured at fair value through profit or loss		**(69,601)**	(17,272)
Loss from operating activities	6	**(52,579)**	(2,524)
Finance costs	7	**(953)**	(90)
LOSS BEFORE TAX		**(53,532)**	(2,614)
Tax	8	**–**	–
Net loss from ordinary activities attributable to shareholders		**(53,532)**	(2,614)
Dividend	9	**–**	–
Loss per share	10		
– Basic		**HK(4.72) cents**	HK(0.28) cents
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Non-current assets			
Fixed assets		**430**	172
Convertible note receivable – loan portion		**11,865**	13,500
Investment securities		**–**	–
Available-for-sale investments		**–**	–
		12,295	13,672
Current assets			
Convertible note receivable – call option portion		**2,481**	–
Other securities		**–**	194,743
Financial assets at fair value through profit or loss	11	**193,641**	–
Inventories	12	**178**	379
Trade receivables	13	**2,393**	–
Prepayments, deposits and other receivables		**1,458**	26,132
Pledged time deposits		**6,646**	6,572
Cash and cash equivalents		**58,021**	83,505
		264,818	311,331
Current liabilities			
Trade and bills payables	14	**116**	196
Tax payable		**363**	363
Other payables and accruals		**7,756**	8,533
Finance lease payables		**78**	–
Bank overdrafts, secured		**–**	1
		8,313	9,093
Net current assets		**256,505**	302,238

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Notes	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Total assets less current liabilities		**268,800**	315,910
Non-current liabilities			
Finance lease payables		**104**	–
		268,696	315,910
Capital and reserves			
Issued Capital	15	**11,332**	113,324
Reserves		**257,364**	202,586
		268,696	315,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2005

Group

	Unaudited six months ended 30 September 2005						
	Issued share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2005							
– as previously reported	113,324	310,000*	556*	449,182*	32*	(557,184)*	315,910
– effects of changes in accounting policies	–	–	–	–	–	6,318	6,318
– as restated	113,324	310,000	556	449,182	32	(550,866)	322,228
Arising from capital cancellation of the Company's share	(101,992)	–	–	101,992	–	–	–
Net loss for the Period	–	–	–	–	–	(53,532)	(53,532)
As at 30 September 2005	11,332	310,000*	556*	551,174*	32*	(604,398)*	268,696

	Unaudited six months ended 30 September 2004						
	Issued share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2004	93,324	267,600	556	449,182	32	(582,309)	228,385
Net loss for the period	–	–	–	–	–	(2,614)	(2,614)
As at 30 September 2004	93,324	267,600	556	449,182	32	(584,923)	225,771

* These reserve accounts comprise the consolidated reserves of HK$257,364,000 (31 March 2005: HK$202,586,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash outflow from operating activities	**(25,846)**	(6,464)
Net cash inflow from investing activities	**1,414**	38,574
Cash outflow from financing activities	**(977)**	–
Increase/(decrease) in cash and cash equivalents	**(25,409)**	32,110
Cash and cash equivalents at beginning of period	**90,076**	27,816
Cash and cash equivalents at end of period	**64,667**	59,926
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**4,630**	9,982
Non-pledged time deposits with original maturity of less than three months when acquired	**53,391**	44,448
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	**6,646**	6,547
Bank overdrafts	**–**	(1,051)
	64,667	59,926

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal 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 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 2005, except that the Group has in the current period applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for the accounting periods commencing on or after 1 January 2005 and applicable to the Group:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement

The adoption of the above new HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's financial statements except for the changes in certain recognition, measurement and disclosure for the financial instruments in accordance with HKAS 32 and HKAS 39-Financial Instruments.

Upon the adoption of HKAS 32 and HKAS 39, the Group classifies financial assets in the following categories:

(i) *Financial assets at fair value through profit or loss*

A financial asset is classified in this category if acquired principally for the purposes of selling in the short term or if so designated by management at fair value through profit and loss at inception. It is carried at fair value, with changes in fair value through profit or loss.

In prior years/period, the Group's other securities were measured at fair value with unrealised/realised gain or losses recognised and included in the profit and loss account. From 1 April 2005 onward, other securities were reclassified to financial assets at fair value through profit or loss and any change in value is recognised in the profit and loss according to HKAS 32 and HKAS 39. No adjustment is made to the Group's accumulated losses at 1 April 2005.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to debtor with no intention of trading the loans or receivables. They are included in the current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Assets in this category are measured at amortised cost using effective interest method. In prior years/period, loans and receivables were stated at cost less any impairment losses.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative investments in unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same and discounted cash flow analysis.

When the fair value of available-for-sale investments cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such available-for-sale investments are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("Loss Events"), and that Loss Event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

In prior years/period, the unlisted investment securities were stated at cost less any provisions for impairment in values on an individual basis. From 1 April 2005 onward, unlisted investment securities were reclassified to available-for-sale investments and any gains or losses resulting from change in fair value are recognised as a separate component of equity. No adjustment is made to the Group's accumulated losses at 1 April 2005 upon adoption of HKAS 39.

(iv) Convertible note receivable

From 1 April 2005 onward, the Group classified and measured its convertible note receivable in accordance with the requirements of HKAS 32 and HKAS 39. Under HKAS 32 and HKAS 39, convertible note receivable is divided into two portions: (i) loan portion and (ii) call option portion. Loan portion is carried at amortised cost using the effective interest method at each balance sheet date. The interest income for the loan portion is recognised in the profit and loss account. Call option portion is carried at fair value at each balance sheet date, with changes in fair value recognised in profit or loss account.

2. Summary of the impact of changes in accounting policies

Following the adoption of the new HKFRSs, the effect on changes in accounting policies on condensed consolidated balance sheet as at 31 March, 1 April and 30 September 2005 and condensed consolidated profit and loss account for the six months ended 30 September 2005 are summarised as follows:

(a) Effect on changes in accounting policies on condensed consolidated balance sheet as at 31 March and 1 April 2005

Effect of adopting Increase/(decrease)	**HKAS 32 and HKAS 39** (Unaudited) HK$'000	**Total as at 31 March and 1 April 2005** (Unaudited) HK$'000
Convertible note receivable	(13,500)	(13,500)
Convertible note receivable – loan portion	11,984	11,984
Convertible note receivable – call option portion	7,834	7,834
Accumulated losses	6,318*	6,318*

* Increase in profit

(b) Effect on changes in accounting policies on condensed consolidated balance sheet as at 30 September 2005

Effect of adopting Increase/(decrease)	**HKAS 32 and HKAS 39** (Unaudited) HK$'000	**Total as at 30 September 2005** (Unaudited) HK$'000
Convertible note receivable	(13,500)	(13,500)
Convertible note receivable – loan portion	11,865	11,865
Convertible note receivable – call option portion	2,481	2,481
Other securities	(193,641)	(193,641)
Financial assets at fair value through profit or loss	193,641	193,641
Accumulated losses	846*	846*

* Increase in profit

(c) Effect on changes in accounting policies on condensed consolidated profit and loss account for the six months ended 30 September 2005

Effect of adopting Increase/(decrease)	**HKAS 32 and 39**	**For the six months ended 30 September 2005** (Unaudited) HK$'000
Interest income of convertible note receivable – loan portion	–	204
Changes in fair value of convertible note receivable	–	(5,472)
Total decrease in profit	–	(5,268)

No effect on changes in accounting policies on condensed consolidated profit and loss account for the six months ended 30 September 2004.

3. Critical accounting estimates and judgements

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

4. Turnover and segmental information

(a) Primary reporting format – business segments:

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

Group

	Car Audio		Treasury Investment		Corporate & Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment Revenue:								
Turnover	**5,484**	4,930	**29,889**	25,960	**–**	–	**35,373**	30,890
Segment results	**(1,103)**	(5,320)	**(47,836)**	6,712	**(4,818)**	(3,800)	**(53,757)**	(2,408)
Interest income, gains and unallocated revenue							**1,346**	82
Unallocated expenses							**(168)**	(198)
Loss from operating activities							**(52,579)**	(2,524)
Finance costs							**(953)**	(90)
Loss before tax							**(53,532)**	(2,614)
Tax							**–**	–
Net loss from ordinary activities attributable to shareholders							**(53,532)**	(2,614)

(b) Secondary reporting format – geographical segments:

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

Group

	Mainland China (Including Hong Kong)		United States of America & Europe		Consolidated	
	2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000	**2005 (Unaudited) HK$'000**	2004 (Unaudited) HK$'000	**2005 (Unaudited) HK$'000**	2004 (Unaudited) HK$'000
Segment Revenue:						
Sales to external customers	**29,889**	25,960	**5,484**	4,930	**35,373**	30,890
Segment results	**(52,654)**	2,912	**(1,103)**	(5,320)	**(53,757)**	(2,408)

5. Other revenue

	For the six months ended 30 September	
	2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Bank interest income	**1,341**	82
Gain on disposal of fixed asset	**110**	–
Others	**23**	–
	1,474	82

In prior period, the realised profits and losses, dividend and interest income from business on securities investment and trading were classified as other revenue. In the opinion of the Board, the securities investment and trading business will continue in the future as part of the principal activities of the Group. Accordingly, the realised profits and losses, dividend and interest income arising from securities investment and trading business have been included as part of the Group's turnover.

6. Loss from operating activities

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

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**81**	2,259

7. Finance costs

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest expenses on:		
bank overdraft and other loans wholly repayable within five years	**950**	90
finance leases	**3**	–
	953	90

8. Tax

No Hong Kong profits tax has been provided during the Period (2004: 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 (2004: Nil) since no assessable profit has been generated by the subsidiaries operating in the Mainland China. The other overseas subsidiaries did not generate any profits subject to foreign taxes during the Period (2004: Nil).

No deferred tax has been provided by the Group because there were no significant temporary differences at the balance sheet dates.

9. Dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2005 (2004: Nil).

10. Loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the Period of HK$53,532,000 (2004: net loss of HK$2,614,000) and the 1,133,243,047 (adjusted for the capital reorganisation as set out in note 15) (2004: 933,243,047) adjusted for the capital reorganisation as set out in note 15)) ordinary shares in issue during the Period.

The diluted loss per share for the periods ended 30 September 2004 and 2005 has not been shown as there were no dilutive events during the two periods.

11. Financial assets at fair value through profit or loss

	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
Listed equity investments in Hong Kong, at fair value	**193,641**	–
Unlisted investment fund	**–**	–
	193,641	–

12. Inventories

	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
Raw materials	**127**	168
Work in progress	**–**	–
Finished goods	**51**	211
	178	379

13. Trade receivables

Ageing analysis:

	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
0-120 days	**2,393**	–
121-210 days	**–**	–
Over 210 days	**–**	–
Total	**2,393**	–

Trading terms with customers are largely on credit except for new customers where payment in advance is normally required. Invoices are normally payable within three months of issuance, except for established customers where terms are extended to six months. Each customer has a maximum credit limit, which is granted and approved by senior management. The Group seeks to maintain strict credit control over its outstanding receivables and overdue balances are regularly reviewed by senior management. The Group's trade receivables are recognised and carried at their original invoiced amount less provisions for doubtful debts when collection of the full amount is no longer probable. Bad debts are written off as incurred.

14. Trade and bills payables

Ageing analysis:

	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
0-120 days	**83**	160
121-210 days	**–**	3
Over 210 days	**33**	33
Total	**116**	196

15. Share capital

	At 30 September 2005 (Unaudited) HK$'000	At 31 March 2005 (Audited) HK$'000
Authorised		
– ordinary shares of HK$0.01 each as at 1 April and 30 September 2005	**600,000**	600,000
Issued and fully paid		
– 1,133,243,047 ordinary shares of HK$0.01 each (at 1 April 2005: 11,332,430,478 ordinary shares of HK$0.01 each)	**11,332**	113,324

On 29 July 2005, the capital reorganisation of the Company involving the followings became effective:–

(i) Every ten (10) shares of HK$0.01 each in the issued share capital of the Company were consolidated into one (1) consolidated share of HK$0.10;

(ii) 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

(iii) The credit arising from the capital reorganisation was transferred to the contributed surplus account of the Company.

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

16. Related party transactions

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the Period was HK$35.4 million after taking into account of the segment of treasury investment of HK$29.9 million. The Group's turnover for the last corresponding period was restated as HK$30.9 million accordingly. The net loss from ordinary activities attributable to shareholders for the Period was HK$53.5 million, compared to a net loss of HK$2.6 million for the last corresponding period. The increase in the Group's net loss for the Period was primarily attributable to the unrealised loss on other securities of HK$69.6 million.

During the Period, the turnover of car audio segment slightly increased by HK$0.6 million or 11% to HK$5.5 million. The increase in turnover was mainly due to the sales of other electronic trading products. With the lean cost structure resulting from the cost reduction initiatives, the operating loss for this segment reduced by HK$4.2 million or 79% to HK$1.1 million.

During the Period, the Group continued to compete for a profitable niche in the competitive car audio market through value base outsourcing, cooperation with business partners and active participation in trade fair. The decline in demands for the traditional car audio product accelerated due to the recent emergence and growing popularity of new digital car audio and video products. To compensate for the falling sales of car audio products, the Group has put much efforts on strengthening its trading platform and successfully sourced certain potential electronic products for its trading business.

The Group has continued to utilize its available fund in treasury investment. During the Period, the turnover and the operating loss of treasury investment were HK$29.9 million and HK$47.8 million respectively.

Prospects

Apart from the car audio business, the Group will deploy more resources in expanding the existing product range and allow more flexibility for the other consumer electronic product trading business. At the same time, the Group will continue to identify the suitable investment opportunities for the growth of new businesses.

Financial Review

The loss from ordinary activities attributable to shareholders for the Period was HK$53.5 million, comparing to loss of HK$2.6 million for the corresponding period of last year. As at 30 September 2005, the Group's net asset value stood at HK$268.7 million (at 31 March 2005: HK$315.9 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 operation with internally generated cash flow and banking facilities. The Group's bank and short-term deposits as at 30 September 2005 amounted to HK$64.7 million (at 31 March 2005: HK$90.1 million).

As at 30 September 2005, there were no bank overdrafts, short and long term interest-bearing bank borrowings to the Group (at 31 March 2005: Nil).

As at 30 September 2005, the Group's current ratio was 31.9 times (at 31 March 2005: 34.2 times) based on current assets of HK$264.8 million (at 31 March 2005: HK$311.3 million) and current liabilities of HK$8.3 million (at 31 March 2005: HK$9.1 million).

As at 30 September 2005, the Group has no contingent liabilities or material commitments for the purchase of property, plant and equipment.

Capital Structure

As at 30 September 2005, the Group's gearing ratio, being the total finance lease payables to net worth, was 0.1% (at 31 March 2005: Nil).

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 risks exposed to the Group is minimal.

Significant Investments

As at 30 September 2005, the Group had convertible notes issued by a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with fair value of HK$14.3 million. The related interest for the Period was HK$0.2 million.

As at 30 September 2005, the Group maintained a portfolio of other securities with fair value of HK$193.6 million. The related dividend income for the Period was HK$3.5 million.

Details of Charges on Assets

At 30 September 2005, a fixed deposit of HK$6.6 million (at 31 March 2005: HK$6.6 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 2005, the Group has a total of 45 employees of which 23 are based in Hong Kong and 22 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 AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30 September 2005, the interests of the directors of the Company in the shares of the Company, as recorded in the register required to be maintained 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	Nature of interest	Number of ordinary shares of the Company	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, Messrs. Wong Howard and Wong Yat Fai hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying the then minimum company membership requirements.

Save as disclosed above, as at 30 September 2005, none of the directors or chief executives of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

At 30 September 2005, the following companies were interested in more than 5% of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Long/Short position	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Radford Capital Investment Limited *(Note a)*	Long	Interests held by a controlled corporation	92,782,000	8.19%
Dollar Group Limited *(Note b)*	Long	Beneficial Owner	67,247,400	5.93%
Coupeville Limited *(Note b)*	Long	Interests held by a controlled corporation	67,247,400	5.93%
Heritage International Holdings Limited *(Note b)*	Long	Interests held by a controlled corporation	67,247,400	5.93%

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. Dollar Group Limited was wholly owned by Coupeville Limited which was a wholly-owned subsidiary of Heritage International Holdings Limited. Accordingly, Coupeville Limited and Heritage International Holdings Limited were deemed to be interested in the 67,247,400 shares of the Company held by Dollar Group Limited.

Save as disclosed herein, as at 30 September 2005, no person, other than the directors or chief executives of the Company whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares of the Company and its associated corporations" above, had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has met the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules in relation to the accounting period covered by this interim report except for the deviation as mentioned below:

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Howard, an executive director of the Company, has been appointed as the chairman of the Company with effect from 15 December 2005 and hence 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 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 2005 and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David who are the independent non-executive directors of the Company.

On 26 July 2005, the Company adopted the new terms of reference of the Audit Committee in accordance with code provision C.3.3 of the CG Code. Such written terms of reference which clearly set out the authorities and duties of the Audit Committee have been posted on the Company's website.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") has been established during the Period pursuant to the CG Code. The Chairman of the Remuneration Committee is Mr. Li Chi Ming. Other members include Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David. All of the members are independent non-executive directors of the Company. Specific written terms of reference which deal clearly with the authorities and duties of the Remuneration Committee have been adopted and posted on the Company's website.

EXECUTIVE COMMITTEE

The Company has established an executive committee (the "Executive Committee") during the Period with specific written terms of reference which have been posted on the Company's website. The Executive Committee comprises all the executive directors of the Company with Mr. Wong Howard acting as the Chairman thereof.

The principal responsibilities of the Executive Committee include monitoring the execution of the Company's strategic plans and operations of all business units of the Company and discussing and making decisions on matters relating to the management and operations 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 of the Company, the directors of the Company 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 2005.

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

During the six months ended 30 September 2005, 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 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. Having made specific enquiry of the Relevant Employees, the Relevant Employees confirmed that they have complied with the required standard set out in the Model Code and the Written Guidelines regarding any of their securities transactions in the Company.

DIRECTORS OF THE COMPANY

As at the date hereof, the Company's executive directors are Mr. Wong Howard, Mr. Wong Yat Fai, and Mr. Wu Qing and the independent non-executive directors of the Company are Mr. Li Chi Ming, Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David.

On behalf of the Board
Wong Howard
Chairman of the Board

Hong Kong, 15 December 2005